

Kornet, Katarzyna

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THE ATTRACTIVENESS OF POLISH CITIES FOR ATTRACTING OUTSOURCING AND THE ANALYSIS OF BENEFITS FOR THE REGION

Katarzyna Kornet¹

Abstract

In western countries outsourcing has been an integral part of many enterprises for a long time. In Poland it is increasingly seen as a part of a long-term development strategy. Although Poland is only beginning to mark its presence in this area, it is quite often listed as one of the countries with a great potential to attract outsourcing. Among the competitive advantages of our country are geographical and cultural proximity to the markets of Western Europe, European Union membership, steady growth of direct foreign investments and highly qualified labor with knowledge of various European languages. Due to the above-mentioned advantages, many Polish cities easily compete with European business centers. The most successful of them are Krakow, Warsaw, Wroclaw, Lodz and Tricity. Analyzing outsourcing in Poland, we cannot forget its impact on region and on social processes like education, accommodation, traveling. The most important benefits from locating outsourcing companies in our country are the ability to attract further investment, additional revenues for the Treasury from taxes, lower unemployment rate, and finally stimulation of various social initiatives.

JEL classification: F2, G3, M1

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Introduction

Specialist knowledge and perfection are nowadays the goods eagerly bought by companies aware of their value. However, maintaining a high level of knowledge and perfection in each functional area is beginning to cost too much. That is why outsourcing is becoming a basic strategy in carrying out economic activities (Cook, 2003).

Even Henry Ford (1923) claimed that 'if there is something we cannot do more efficiently, cheaper and better than our competitors, there is no point in doing it and we should hire for this job someone who will do it better than us'.

Financial and operational benefits resulting from such model of cooperation are seen not only by big companies, but also by many small and medium-sized enterprises. As a result, a lot of companies decide to outsource some activities to other locations worldwide. The most popular locations in this respect are Philippines, China, India, and Vietnam. Poland is ranked fourth in the ranking of the most attractive locations for outsourcing investments in the world, by Global Services Tholons Study (Gańczarczyk, 2009).

¹ Katarzyna Kornet, MSc, Chair of Accounting, Cracow Economic University, ul. Rakowicka 27, 31-510 Cracow, katarzyna.kornet@gmail.com.

General issues in outsourcing

Outsourcing appeared in the 1980s, though it had been known long before. It is a term coined from two words: ‘outside’ and ‘resource’.

Outsourcing consists in using external resources through contracting specialized external entities to perform the processes vital for an enterprise. It is argued that processes performed outside of company can be more efficient than in-house, leading to desirable outcomes.

The use of this management concept is connected with a new view of service activities in an enterprise. Initially outsourcing only covered the activities considered auxiliary by the company, such as cleaning or mailing. At present more and more activities considered significant for the company, are performed by external firms. We should, however, remember that it is necessary to perform in-depth and comprehensive analyses which will allow the company to make a decision concerning the allocation of particular tasks to be performed by external entities. These analyses should cover organizational, human resources, technical, territorial, legal and ownership aspects. A decision to allocate certain functions cannot contribute to the weakening or loss of control over the economic activities of a company. Such a decision does not only mean the change in the way the function is realized, but also the restructuring of the parent company (Anonim, 2010).

The allocation of such tasks should be done following a precisely developed plan. The process of outsourcing implementation may be presented in five steps (Anonim, 2010):

- 1) analysis of needs and legitimacy of introducing outsourcing services in which we choose the functions to be allocated,
- 2) planning the implementation process in which procedures are prepared,
- 3) realization,
- 4) monitoring the effectiveness of outsourcing service,
- 5) modification of the outsourcing process.

We should bear in mind that outsourcing is a long-term enterprise, not a one-off solution to the problem of delivering the service. Therefore partners cooperating in outsourcing are obliged to constant mutual agreements, verification of cooperation rules and agreeing the aims of both parties (including long-term goals). The tasks given to the external partner should be very precisely determined. The most frequent tasks include: the scope of service and responsibility, the expenditure connected with the accepted division of work, results of the work within the determined division, standards of service, standards of possible communication between the parties and the environment and the expected quality.

