BUSINESS SERVICES SECTOR IN KATOWICE

KATOWICE
for a change

ABSL

Report prepared by the Association of Business Service Leaders (ABSL)
in cooperation with Mercer

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The Association of Business Service Leaders (ABSL) is a leading organization representing business services in Poland, which represents 200 of the largest companies and sets the standards and directions for growth in the industry, now employs over 330,000 people. In Katowice operates the ABSL Silesia Regional Chapter which is a local action group composed of investors representing investors, operating jointly in the Silesian and Opolskie Voivodeships. The priorities of the ABSL Silesian Chapter include supporting the efforts of members of the Association, exchanging knowledge and best practices in order to foster an investment-friendly atmosphere, promoting close relationships between local active professional groups and initiating activities which serve to promote the business services sector. Periodic meetings, local events and community initiatives organized as part of the ABSL Silesia Regional Chapter bring together representatives of services centers, companies working with the sector and invited guests representing public authorities and university authorities.

FOREWORD

Dear Sir / Madam,

I am pleased to present you with the latest report concerning the business services sector in Katowice.

The business services sector is now firmly entrenched in Katowice, and it keeps growing year after year, reaffirming its position as the cornerstone of the local economy. In 2020, we have reached a headcount of 27,000 at the centers in the Metropolis GZM, 90% of which are employed in Katowice.

The dynamic growth of this sector is confirmed by the decisions of more and more investors, who first choose to locate their projects in our city and then expand the existing centers. This is a result of our competitive advantages – the availability of well-educated personnel, attractive location, and the high quality of life – which are unparalleled on the national scale. Also, the fact that Katowice is a central city of the Metropolis GZM, which has over two million residents, is critical to the city's potential being perceived in the context of the entire Metropolis.

According to our City Development Strategy Katowice 2030, we are taking efforts to make our city intelligent, innovative, integrated, and internationalised. To achieve these four objectives, we engage in broad cooperation with investors and the residents. We are also open to new investors, whose projects enhance the economic potential of Katowice and help to develop the infrastructure.

The times of COVID-19 are difficult for the entire global economy and the public sector. Despite the smaller income, the city has been able to complete certain projects that will certainly improve the quality of the urban infrastructure intended for the residents and, consequently, for the investors and employees. Regarding the transport infrastructure, we have been able to provide three new interchange centers. The Katowice Airport is also being expanded in order to double the annual capacity of one of the terminals. As regards office projects, in turn, where there is approx. 590 thousand sq m of available modern office space, which is expected to increase additionality 190 thousand sq m by 2023.

Dynamically growing residential infrastructure, a wide range of leisure opportunities, and easy access to attractive green areas – making up more than half of the area of the city – these are the reasons living in the city is so attractive to the residents.

Come to Katowice – see for yourself how much has changed here and what we have to offer to investors from the business services sector. See you there!

Marcin Krupa
Mayor of Katowice

1

KATOWICE – KEY FACTS

This report presents the results of an analysis of the position of Katowice and the Metropolis GZM (the so-called Metropolis)[1] as the location and place of business for business services centers. The report has been prepared based on the database of ABSL concerning business services centers in Poland, a publication of ABSL titled: "Business Services Sector in Poland 2020", a survey conducted by ABSL, and a report of ABSL titled: "Investment potential of Polish cities. Location benchmark of the business services sector".

The individual sections of the report provide the most important statistics concerning the development of the city, information about the development of the business services sector, location of centers and positions of Katowice and Metropolis GZM in the subjective and objective ranking. A comparison of the two rankings provides interesting conclusions, showing the areas of comparative advantages and aspects that require intervention on the level of the city or agglomeration.

FIGURE 1.1
BASIC INFORMATION ABOUT THE DEVELOPMENT OF KATOWICE

6,200 PLN

the average gross monthly salary in Katowice is PLN 6.2 thousand – 119% of the national average (PL=100)

89.7%

the salary level in centers in Katowice in comparison to the salary in Poland=100 (Mercer)

7th place

the Silesian University of Technology is the 7th best educational establishment in Poland according to the “Perspektywy 2020” ranking

13%

share of Katowice population in over 2.2 M Metropolis GZM population

171,200

the working-age population

103,600

the mobile-age population

56.9%

the employment rate (compared to 54.4% for Poland)

[1] Metropolis GZM (*Górnośląsko-Zagłębiowska Metropolia*) covers nearly one-third of the area of the entire Silesian Voivodeship, and half of all residents of the Province live within the boundaries of the discussed area. The Metropolis is composed of 41 towns and municipalities: Będzin, Bieruń, Bobrowniki, Bojszowy, Bytom, Chełm Śląski, Chorzów, Czeladź, Dąbrowa Górnicza, Gierałtowice, Gliwice, Imielin, Katowice, Knurów, Kobiór, Lędziny, Łaziska Górne, Mierzęcice, Mikołów, Mysłowice, Ożarowice, Piekary Śląskie, Pilchowice, Psary, Pyskowice, Radzionków, Ruda Śląska, Rudziniec, Siemianowice Śląskie, Siewierz, Sławków, Sosnowiec, Sośnicowice, Świerklaniec, Świętochłowice, Tarnowskie Góry, Tychy, Wojkowice, Wyry, Zabrze, Zbrosławice.

FIGURE 1.2

KATOWICE AIRPORT, LIST OF INTERNATIONAL AND DOMESTIC DESTINATIONS IN REGULAR AND CHARTER FLIGHTS

Regular flights	Charter flights	Destination
1	2	BULGARIA
	1	CEYLON
1	2	CROATIA
2	3	CYPRUS
	5	EGYPT
4		GERMANY
2	13	GREECE
1		GEORGIA
2		IRELAND
1		ISLAND
1	1	ISRAEL
6	3	ITALY
	1	KENYA
1		MALTA
1	2	MONTENEGRO
	2	MOROCCO
1		NETHERLANDS
3		NORWAY
	1	OMAN
1		POLAND
	2	PORTUGAL
	1	SENEGAL
6	12	SPAIN
2		SWEDEN
	3	TUNISIA
	9	TURKEY
1	1	UAE
6		UKRAINE
8		UNITED KINGDOM

2 Regular flights

2 Charter flights

Source: ABSL own study prepared based on the website of the Katowice Airport


BERGEN
OSLO
STAVANGER
STOCKHOLM
EDINBURGH
LIVERPOOL
MANCHESTER
DONCASTER-SHEFFIELD
BIRMINGHAM
LONDON STANSTED
LONDON LUTON
MALMÖ
EINDHOVEN
DORTMUND
COLOGNE BONN
WARSAW
FRANKFURT
KATOWICE
KYIV ZHULHANY
KYIV BORYSPIL
KHARKIV
LVIV
MUNICH
KHERSON
ODESSA
MILAN BERGAMO
SPLIT
BOLONIA
BARCELONA
PODGORICA
BOURGAS
ABU ZABI
KUTAISI
TEL AVIV
ROME
PALMA DE MALLORCA
ALGHERO
BRINDISI
ATHENS
MYKONOS
CATANIA
MALTA
LARNACA
PAPHOS

FIGURE 1.3
LOCATION OF KATOWICE

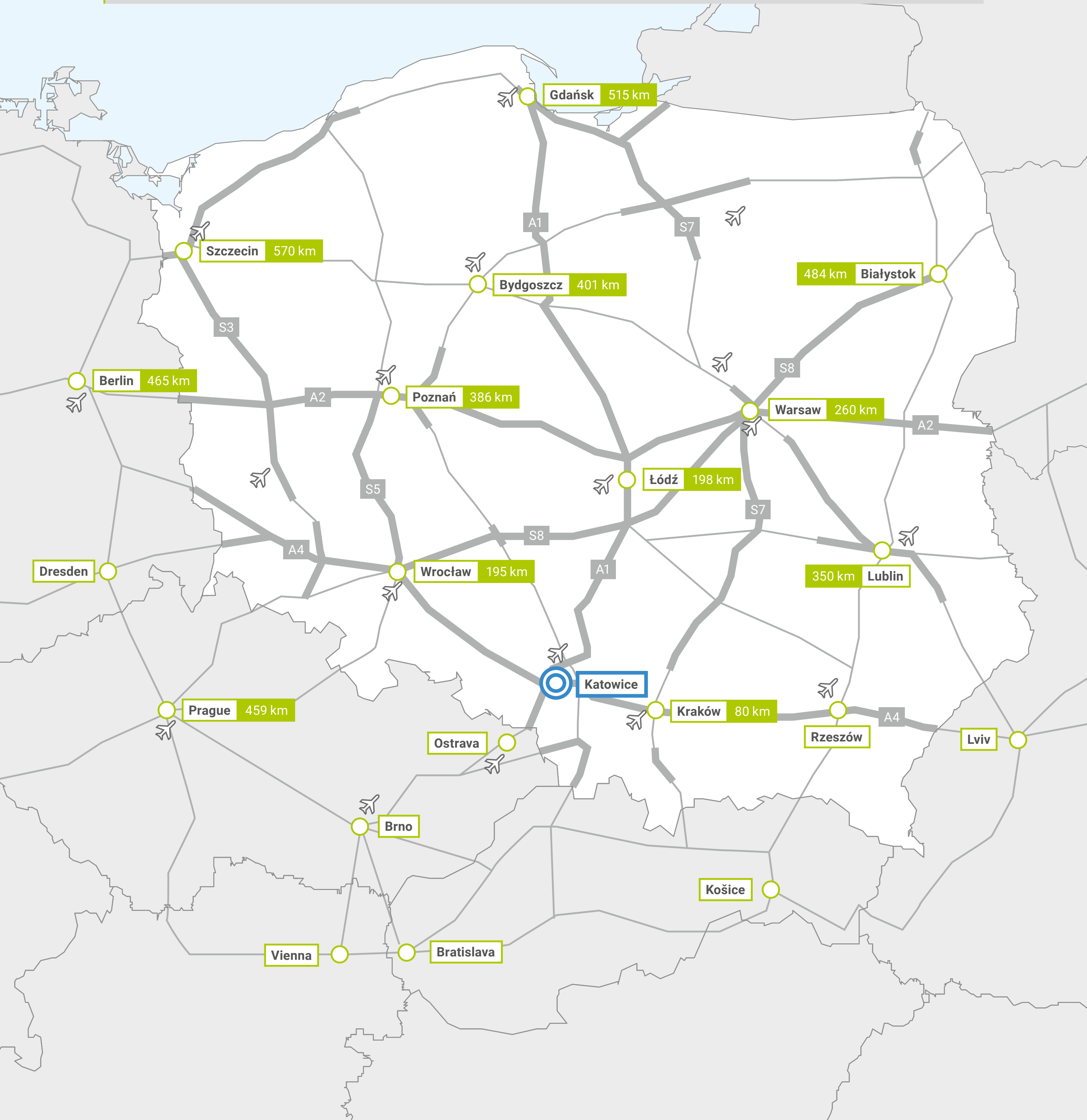

Photo: Jeremi Astaszow / Katowice City Hall

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BUSINESS SERVICES CENTERS

RYCINA 2.1
BASIC INFORMATION ABOUT THE BUSINESS SERVICES SECTOR IN KATOWICE AND METROPOLIS GZM

27,000

Number of employees of BPO, SSC/GBS, IT, and R&D[2] centers (Q2 2020). This makes up 7.8% of overall employment in the business services sector in Poland. The great majority of the employees in the analyzed area work in Katowice (85%, i.e., 22,900 people).