It is also essential to assign a section in an organization which will manage the contract, organize regular meetings of the parties, define the matters to be discussed and be responsible for verification of quality and effectiveness of provided services (Banach, 2004).

We can differentiate two basic types of outsourcing:

- 1) contractual outsourcing (external),
- 2) capital outsourcing (internal).

In case of contractual outsourcing the company resigns from realizing the function inside and passes its performance to another company on the basis of a contract. An example of such outsourcing may be the resignation from employing legal counselors and contracting the

company's legal services to a law office, closing own accounting section and contracting accounting services from an accounting company.

Such a solution simplifies the company structure and reduces its management problems. Contracting the realization of particular tasks to specialists, the company is able to limit its involvement and responsibility in this aspect, and what is more, it will be certain that this activity will be performed on an appropriate level.

On the other hand, contractual outsourcing involves liquidation of all elements connected with realization of a particular function, namely redundancies, sale or liquidation of capital and liquidation of an organization unit. It also leads to limited possibilities of strategic planning in this area. Moreover, contracting an external company to perform a process, the company has limited possibility to control it (Pałka and Hareźlak, 2006).

In case of capital outsourcing, we single out the function from the enterprise in form of a daughter company which is related by capital to the parent company. It means that the elements connected with the realization of the function within the enterprise are not liquidated, but passed to the new economic subject, namely daughter-company. An example of capital outsourcing is the separation of service and maintenance activity from the structure of the enterprise in form of service and maintenance daughter –company or the organization of external transport from the structure of an enterprise in form of a transport daughter-company.

The benefits of such a solution include avoiding the necessity of redundancies and preserving the capital of an enterprise in an organized form. In addition, the company maintains a wide possibility of controlling and strategic planning of the activity.

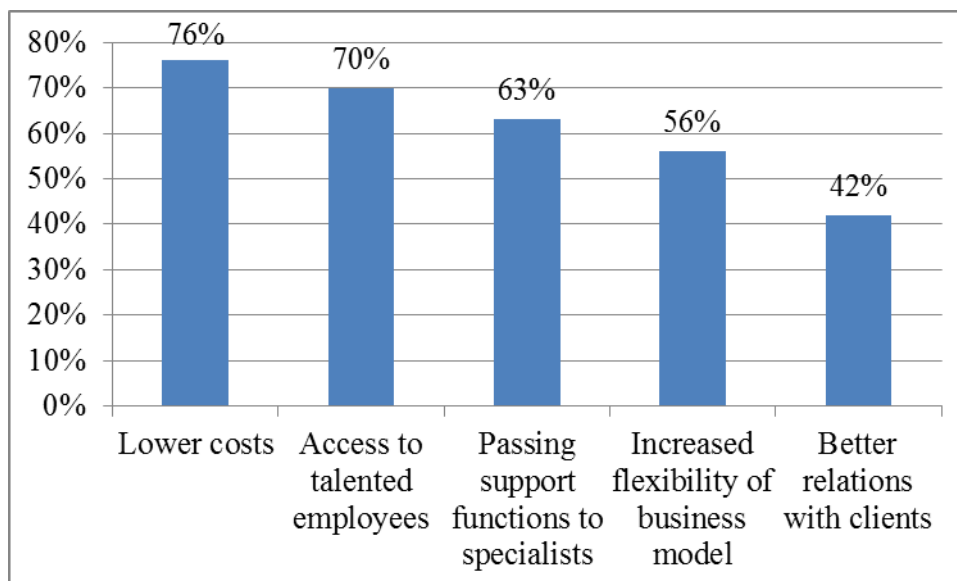
On the other hand, capital outsourcing limits the possibility of a radical change of the way the company operates. Taking into account only internal resources the enterprise limits its freedom of choosing a contractor and does not fully take advantage of an opportunity of initiating cooperation with a specialist in a given field. Moreover, choosing this solution we should take into account additional expenditure connected with separating the unit and further ownership responsibility for the achieved results (Wawryszuk, 2009).

Outsourcing may also be divided into two categories – off-shoring and near-shoring.

Off-shoring is a foreign outsourcing. It consists in moving business processes from Western European countries and America to the region of Far East, where there is a population of English-speaking specialists. Such actions are undertaken by big companies, which move for instance their accounting operations there. Off-shoring allows them to reduce costs by employing workers from countries with lower salaries (Próchniak, 2010).

Near-shoring is a variation of off-shoring. It refers to moving outsourcing tasks to countries which are culturally and geographically close – from Western European countries to Eastern and Central European countries. This phenomenon can be observed in Poland, where service centers are located, working for the clients mainly from Western Europe. Their competitiveness is based on the fact that Polish salaries constitute only half of salaries in the poorest countries of the 'old' European Union. The chart below presents the attractiveness of particular regions as far as the location of outsourcing centers is concerned (Chilimoniuk-Przeździecka, 2010).

Graph 1: Eastern Europe and other locations for outsourcing centers



Source: Polish Information and Foreign Investment Agency, www.paiz.gov.pl, from 10.10.2009 r.

It is worth mentioning another term here, namely in-sourcing. It is a process of passing the realization of business processes which are strategic for the enterprise, but they do not constitute its main competencies, to a specialist, internal department within the same organization.

In recent years we could observe the appearance and dynamic development of two phenomena on Polish market. One of them is the origin of the so-called Shared Service Centers (SSC), which is a sector of consolidated services centers. The idea behind the creation of SSC is to support various internal processes of a parent-company, such as accounting and financial processes, IT, Human Resources (HR) or the processes of procurement or customer service.

Mainly these are centers created by big concerns to serve the companies from a given group, operating in various countries. Generally the services offered by the centers to external companies only cover part of the process (for example in accounting they do not include the calculation of taxes or only refer to the services of payments and liabilities).

The other phenomenon is the creation of Business Process Outsourcing (BPO). These centers on the request of an external client service business processes which are traditionally realized by means of internal resources. These processes are strategic for the company although they do not belong to its key competencies and are not the subject of its main business activity (Levernes, 2010).

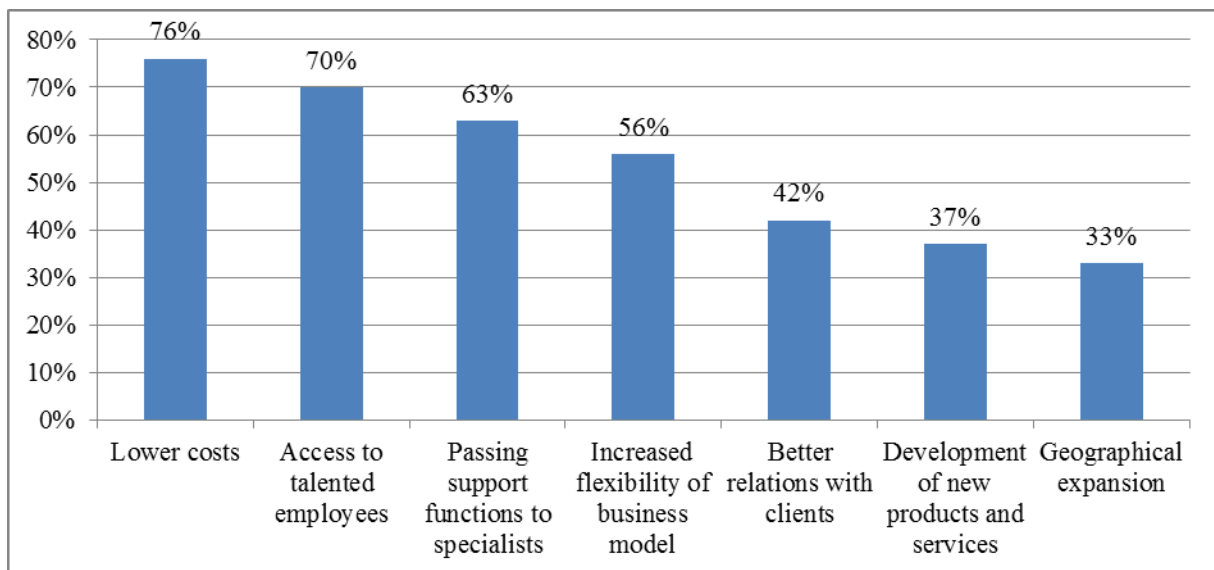
The concept of outsourcing puts at its center cost cutting. Through contracting some services to an external company (or to a separate internal unit) we improve the efficiency of machines and personnel. As a result we lower fixed costs, which results in saving resources, allowing us