114

Number of BPO, SSC/GBS, IT, and R&D centers (Q2 2020). Most of them (90) operate in Katowice (80%). 78 centers are owned by international companies (68% of the overall number).

19

Number of countries with head offices of companies that own business services centers in Katowice and Metropolis GZM. Among international companies, the largest number of centers is owned by companies from the USA, France, United Kingdom and Germany (almost 60% of the overall number of centers).

68%

Increase of employment at services centers in Katowice and Metropolis GZM in 2016-2020 (by 10,900 people, 90% of which have been employed in Katowice).

IT

IT services are the most important category of services provided by centers in the Metropolis area. Centers that primarily provide services of this kind employ 43% of people in the sector.

30

Number of services centers formed in Katowice since the beginning of 2016. These investments have contributed to the creation of almost 3,900 new jobs.

28,500+

The number of employees in the sector forecast for the end of 2021.

Source: ABSL own study prepared based on the ABSL database

[2] BPO – Business Process Outsourcing, SSC/GBS – Shared Services Center/Global Business Services, IT – Information Technology, R&D – Research & Development

3

DEVELOPMENT OF THE BUSINESS SERVICES SECTOR IN KATOWICE AND METROPOLIS GZM

Katowice and Metropolis GZM are one of the five most important hubs of business services centers in Poland. 7.8% of people working in the sector in Poland are employed in this area.

114 services centers owned by investors from 19 countries are located in Katowice and Metropolis GZM. Apart from Poland, the primary countries with companies investing in services centers include the USA (23), Germany (12), and France (11).

In Q2 2020, the centers functioning in the analyzed area employed 27,000 people (2,800 more than in the preceding year). Most jobs (73.3%) were created at centers owned by international companies. Centers owned by Polish companies employed 26.7% of the overall headcount in the sector. Other companies are based in the following countries: USA 19.3%, France 15.5%, United Kingdom 12.3%, Germany 8.2%, and the Netherlands 4.9%. Companies from countries other than those listed above make up 13.1% in total.

Katowice is the leading place in the Metropolis area, employing 85% of the overall number of people working in the sector.

Out of the 114 centers, 54 (49%) are IT centers. They employ 43.3% of the people working in the sector. Shared services centers (SSC/GBS) employ 33.1% of the overall number of people working in the sector, and BPO centers – 12.3%. Other types of centers employ 11.3% of the overall number of employees.

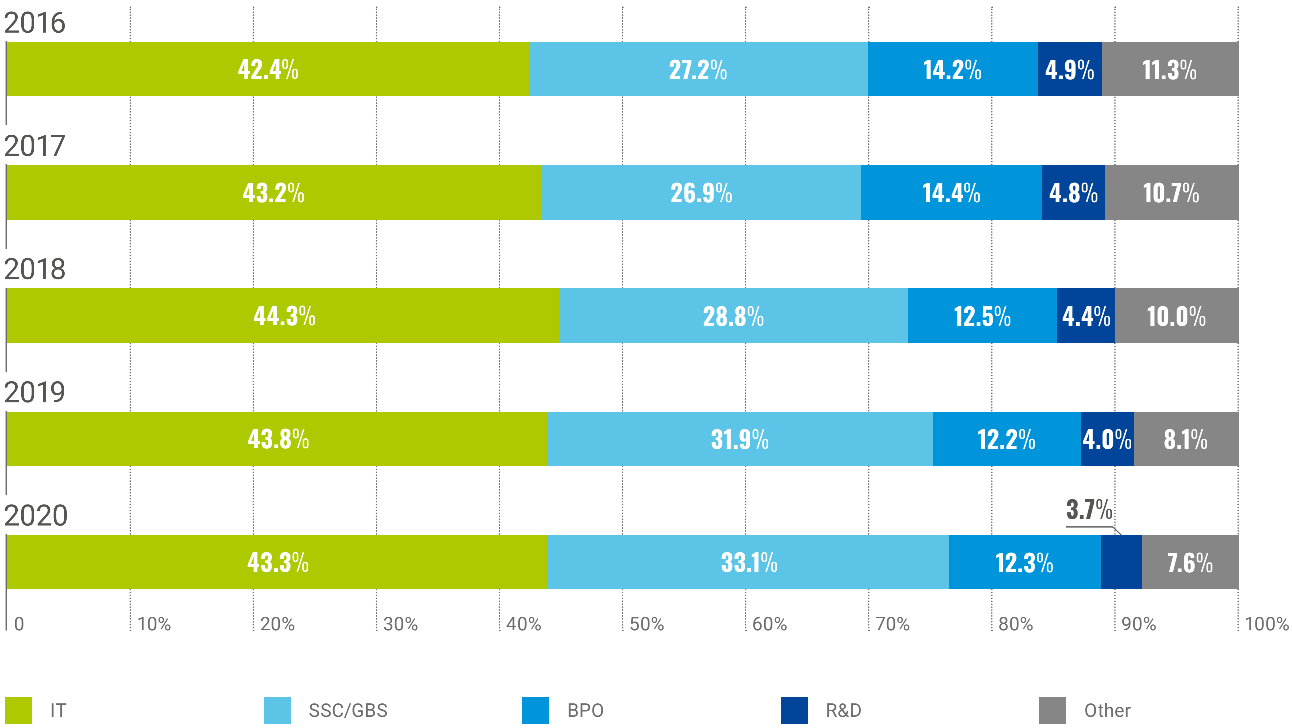
The average employment rate at centers functioning in the Metropolis area is 241 people (the median is 100 people), and it is higher at centers owned by foregin investors (257) than at Polish centers (206).

The average number of employees at centers in Katowice is higher than the average for the Metropolis area, and it amounts to 253 people (the median is 120 people). For comparison, the median of employment at centers in Poland is 90. This means that centers in Katowice on average employ more people than centers in the Metropolis area and generally in Poland. This also applies to international centers.

The higher average employment at centers of international investors in comparison with the Polish centers reflects tendencies that can be observed in the entire economy, not just in the services sector and not only in Poland. International companies are generally larger, usually more productive, and, at the same time, more internationalized. In the Metropolis area, the highest average headcount was recorded at centers with head offices located in Luxembourg (650 people), United Kingdom (417 people), France (382 people), the Netherlands (329 people), and Ireland (300 people). The fifteen largest centers, which each employs at least 500 people, make up 54% of the overall employment in the sector.

FIGURE 3.1

CHANGES IN THE EMPLOYMENT STRUCTURE AT BUSINESS SERVICES CENTERS IN KATOWICE AND METROPOLIS GZM IN 2016–2020



Source: ABSL own study prepared based on the ABSL database

TABLE 3.1

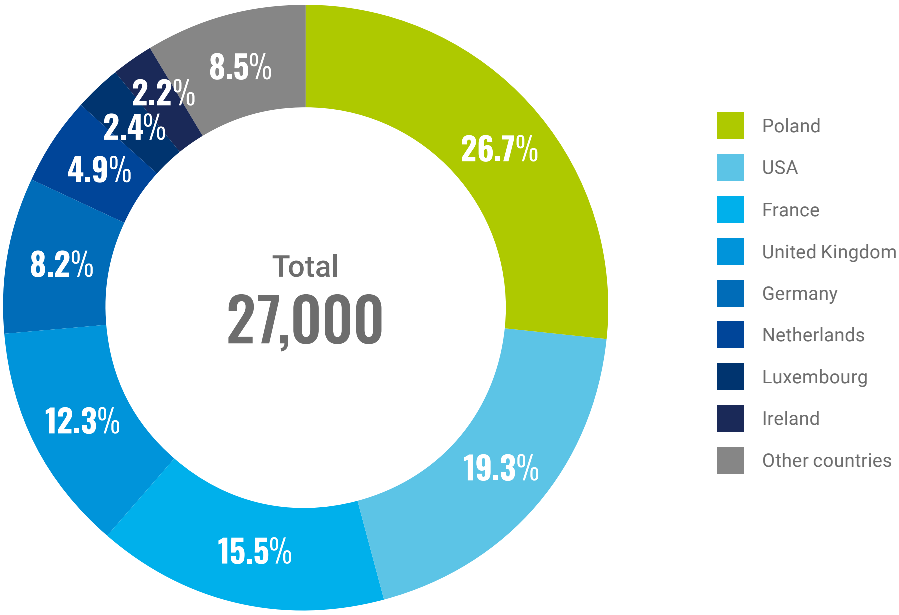
LARGEST EMPLOYERS IN THE BUSINESS SERVICES SECTOR IN KATOWICE

1	CAPGEMINI CLOUD INFRASTRUCTURE SERVICES AND CAPGEMINI BUSINESS SERVICES
2	PWC SERVICE DELIVERY CENTER
3	IBM CLIENT INNOVATION CENTER
4	ROCKWELL AUTOMATION
5	ING TECH POLAND
6	SOPRA STERIA
7	ISTA
8	TAURON
9	UNILEVER