to generate competitive advantage over other companies. Moreover, the economies of scale are also important when we create large centers of perfection.

Other advantages of outsourcing comprise lack of risk of costs of acquiring employees and training them. By ordering the performance of some processes to specialists the company ensures the realization of these activities on a high level.

In addition, thanks to such solution, the company may engage in developing new products and services, become more flexible, accept additional orders and improve the quality of its production or services, which leads to better relations with clients.

Graph 2: The most important reasons why companies decide o outsource



Source: PriceWaterhouseCoopers, Outsourcing Comes of Age: The Rise of Collaborative Partnering, 2007.

There are certain risks involved in outsourcing, too. If too many processes are passed to an outsourcing company, the enterprise may become over-dependent on such solutions. Moreover, there is a danger of losing control over high quality of manufactured products or offered services, which may lead to losses as a result of cooperative's lack of reliability. If he outsourcing of some processes involved redundancies of personnel, negative social relations will appear. The company also has to take into account possible blurring of its image in the eyes of its clients.

Another issue is the fear that the development of outsourcing will inflate salaries in host countries of service centers, which will result in leveling off the differences in labor costs. This, however, has not been proven yet. The research shows that salaries in Central European countries where outsourcing centers are located will equal those in Western Europe in 5-6 years, and in Asian countries in 18-25 years.

Outsourcing in Poland

The beginnings of outsourcing in Poland can be traced to the 1990s. At present, outsourcing is considered as an element of a long-term strategy of development and a standard model of activity for many enterprises in Poland. The BPO sector is currently employing around 40,000 people, and according to the estimates of the Polish Information and Foreign Investment Agency this number may grow to 70,000 by the end of 2010.

Although our country is only beginning to be active in this field, it is often seen as more attractive than many better-known outsourcing centers. Our advantages include geographical and cultural proximity to Western European markets and good location in the international system of communication routes. Poland, being between the USA and the Asia-Pacific region, completes the idea of a global chain of BPO services.

Moreover, our country may be proud of its highly qualified staff. Every year, 400,000 people graduate from Polish universities. The overwhelming majority of employees (92%) have a higher education degree and their average age is 28 years (Polish Press Agency, 2009).

Another asset our country possesses is our membership in the European Union and continuous growth of direct foreign investment.

Poland also has relatively low labor costs and low labor turnover (below 15%). Moreover, European companies mostly need service centers which are able to service clients in various European languages. Such services cannot be provided by India and other countries with the lowest labor costs. In 2005 Poland created another argument for locating such investment here – the government's decision changed the existing regulation and companies can locate their off-shoring centers in twelve special economic zones (Pijaczyński, 2006).

As early as in 2007 the Outsourcing Institute was established in our country, operating within Harvard Business Review Poland. This institution became a leading center for sharing knowledge and experience connected with outsourcing. In 2009 the Foundation of the Outsourcing Institute, comprising main providers of outsourcing services was established. The aim of this group of firms (ADP, ArchiDoc, Baker&McKenzie, Deloitte, Target BPO, Web Inn and Xerox) and experts associated with them is to promote outsourcing as the best strategy of increasing effectiveness and profitability and to run educational and expert operations. Through their activities, Foundation aims at integrating the firms and specialists with unique knowledge of outsourcing and to contribute to the creation of new initiatives for sharing knowledge and practices used in Polish and international companies (Outsourcing Institute, 2010).

All these activities account for the fact that despite the global crisis Poland remains one of the fastest-growing market of services. It is estimated that in 2009 around 10,000 jobs were created in this sector. Within the next 2-3 years the number of employees in this sector may even double.

Cities attractive for the development of outsourcing

In the already mentioned Top 50 Emerging Outsourcing Cities ranking in 2009, Krakow took the 4th place and Warsaw occupied the 28th position of the most attractive cities for outsourcing investment in the world.

Apart from Krakow and Warsaw, other cities also constituted good location for outsourcing centers of world famous corporations (figure 1). Wrocław could be a good example here,

hosting the Hewlett-Packard branch here. The company's Global Business Center employs at present 1500 people who service not only internal units of HP but also 11 external clients, such as Procter & Gamble or C&A. Moreover, Wrocław Technological Park houses many well-known firms offering their IT and accounting services, for example Capgemini Software Solutions Center or Opera Software.

Łódź is another city which can be proud of its outsourcing development. An outsourcing company Target BPO employs in this city and its neighborhood 400 people. It is a classical center of co-shared services, servicing corporate clients, for example Polish branches of such companies as Mars, Microsoft, ICI Dulux, Coty and Polkomtel. Also Bosch-Siemens, Fujitsu, GE, Accenture and Infosys operate in this city, and it is in the process of negotiating with seven global corporations interested in investment in the city (Sikorska, 2009).

Figure 1: Examples of BPO and SSC in Poland



Source: Polish Information and Foreign Investment Agency (2010), www.paiz.gov.pl

Tricity also has investment of foreign firms which located their offices there. We could list here for example Thomas Reuters, Techno-Service S.A., Deloitte, Export4You Professional Export Outsourcing. The authorities of the Pomorze Province declare their willingness to cooperate with developers, consulting and recruitment agencies and offers investors complex

information concerning infrastructure, office space, possible ways of financing as well as labor market and availability of staff fulfilling the requirements of each investor the region.

Warsaw, already mentioned here, is considered a better place to locate investment and to offer chances of development in the BPO/SSC market than, for example, Budapest, Sofia, Bucharest, Beograd, Bratislava, Kiev or Prague. Such companies as Citi Group, IBM, TNT Express have already opened their centers here.

For the past few years Krakow and its neighborhood have consistently supported the development of services and now we can consider it to be an indisputable leader in attracting this type of investment in whole Europe. The sources of its success lie mainly in the renown of a large academic center, which constitutes scientific back-up for the companies. Krakow has the oldest university in Poland and over 200,000 students attend all its universities.

Another important argument for locating BPO/SSC is the availability of office space. The cost of office space rental in Krakow is lower than in our capital city, but higher than in other cities. Recently several buildings have been constructed in Krakow, ready to host new investors, namely: Biuro State Corporation, Diament Plaza or Centrum Projektowe Vinci.