Source: ABSL own study prepared based on the ABSL database

FIGURE 3.2

EMPLOYMENT STRUCTURE AT BUSINESS SERVICES CENTERS BROKEN DOWN BY HEAD OFFICE LOCATION



Source: ABSL own study prepared based on the ABSL database

TABLE 3.2

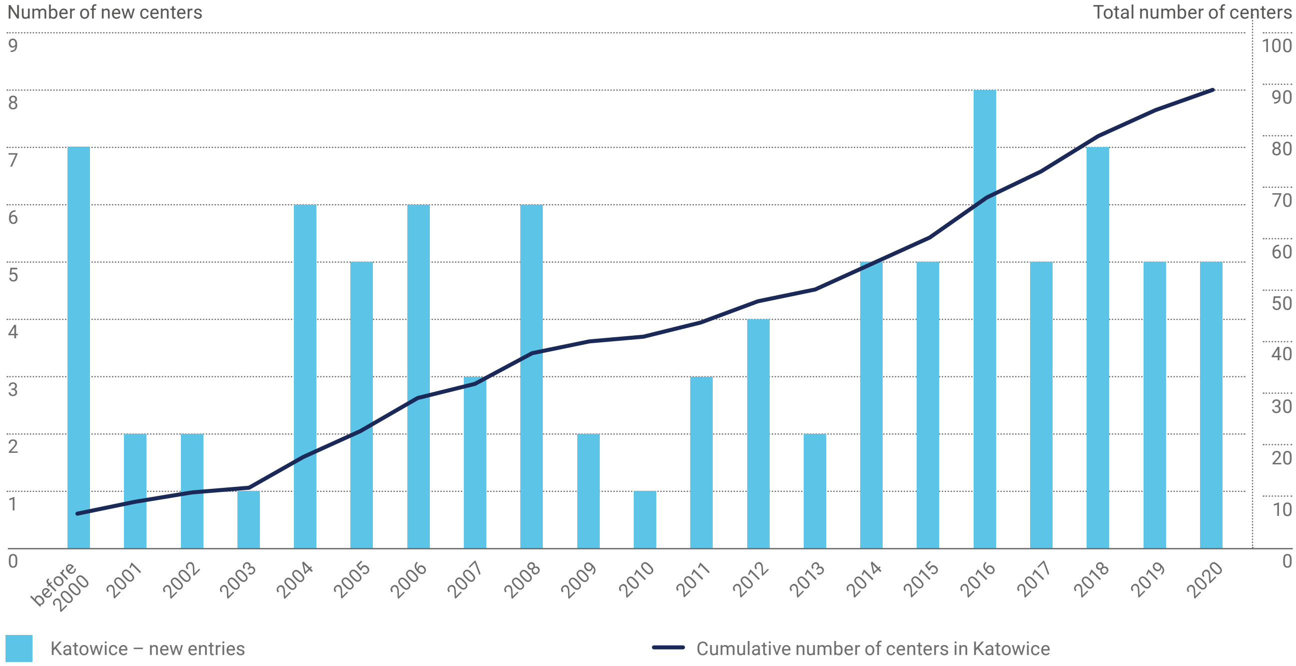
AVERAGE NUMBER OF EMPLOYEES (ARITHMETIC AVERAGE) AT CENTERS BROKEN DOWN BY LOCATION (NUMBER OF PEOPLE)

	Katowice	Metropolis GZM and Katowice	Poland
Polish centers	176	206	126
International centers	287	257	275
Overall number of centers	253	241	225

Source: ABSL own study prepared based on the ABSL database

FIGURE 3.3

YEARS OF ENTRIES OF NEW CENTERS TO KATOWICE



Source: ABSL own study prepared based on the ABSL database

The largest number of centers was established in Katowice after the EU accession of Poland. However, this process was interrupted by the global financial crisis in years 2007-2009. The second wave of entries began in 2014, with the largest number of entries recorded in 2016-2018.

FIGURE 3.4

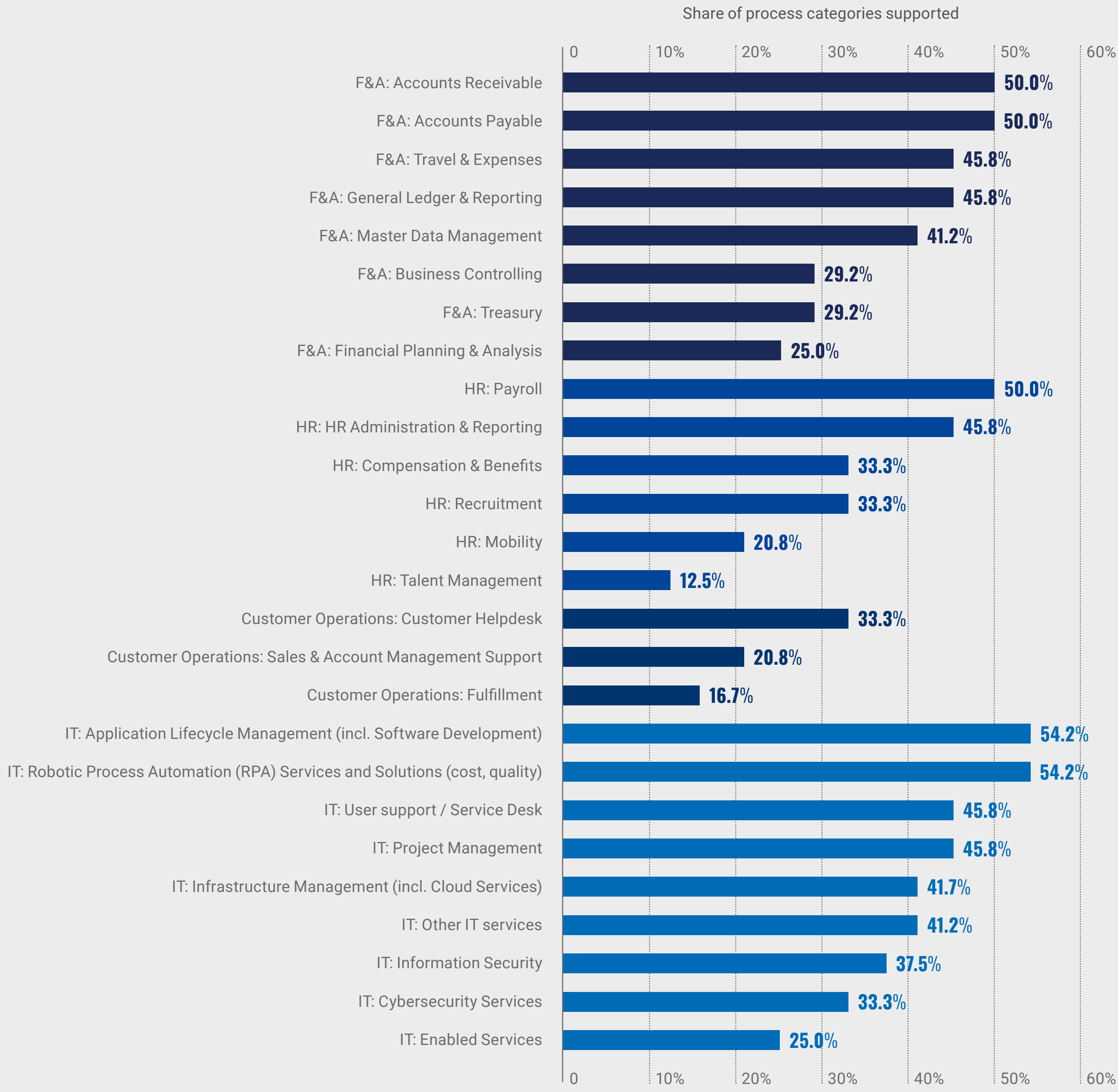
LOCATIONS OF BUSINESS SERVICES CENTERS IN KATOWICE AND METROPOLIS GZM (NUMBER OF CENTERS)

90	KATOWICE	3	SOSNOWIEC	1	RUDA ŚLĄSKA
11	GLIWICE	2	CHORZÓW	1	ZABRZE
3	BYTOM	2	DĄBROWA GÓRNICZA	1	ŻERNICA

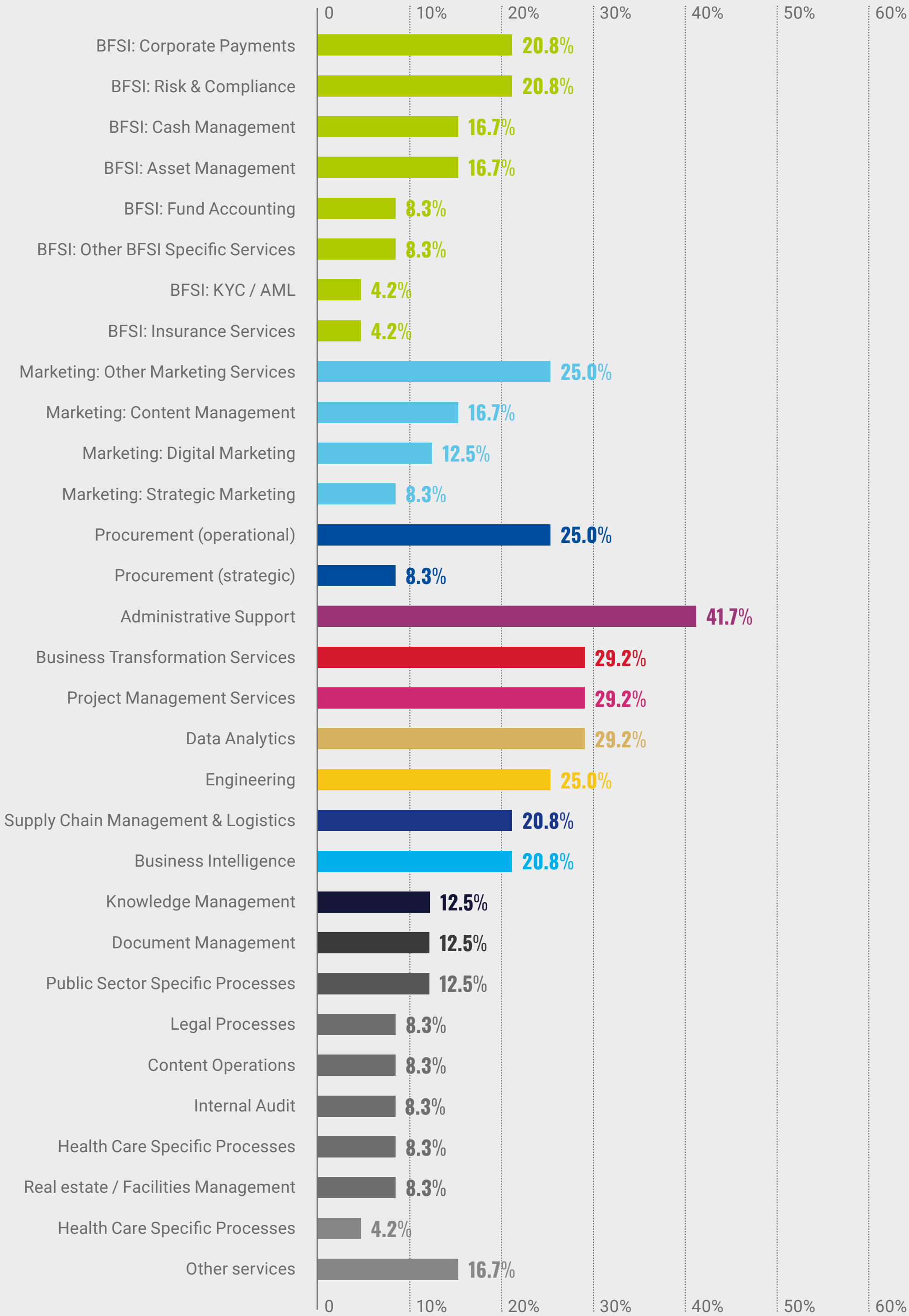
Source: ABSL own study prepared based on the ABSL database