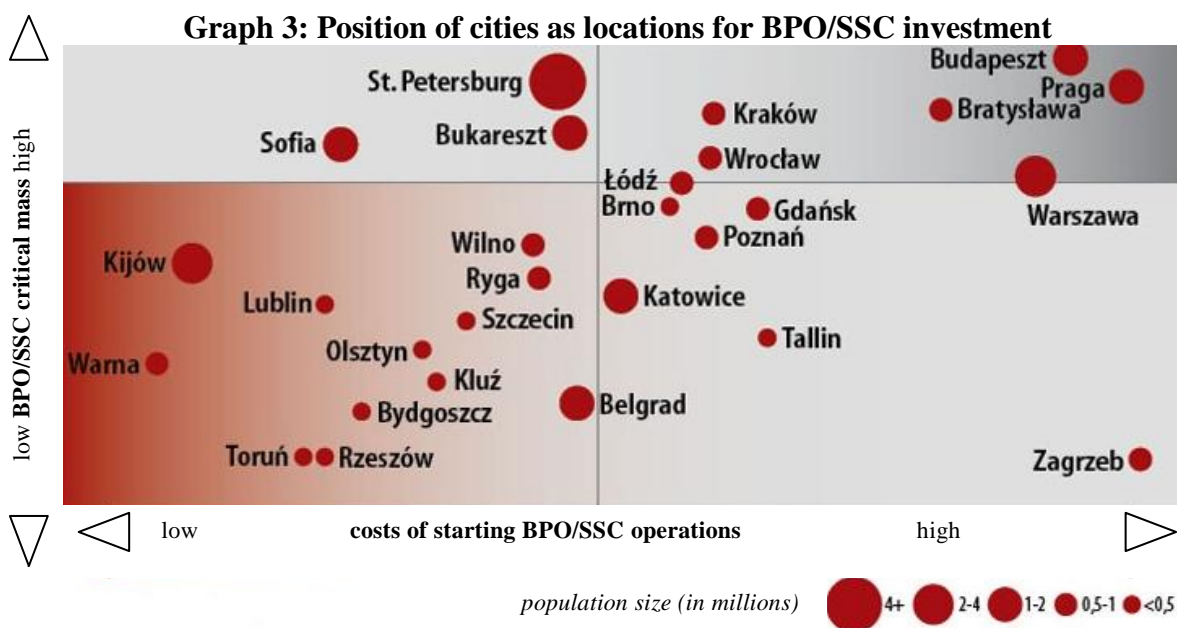
At present in Krakow and its neighborhood over 40 companies have their financial and accounting centers, employing 16 thousand people. The best-known of them are: Affiliated Computer Services, Capgemini, Elektrolux, Fortis Bank, IBM, Lufthansa, Hitachi, Accounting Plaza, UPM-Kymenne, Philip Morris, Shell, Hewitt, Motorola, State Street Corporation, HSBC, HCL, UBS. If we also take into account R&D companies, IT centers and other providers of specialist services, their number exceeds 50 (Piatkowska, 2009).

A few years ago a frequent phenomenon in existing corporations was the image of a young person employed in this branch to perform simple operations, such as 'keying in' some data on a computer. Young people, overtaking further processes and learning new specializations, in time gained experience and learned new skills. This situation allowed them to climb the next rungs of the specialist ladder. Currently Poland is beginning to be considered as not only the place of accounting and settling invoices but also the place of realizing the most advanced business processes. Specialists employed in many units deal with, for example, economic analysis concerning various sectors of the economy, cash flows analysis and investment fund management. The reports prepared by them are often advanced and complex and they are used in making vital strategic and financial decisions (Garski, 2010).

We should not forget that such image of Krakow was built partly due to the information campaign of the city, named "We are developing outsourcing", which was launched at the end of 2008 and is still being run. The project opened with a new program of business promotion of the city, called 'Krakow to Business' (KRK2B). The KRK2B initiative is a professional promotion, based on direct relations with clients, active search of business partners and the state-of-the-art marketing tools. The aim of the project is to promote outsourcing as an impulse to implement innovations, increase operational effectiveness, attracting new talents and competencies and not only as a tool to reduce costs. The project is run under the patronage of ASPIRE association, which incorporates the biggest providers of outsourcing solutions in Krakow. Its aim is to develop the sector and to create the environment which will encourage not only the exchange of explicit knowledge but also of tacit knowledge, when certain things become automatic. This community of common goals is based on information sharing. ASPIRE is now dealing with gathering and sharing

information about the sector. This information allows us to estimate the value of the sector for the local economy (currently it is EUR640 million per year) and it can be useful for all stakeholders who are interested in the development of the sector. The companies participating in the above-mentioned activities account for 70% of the local market (ASPIRE, 2010).

It is worth paying attention to how Polish cities compare with other European cities (graph 3). Investors in the Czech Republic and Hungary realized a bit earlier than Polish investors that low labor costs are not the only investment incentive. They started to focus on technologically-advanced sectors, including research and development activities and modern KPO services (Knowledge Process Outsourcing). Poland has been exceeding its neighbors in attracting service centers only for the past few years. Polish centers often offer the services of managing the whole business processes. It results from the companies' concentration on building service centers or using increasingly effective ones. The companies operating in Poland are more and more often looking for not only a provider of outsourcing services but for a partner in business, who will help them maintain competitive advantage through supplying knowledge and unique solutions (Kaszuba, 2010).



Source: *Colliers International Poland Sp. z o.o. (2010) „Perspectives of BPO/SSC sector in Eastern and Central Europe”, Report*

Compared with other European cities Poland excels in use of middle and highly advanced technologies. Moreover, many companies use modern methods of human capital management, which results in better effectiveness of work.

The influence of outsourcing companies on the development of the region on the example of Krakow.

Analyzing the phenomenon of outsourcing in Poland we cannot omit its influence on the region and on social processes connected with accommodation, education or commuting to work. What is happening in one commune definitely makes an impact on the neighboring

communes, Locating investment in the city or in the commune causes further processes which are also worth analyzing.

The first issue deserving our attention is the fact of attracting new investors. We should remember that supporting foreign investment is in the interest of the state. Since 2005 Poland has been realizing 35 long-term programs passed by the government. They stipulate investment of over 11 billion zlotys in Poland and creation of around 35 thousands specialist jobs. It is estimated that by 2012 additional budget revenues from PIT, CIT and VAT taxes will amount to 2.5 billion zlotys, whereas the total support paid to investors from the state budget by 2013 will amount to 862 million zlotys (Hallam, 2009).

The companies operating on the Krakow market are continuously evolving, increasing employment and range of services offered by them. It optimally influences the improvement of professionalism of the financiers, accountants and IT specialists employed there. Moreover, on the premises of Krakow Technology Park there is Special Economic Zone which is developing and increasing its office space every year. Such activities may soon make Krakow the biggest outsourcing center in Europe (Żółcińska, 2006).

The issue of government support for processes in the area of outsourcing is also essential. We could quote her the investment contract signed in 2006 by the Ministry of Economy and Shell Polska company concerning the creation of Shell Financial and Accounting Center in Krakow. Shell allocated over 27 million zlotys for the whole investment project in Poland. Poland competed for this investment with Czech Republic, Hungary and Slovakia. The government support amounted to around 3 million zlotys. It is estimated that in the period of 2006-2010 the accounting center will give the state and local authority budgets 72 million zlotys.

Another example of government support is partial participation in expenditure connected with creating jobs in Zabierzów BPO center. By 31.12.2009 the budget assigned 1.5 million zlotys for this purpose, which attracted the American company Affiliated Computer Services to create and maintain for at least 5 years five hundred jobs. It is estimated that during the realization of the program in 2006-2009 the state and territorial self-government budgets received nearly 6 million zlotys from taxes, and the state budget received directly over 3.7 million zlotys (ASPIRE, 2010).

Another essential issue is the decrease of unemployment caused by employing more and more young people in finance and accounting as well as in IT centers. This proves that investors from the west finally took to Poland. A good example here is an American concern, IBM, which employs in Poland a few thousand employees in its Warsaw headquarters, in Software Laboratory and in its finance and accounting center in Kraków and in Gdańsk Regional Competence and Implementation Center. In September 2009, IBM and Polish government signed an agreement on the strength of which the company will receive 100 million zlotys of public help but it will employ in Integrated Center of Delivering IT Services in Wrocław 3000 specialists. Also in this case, the decisive argument was the number of highly qualified people (around 20 thousand) who graduate from Wrocław universities each year. Another example is Hewlett-Packard which employs in Wrocław 2000 people or Shell in Zabierzów, which created 1400 jobs (Kaszuba, 2010). The research by Polish Information and Foreign Investment Agency shows that next year BPO centers will employ over 70 thousand people in Poland.