FIGURE 3.5

SERVICE CATEGORIES SUPPORTED BY BUSINESS SERVICES CENTERS IN KATOWICE AND THE METROPOLIS



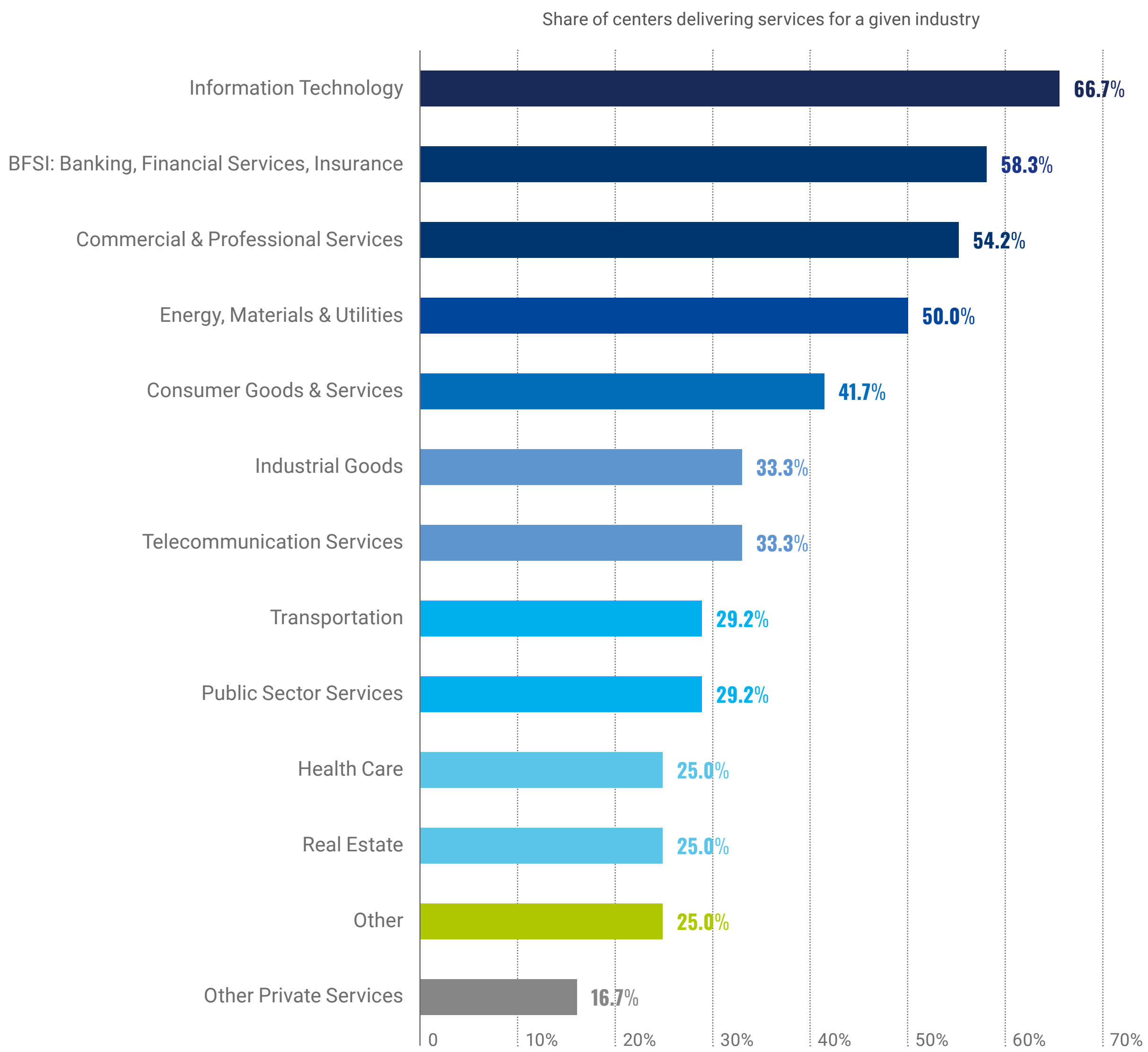
Share of process categories supported



Source: ABSL own study based on responses from investors with business services centers in Katowice and the Metropolis

FIGURE 3.6

INDUSTRY STRUCTURE OF COMPANIES (EXTERNAL AND INTERNAL CUSTOMERS) SUPPORTED BY BUSINESS SERVICES CENTERS



Source: ABSL own study based on responses from investors with business services centers in Katowice and the Metropolis

FIGURE 3.7

FOREIGNERS EMPLOYED IN BUSINESS SERVICES CENTERS

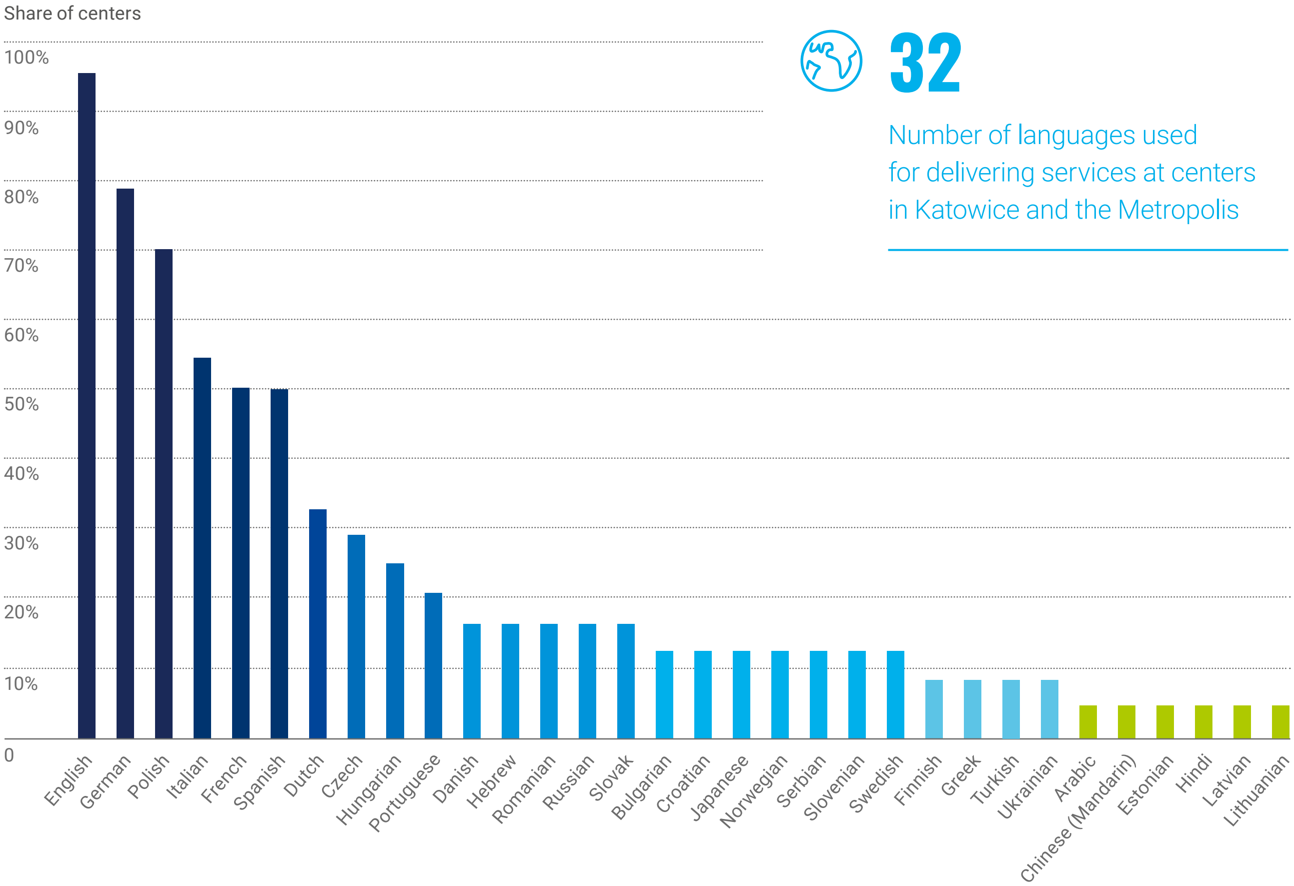
6.3%

of the total number of employees in the sector are foreigners (over 1,700 people)

Source: ABSL own study based on responses from investors with business services centers in Katowice and the Metropolis

FIGURE 3.8

LANGUAGES USED AT THE CENTERS TO DELIVER BUSINESS SERVICES



32

Number of languages used for delivering services at centers in Katowice and the Metropolis

Source: ABSL own study based on responses from investors with business services centers in Katowice and the Metropolis

4

EMPLOYMENT IN THE BUSINESS SERVICES SECTOR

It is difficult to estimate trends on the labor market in a situation where uncertainty and risk are high due to the ongoing COVID-19 pandemic. Considering the past tendencies regarding the number of people working in the sector in the Metropolis area, fairly high resistance of the industry to the pandemic shock, the strong position of Katowice and the Metropolis area as a business services hub compared to other hubs in Poland and Central Europe in general as well as the current global trends in the business services sector, we estimate that the number of employees as of the end of 2021 will be at least 28,500 people. This is a forecast made in the realistic variant. Successful fight with the pandemic (including the effective introduction of a vaccination program in particular) will significantly improve the investment climate and bring about an improvement of the economic situation, which is expected in the second half of 2021, with the first results noticeable in the Q2. This may increase the growth rate and, consequently, the employment rate.

10

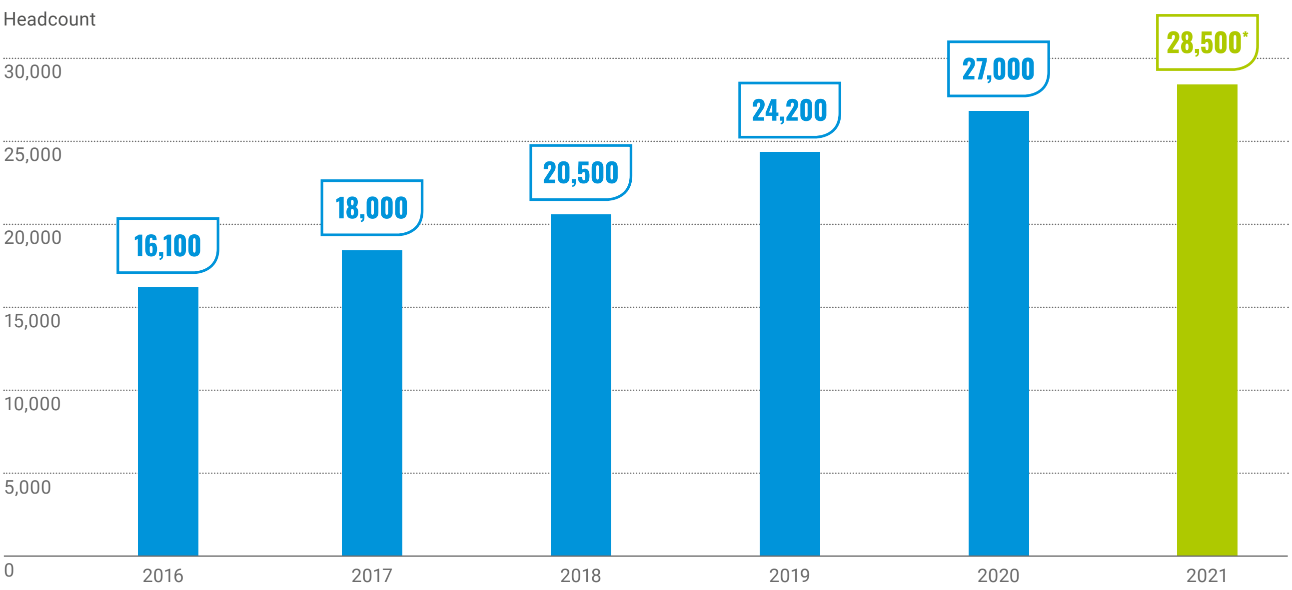
Number of centers employing a minimum of 500 people in Katowice

13,8%

Accumulated job growth in the sector (CAGR) 2016-2020, Poland 12,8%

FIGURE 4.1

CHANGES IN EMPLOYMENT IN THE BUSINESS SERVICES SECTOR IN KATOWICE AND METROPOLIS GZM



Direct comparisons with the reports of ABSL published in the past should be avoided. Instead, it is recommended to rely on the information included in this report. That is because the ABSL database is continuously updated, including information concerning previous years.

* forecast

Source: ABSL own study prepared based on the ABSL database

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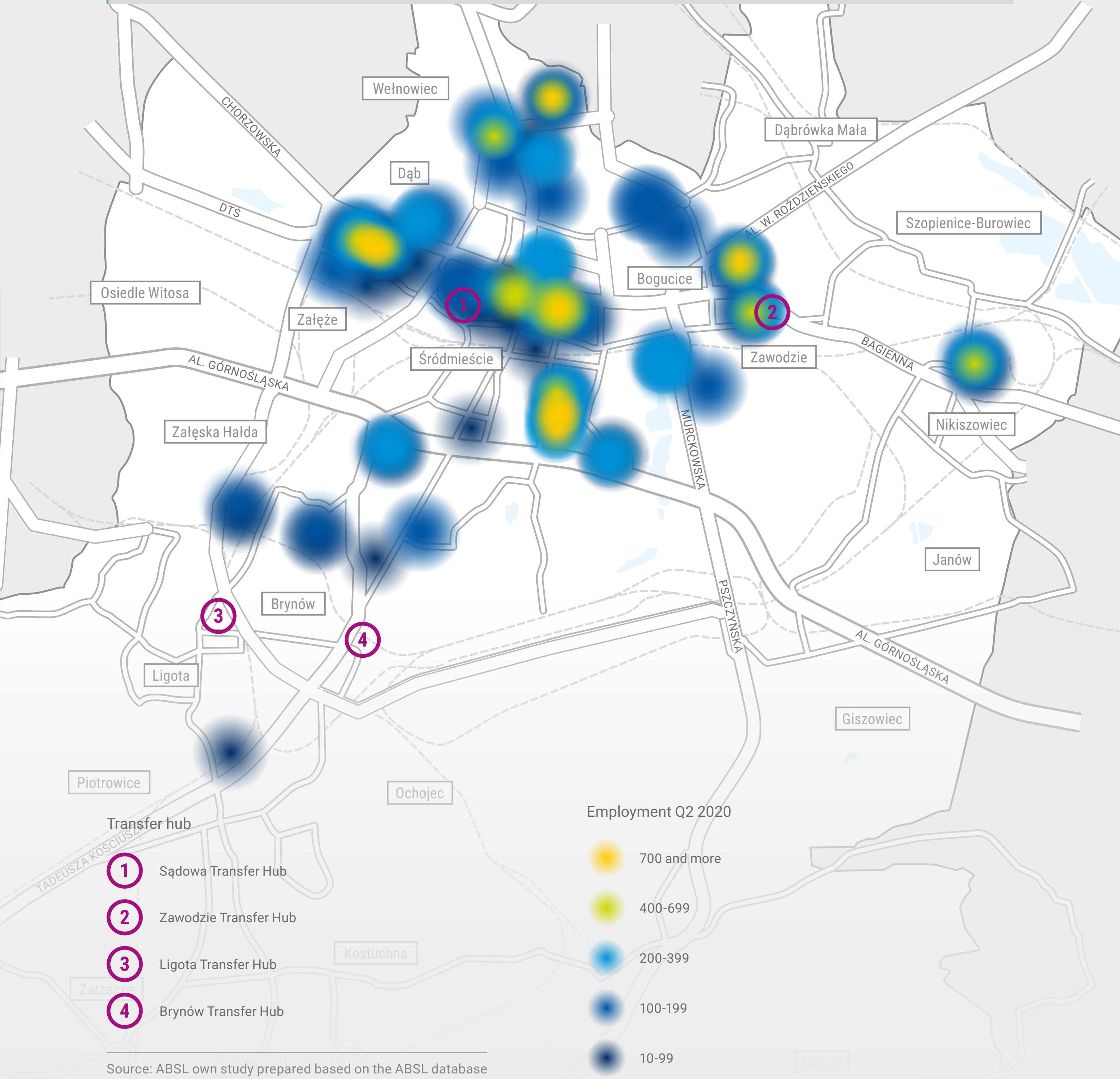
LOCATION OF THE BUSINESS SERVICES CENTERS

FIGURE 5.1
EMPLOYMENT IN BUSINESS SERVICES CENTERS LOCATED IN KATOWICE

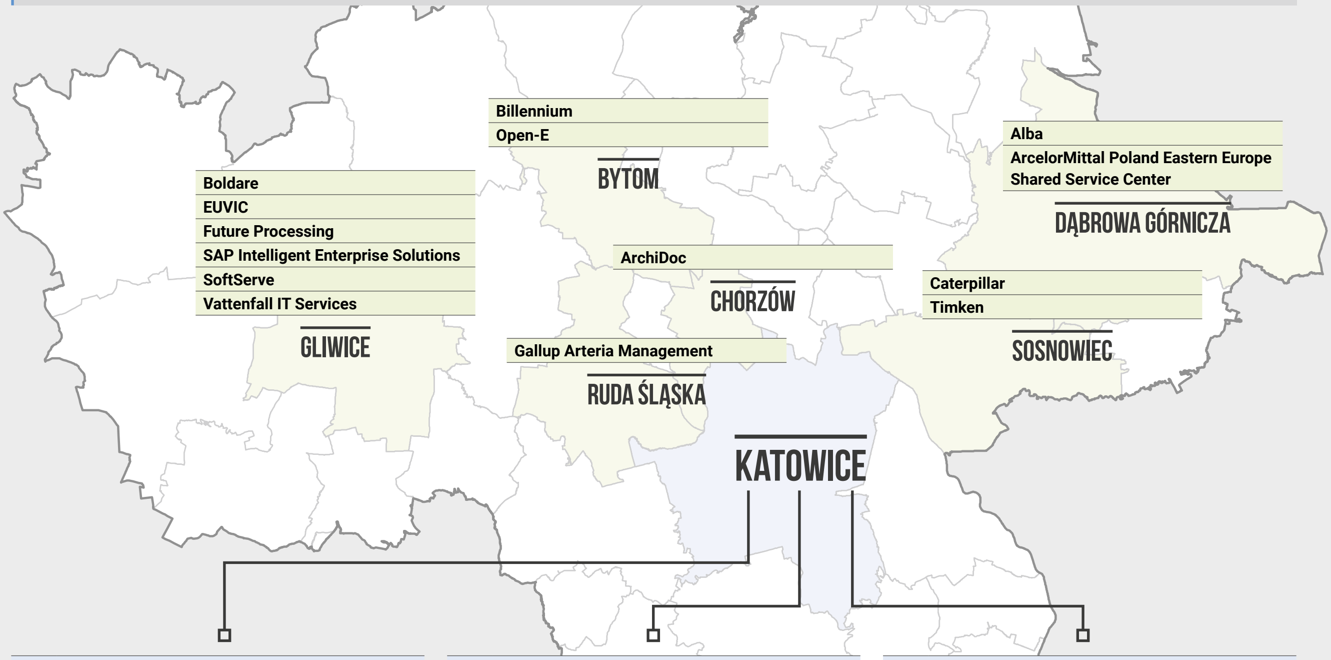


Source: ABSL own study prepared based on the ABSL database

Location of the business services centers

FIGURE 5.2

SELECTED BUSINESS SERVICES CENTERS LOCATATED IN KATOWICE AND METROPOLIS GZM



Katowice as a first location in Poland	Katowice as the only location in Poland	Company
	✓	AC Project
		Accenture Advanced Technology Center
	✓	ALAN Systems
	✓	Altium
		Arvato Financial Solutions
		Avenga
	✓	Barona
	✓	Betafence
	✓	Bombardier
	✓	BPSC
	✓	Cadence
		Capgemini Business Services
		Capgemini Cloud Infrastructure Services
	✓	COIG
		Cshark
		Diebold Nixdorf
	✓	DisplayLink
	✓	Dunlop Conveyor Belting
		EPAM
	✓	eSky.pl
✓		Eurofins GSC
✓		EUVIC
	✓	Famur Institute
		Fujitsu Technology Solutions
		getsix
		Grant Thornton
		Groupon
		Guardian
	✓	HireRight
✓	✓	Honeywell Services
		Huawei
	✓	Hyland Software
		IBM Global Services Delivery Center
	✓	Infobip
✓		ING Tech Poland
		intive
✓		ista
✓		Jamf
✓		JCommerce
	✓	Kamsoft
✓	✓	Keywords Studios
	✓	KLDiscovery Ontrack
	✓	Knauf IT Services
	✓	Koch Industries
✓		Kotrak
	✓	Micomp
✓		Mentor Graphics
✓		NBC
	✓	NGA Human Resources
✓		Omnis
		Orange
	✓	Perform Group
	✓	PubNub
		PwC Service Delivery Center
	✓	relayr (Proximetry Poland)
	✓	Rockwell Automation
		RSM
	✓	Sandvik Coromant
		Sapiens International Corporation
	✓	SGS Global Business Services Europe
	✓	SGX Sensortech
		Sii
	✓	Simio
	✓	SMS Metallurgy
✓		Soflab Technology
	✓	Sopra Steria
	✓	STS
		Teleperformance Polska
		TMF Group
	✓	TÜV Rheinland
	✓	Unilever
	✓	Webanywhere
		Vattenfall IT Services

✓ Katowice as a first location in Poland ✓ Katowice as the only location in Poland

Source: ABSL own study prepared based on the ABSL database

6

DETERMINANTS OF LOCATION ATTRACTIVENESS

Attractiveness for business can be measured in many ways. The assessment of a specific location depends on the preferences of the investor, the type of business of the services center, and the structure of the objectives of the particular company. It is recommended to confront potential attractiveness with actual attractiveness (measured by the scale of existing business or rate of growth of new investments). Evaluations of attractiveness are very much a beauty contest – a mirror where everyone can compare their position with that of their competitors. This is a topic that could be analyzed in the broader context of competitiveness and competition. Cities compete for investors, and the activities of the investors improve the competitiveness of the cities.

The locations of centers are determined by many factors, both subjective and objective. By reviewing the available studies, covering both theoretical and (most importantly) empirical aspects, and discussions among experts ABSL was able to identify the following stylized facts:

- centers of knowledge-intensive business services are characterized by a greater degree of spatial concentration than other business services centers
- urban locations are preferred, including primarily major cities according to the hierarchical structure, particularly capitals (Deza & López, 2014)
- cities are preferred also due to external effects of urbanization, including the benefits of so-called co-location (investors locating their business close to one another) (Muller & Doloreux, 2009)
- companies have the “monitoring advantage” because they stay closer to their competitors and can observe them and share tacit knowledge through direct interactions (vicinity of the headquarters of other corporations)
- other significant factors include the availability of a deep and diverse services market, making it quicker and less expensive to find the required specialists (Davis & Henderson, 2008)
- reallocation of a key center of a particular corporation to a smaller urban center is unlikely; it becomes more probably if a company is trying to reduce the costs of employment, particularly if it performs simple business processes
- the critical aspect is the availability of high-quality office space to rent
- centers prefer locations where they can make use of the benefits of urbanization, such as a large number of restaurants and vibrant nightlife. The prestige of the location, which boosts the reputation of the center, and the overall perception of the particular district are very important (Yamamura & Goto, 2018)
- wage costs, availability of employees with a college/university degree, and corporate tax rate are critical factors (Falk, 2012)
- there is an effect of geographical proximity; according to the law of gravity, locations are preferred if they are close to the border with the country of the major investors. The geographical proximity or being in the immediate vicinity is not the only thing that matters in this context – a common culture, language, legal system or institutions are also important
- the overall knowledge potential represented by the talent pool (human resources) in the region is very important to the attractiveness of the location, and it is the reason why particular preference is given to strong academic centers
- the choice of the location greatly depends on the proximity of a large airport, a transport hub of international significance, with a dense network of air connections, including transcontinental connections with the major global air hubs (Strauss-Kahn & Vives, 2009)
- the agglomeration effect (Kumar, 2001) reinforces a specific effect of imitation; the locations selected by the companies are highly correlated with the locations selected by the leaders.

Photo: Jeremi Astaszow / Katowice City Hall

7

SUBJECTIVE VS OBJECTIVE RANKING

The annual editions of ABSL reports prepared, in particular, based on surveys of business services centers in Poland sent to their managers include an assessment of the individual cities in the context of the specific categories determining their attractiveness as a place to start and run a business.

In the subjective ranking of cities, consistent with the results published in the "Business Services Sector in Poland 2020" report, the number of assessed categories was increased to twelve in comparison with earlier editions. The individual locations were assessed by the managers using a five-point Likert scale. The average ratings were used to prepare partial rankings and a general ranking. The annual report only presents the first three places in the individual categories and radar charts illustrating the assessment of the individual factors for cities of Tier 1 and 2 as well as Tier 3 and 4 compared to the general average for Poland. The results are shown only for cities that received 5 or more indicators.

The ranking of cities from the annual "Business Services Sector in Poland 2020" report is subjective. In order to present subjective feelings, resulting from the survey, and compare them with real state, we prepared objective ranking, based on publicly available data. Such a ranking would present a wider and fuller perspective of the comparative advantages of the individual locations. The objective ranking included an assessment of 15 urban centers, including two agglomerations: Katowice and Metropolis GZM and Tri-City. This means that the scope of the assessment was broader than in the original subjective ranking, which only included the seven largest centers of Tier 1 and 2. The analysis also concerned all urban centers of Tier 3 and selected centers of Tier 4 – Białystok, Kielce, Radom, and Tarnów. The classification of cities into Tier is the same as in the ABSL report titled "Business Services Sector in Poland 2020". According to the classification, Katowice and Metropolis GZM belong to Tier 2.

As a result, two rankings have been prepared: (I) **ABSL 2020 subjective ranking based on surveys**; (II) **objective ranking of cities** based on a wide range of publicly available data. It should be emphasized that neither ranking is clearly superior to the other. The objective ranking is based on data, while the subjective is based on the opinions of managers.

CLASSIFICATION OF CITIES ACCORDING TO ABSL

Tier 1	Kraków, Warsaw, Wrocław
Tier 2	Tri-City, Katowice and Metropolis GZM, Łódź, Poznań
Tier 3	Bydgoszcz, Lublin, Rzeszów, Szczecin
Tier 4	Białystok, Opole, Olsztyn, Radom, Kielce, Tarnów, Elbląg, Płock and other

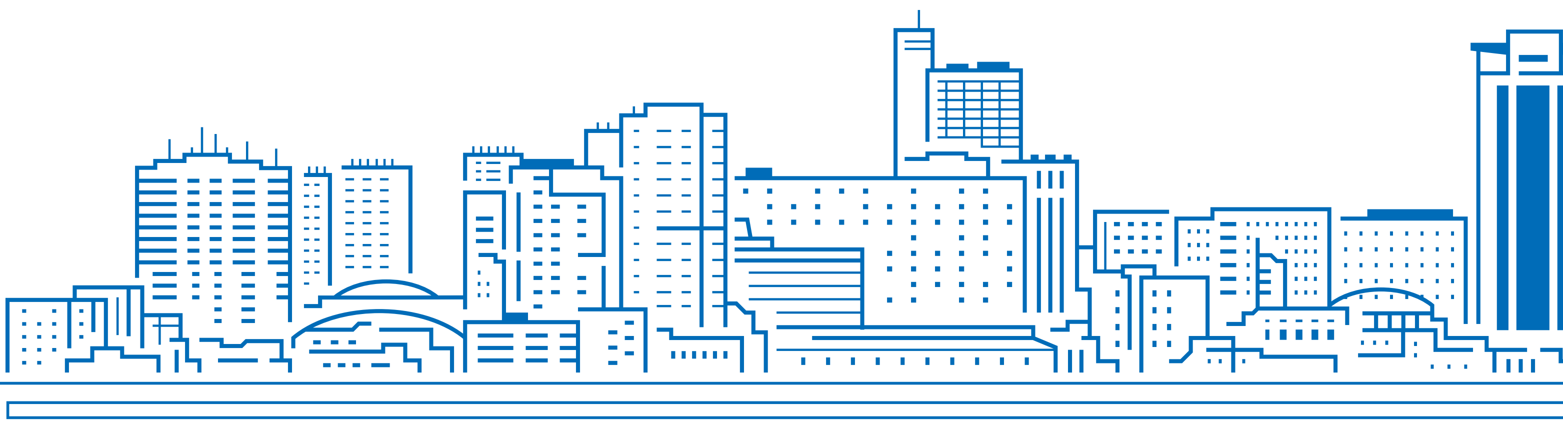
In the case of companies with more than one center in Poland, the assessment concerned the three most important locations, where the centers employed the largest number of people. Overall, ratings received from the respondents concerned 23 cities. Similarly to previous years, since the analysis had to be carried out based on a sufficient number of comparable results (at least 5 answers), the final assessment concerned 7 cities for which the respondents provided the most ratings: Warsaw, Wrocław, Kraków, Tri-City, Łódź, Poznań, and Katowice and Metropolis GZM. 276 ratings were obtained for the above-mentioned cities (including 19 for Katowice and Metropolis GZM). The subjective ranking of assessments by managers of business services centers is therefore limited to Tier 1 and Tier 2 cities.

The answers given by the respondents had values according to the Likert scale:

- +2 extremely satisfied,
- +1 very satisfied,
- 0 somewhat satisfied,
- -1 not very satisfied,
- -2 not at all satisfied.

Thus, the total variability of assessments ranged from -2 to +2.

The values of the rating for a specific location were calculated based on an arithmetic average, with the same weight given to the assessment of each manager. This means that the results were not weighted by the number of employees, which would favor the managers of the largest centers.



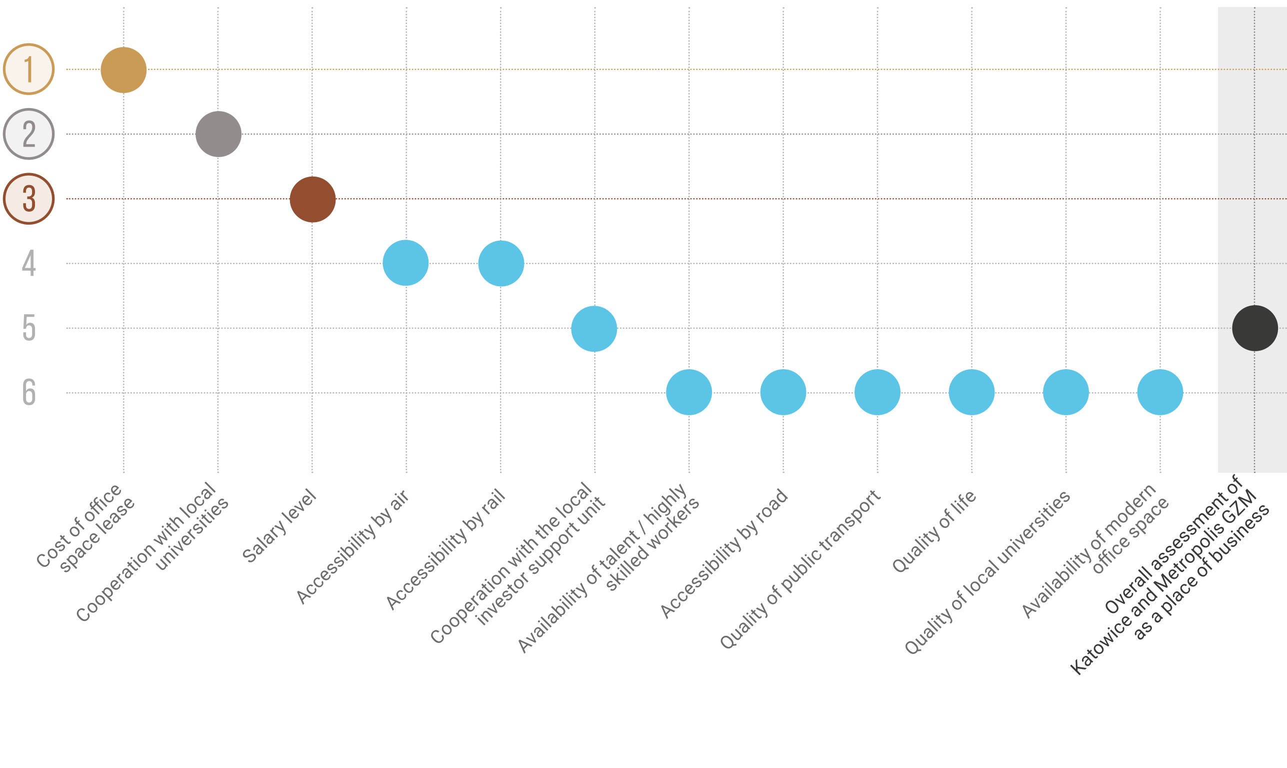
8

POSITION OF KATOWICE AND METROPOLIS GZM IN THE SUBJECTIVE RANKING OF CITIES

The assessment, as indicated above, concerned 12 partial categories and an overall assessment of Katowice and Metropolis GZM as a place of business. The overall assessment is the reference point to which the positions of Katowice and Metropolis in the partial categories should be compared. In the group of seven cities, Katowice and Metropolis were ranked fifth in the subjective overall assessment as a business environment. The subjective assessment was more favorable in five categories. The most important of them was the cost of office space lease – in this regard, managers ranked Katowice and Metropolis first. Katowice and Metropolis were ranked second in terms of the subjective assessment of cooperation with local universities and third in the salary level category. They were ranked fourth in the assessment of accessibility by air and rail. In the above-mentioned categories, according to the result of the subjective ranking of managers, Katowice and Metropolis GZM have comparative advantages relative to other cities. Regarding the cooperation with the local investor support unit, the assessment is the same as the general assessment (fifth place). In the remaining categories, Katowice and Metropolis are ranked sixth. Thus, the assessment of the managers is very consistent.

FIGURE 8.1

POSITION OF KATOWICE AND METROPOLIS GZM IN THE INDIVIDUAL CATEGORIES OF THE SUBJECTIVE ABSL 2020 RANKING



Source: ABSL own study based on the ABSL 2020 survey sent to business services centers, ABSL database 2020. Number of ratings: N = 308 ratings for Poland, N = 276 for seven major Tier 1 and Tier 2 cities, N = 19 for Katowice and Metropolis GZM. The line on the level of 5 refers to the overall assessment, used as the benchmark

The radar chart presents assessments of Katowice and Metropolis GZM in the individual categories of the subjective ranking, compared with Tier 1 and Tier 2 cities and ratings for Poland in general. Katowice and Metropolis were rated favorably in comparison with both the Polish average and Tier 1 and Tier 2 cities in the following categories: cost of office space lease, cooperation with local universities, and salary level. On the other hand, there are significant negative deviations regarding the quality of public transport and quality of life and smaller negative deviations concerning the availability of talent, accessibility by road, and availability of modern office space.

FIGURE 8.2

SUBJECTIVE ASSESSMENTS OF MANAGERS IN THE INDIVIDUAL CATEGORIES OF THE ABSL 2020 RANKING. COMPARISON OF KATOWICE AND METROPOLIS GZM WITH POLAND IN GENERAL AND WITH TIER 1 AND TIER 2 CITIES

Source: ABSL Publication "Investment potential of Polish cities. Location benchmark of the business services sector."

9

COMPARISON OF THE POSITION OF KATOWICE AND METROPOLIS GZM IN THE OBJECTIVE AND SUBJECTIVE RANKING

Multi-dimensional linear ordering analysis, based on Hellwig's economic development measure (Hellwig 1968), originating from taxonomy and linear ordering using the TOPSIS measure (Hwang & Yoon 1981), was used to construct the objective ranking. The categories included in the ranking have been determined based on a review of the theory of location, a review of empirical studies concerning locations preferred by investors, and discussions among experts/professionals who assist the investors in choosing the places to conduct business in Poland and other countries. The list of categories is consistent with the factors assessed by representatives of the business services sector in Poland in the annual ABSL survey. Weights were used in the objective ranking of cities to differentiate between the influence of the individual categories (and characteristics within the categories) on the final ranking. It was assumed that it was possible to determine the preferences of the so-called average investor. During the actual selection of locations, the preferences of the individual investors differ, just like opinions concerning the place they are already doing business in.

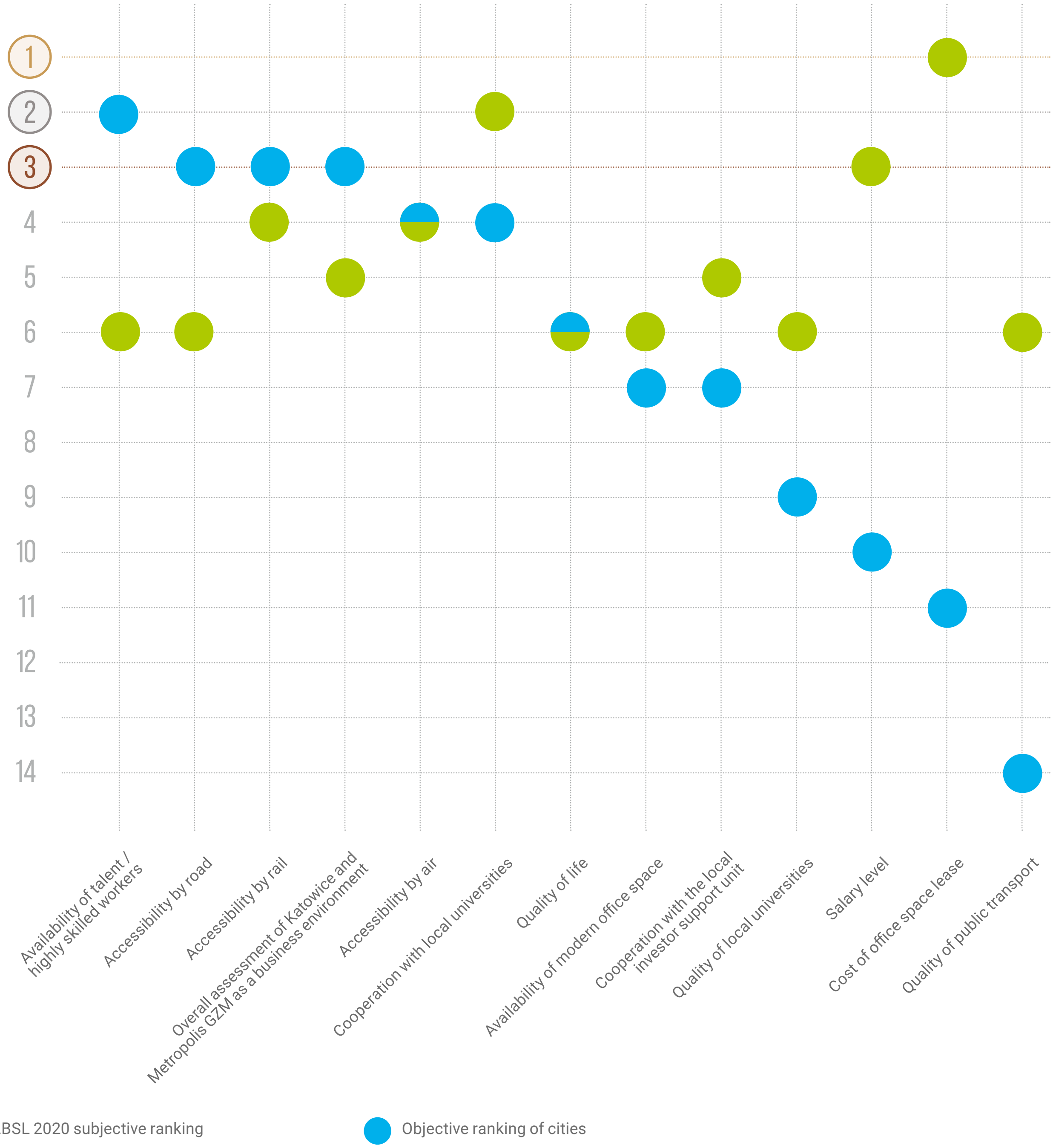
The position of Katowice and Metropolis GZM in the individual categories of the objective ranking of cities is shown in the chart, including a comparison of positions in both rankings. The lower the value, the higher the position (medal classification).

Regarding the availability of talent, Katowice and Metropolis occupy a high second place among the 15 cities assessed in the objective ranking. Katowice and Metropolis GZM are third in terms of accessibility by road and rail, which is consistent with the overall assessment. They are ranked fourth in terms of accessibility by air and cooperation with local universities. The worst positions of Katowice and Metropolis GZM in the objective ranking concern the quality of public transport, cost of office space lease, salary level, and quality of local universities.

These identified aspects are also possible areas of intervention on the level of the city or agglomeration. However, some of them require significant coordination of measures on the regional and central levels.

FIGURE 9.1

COMPARISON OF THE POSITION OF KATOWICE AND METROPOLIS GZM WITHIN THE INDIVIDUAL CATEGORIES IN THE SUBJECTIVE RANKING ACCORDING TO ANNUAL REPORT "BUSINESS SERVICES SECTOR IN POLAND 2020" AND IN THE OBJECTIVE RANKING



Source: ABSL Publication "Investment potential of Polish cities. Location benchmark of the business services sector."

Comparison of the position of Katowice and Metropolis GZM in the objective and subjective ranking

The subjective ranking based on assessments of business services center managers, presented in the "Business Services Sector in Poland 2020", only included 7 largest Tier 1 and Tier 2 cities. The objective report, in turn, concerns 15 cities of all Tier (from 1 to 4).

A comparison of the results of the subjective ranking based on the managers' assessments with the objective ranking indicates significant differences concerning Katowice and Metropolis GZM.

The position of Katowice and Metropolis is higher in the following categories: availability of talent (by 4 positions), accessibility by road (by 3 positions), overall assessment of the business environment (by 2 positions), and accessibility by rail (by one position). Katowice and Metropolis hold the same place in both rankings in terms of accessibility by air (4th position) and quality of life (6th position). The largest negative differences concern the costs of office space lease (-10 positions), quality of public transport (-8 positions), salary level (-7 positions), and quality of local universities (-3 positions).

The differences between the objective and subjective ranking may suggest the following:

» different perception of the significance of the individual factors during the selection of the business location by the managers. This means, for instance, that the individual managers would have defined the weights assigned to the categories of the ranking in a different way

» different understanding of the individual areas determining the business location

» relying on the managers' subjective assessment of the individual parameters

» consequences of the method and intensity of promotion of the individual locations

10

SUMMARY AND CONCLUSIONS

Katowice and Metropolis GZM are one of the five most important hubs of business services centers in Poland. The choice of Katowice and Metropolis by the investors depends on the assessments of attractiveness based on the specific preferences of business entities. The two rankings presented above compare a subjective and objective assessment. Assessments of attractiveness and assessments of locations where companies already carry on business also examine actual attractiveness.

The actual attractiveness of a specific location may be indicated by the number of existing centers (current situation), the number of new centers (increase), the number of people employed at the centers in a particular location (current situation), or the change of that number (increase). Therefore, to keep an objective perspective, mention should be made of the most important findings in this regard from report "Business Services Sector in Poland 2020". Thus, regarding the number of services centers at the end of Q1 2020, the first place was held by Warsaw (279 units). Urban centers with 100 or more centers also included Kraków (234), Wrocław (188), Tri-City (158), Poznań (113), and Katowice and Metropolis GZM (110). According to data for Q2 2020, the number of centers functioning in Katowice and Metropolis GZM increased to 114. Katowice and Metropolis are one of the locations where, like in Warsaw, Wrocław, and Kraków, the largest number of new centers appeared in the period from Q1 2019 until the end of Q1 2020.

The trends indicate that from 2016 until Q2 2020, the rate of employment growth at centers in Katowice and Metropolis GZM was 68%, and it was 7 pp higher than the overall rate for Poland. This indicates that the actual attractiveness of Katowice and Metropolis GZM has increased. In Q2 2020, the share of Katowice and Metropolis GZM in the overall employment at shared services centers was 7.8%.

Katowice is the leader within the agglomeration. This is indicated both by the number of centers and by headcount. According to the logic of agglomeration processes, the fact that Katowice is a part of a large agglomeration has a distinctly positive impact on the attractiveness of the city. It affects, for instance, the availability of talent pool, but it also brings about many positive effects caused by the interactions of a large number of people within the agglomeration. In the long-term perspective, the increasing cooperation of the cities within the Metropolis will further improve the attractiveness of the location. Attractiveness will also increase due to the improving condition of the natural environment in Silesia along with the progress of transformations in the mining industry.

Katowice is a place where the location quotient LQ[3], indicating if business services are a local specialization, has a value of 2.29 (based on the methodology included in "Business Services Sector in Poland 2020"), and it is the third after Kraków and Wrocław, before Tri-City and Łódź. This means that the significance of business services as a local specialization in Katowice is high and systematically growing from the level of 2.0 in 2016.

According to the report "Business Services Sector in Poland 2020", which includes the 7 largest urban centers, Katowice and Metropolis GZM were ranked fifth in terms of the overall assessment as a business environment (behind Tri-City, Poznań, Wrocław, and Warsaw). More advanced analytical methods were combined with a broad spectrum of data to construct the objective ranking, where Katowice and Metropolis GZM were ranked third. Also, it should be noted that the objective ranking included 15 centers of all Tiers (1 to 4).

[3] LQ is a ratio: share of headcount at BPO, SSC/GBS, IT, R&D business services centers in a given location to the share of headcount at BPO, SSC/GBS, IT, R&D centers in all locations under analysis.

According to the opinions of the managers given in the subjective ranking (annual report Business Services in Poland 2020), Katowice and Metropolis GZM have a comparative advantage over other cities in Poland regarding the costs of office space lease. In this case, the Katowice and Metropolis GZM were ranked first by the managers. Other areas of competitive advantage include cooperation with local universities, salary level, and accessibility by air and rail.

In the objective ranking, Katowice and Metropolis GZM occupy high places regarding the availability of talent, accessibility by road and rail, accessibility by air, and cooperation with local universities, and, consequently, they are ranked high regarding the overall assessment as a business environment.

The information obtained based on the ABSL survey conducted in November 2020 indicates that cooperation under the contracts signed by business services centers and local universities concerns internships for students, support for the recruitment of students and graduates, development of competencies desired by the centers, and the content of education programs.

INVESTORS SUPPORT

The Investors Assistance Department is a dedicated body of the Katowice City Hall that supports foreign and domestic investors, including investors that implement projects in the business services sector. We focus on delivering solutions adapted to the needs of investment projects, which involves our cooperation, in particular, with the Polish Investment and Trade Agency (PAIH), Katowice Special Economic Zone, Metropolis GZM, Polish and international chambers of industry and commerce, and consulting companies, as well as with other bodies acting as intermediaries in the investor support process.

PROJECT MANAGER:

Every investor is assigned to a dedicated employee of the Investors Assistance Department. The dedicated Project Manager will provide support from the very beginning of your investment project, as the "first line" of contact with the City Hall during the planning, implementation, and operation of the investment project.

PRE-INVESTMENT PHASE

 # We encourage investments by providing market research

» providing the required information about the attractiveness of Katowice;
» market research: availability of personnel, costs, quality of infrastructure, availability of modern office space, and other information useful in business case preparation;
» organizing meetings with HR and real estate experts;
» facilitating cooperation with partners that provide various forms of public support;
» organizing investor visits and meetings with local and regional authorities, universities, etc.

INVESTMENT PHASE

 # Providing a „soft landing" by assisting with the formation of the center

» assisting with the establishment and coordination of cooperation with universities and business partners;
» marketing support: building a positive image of the investor as a good employer, building confidence and reputation;
» creating tailored network support by providing access to a network of institutions and coordinating the cooperation between them.

POST-INVESTMENT PHASE

 # Supporting continued development and innovation – aftercare

» maintaining continuous cooperation with universities;
» marketing support: involving investors in CSR projects; cooperating with local NGOs, further reinforcement of the presence of investors;
» integration with the local business community;
» support in business development;
» adaptation of public transport to the needs of the investors.

7TH PLACE

in the best fDi Strategy in global ranking fDi Tier 2 Cities of the Future 2020/2021 (fDi Magazine, 2020)

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