An important process which can be observed in investment areas is increased access to communication and better quality of it. We mean here mainly access to an international airport but also to basic means of communication for employees. A few years ago Warsaw lost to Prague, which offered better airline connections, which was of vital importance to investors. Poland does not offer sufficient access to communication hubs, but the situation has improved considerably in the last few years. We could quote here the example of Zabierzów near Krakow. In 2007 the first private railway station was established in Zabierzów. Before that Zabierzów had a commune station in its center. The new station is 2 kilometers away from the old one, closer to Krakow, The Krakow Business Park company spent around 1 million zlotys to build two platforms, roofed shelters, underway passage and lifts for disabled passengers. The Polish State Railways (PKP) did not bear any costs in building the station, it only covers the costs of stopping the trains, which amount to a few thousands zlotys per month. These costs are compensated, however, by the revenues from selling monthly tickets on the route Krakow – Zabierzów. The journey time from the station to the Main Station in Krakow is 15 minutes. Moreover, to meet the demands of increased travel on the route Krakow – Zabierzów, the Municipal Communication Enterprise (MPK) in Krakow created three convenient city connections. Buses leave from the terminus in Bronowice Nowe district. These lines offer 1 bus per hour, and in times of morning and afternoon peak 2 buses per hour. Also private transport (mini-buses) offers its services on this route. The vehicles leave from the Main Station in Krakow and stop at almost every bus stop on the passengers' request. The journey time is approximately 20-25 minutes.

The last issue which needs to be raised is the involvement of outsourcing companies in various social initiatives and environment protection. Corporate Social Responsibility is an idea that the world of business has an obligation to engage its means (financial, material, intellectual) in actions for broadly understood social good (for example natural environment or local community) (Foundation for Corporate Social Responsibility, 2008).

Not forced by the law, this free activity of a company is incorporated in its business strategy and contributes to the company growth and serves its close and distant environment (stakeholders). Each year the Forum of Responsible Business takes place somewhere in Poland and the report "Responsible Business in Poland, Good Practice" is presented there (Forum Odpowiedzialnego biznesu, 2008). Moreover, for the past three years 'Social Reports' publishes a ranking of companies involved in the idea of CSR. The latest report showed that in Poland the CSR activities are becoming more popular, but we are still only beginning our journey to responsible and transparent business.

Outsourcing companies operating in our country are actively involved in CSR activities (although sometimes this activity is initiated by their parent-company). One of the biggest international concerns, Shell, pays special attention to social responsibility in local and global respect. In Poland Shell concentrates mainly on safety on the roads issues through building and implementing innovative programs. The basis of these activities is strong cooperation between government institutions, social organizations and enterprises involved in promoting safety on the roads all over the world. The company is a founding member of the global structure Global Road Safety Partnership, set up by the World Bank and Red Cross. Moreover, Shell actively participates in integrated program of safety on the roads GAMBIT, which is realized under the patronage of the Polish government. The work of many specialists

resulted in better crossroads, safer crossings and changes in behavior of motorists and pedestrians as well as improvements in the structure of managing road safety through streamlining legislature and creating regional and local structures. In addition, Shell initiates many social initiatives in the Małopolska Province. We could list here such campaigns as “Noble Parcel for the Flooding Victims”, supporting the animal sanctuary, organizing holidays for 220 people from poor families of the Zabierzów commune, family bike race, etc. Another example is IBM, whose involvement in corporate social responsibility covers every aspect of its activities, starting from energy saving programs, through creating decent and safe working conditions to cooperation with suppliers for harmonious development of world markets. For the past ten years, IBM has been one of the biggest donors of money, equipment and human resources to non-government organizations and educational institutions all over the world. Among many programs initiated by IBM in Poland we should mention the program of primary education IBM Kid Smart, program of school mentoring (Mentor Place), project “Equal at work” covering such issues as “IBM – woman-friendly company”, “Men and Women in Technology” and the introduction to the internet program supporting English learning based on the voice recognition technology (Reading Companion) (IBM, 2009). Philip Morris company also participates in initiatives connected with CSR. In case of a tobacco company, the responsibility starts with the products offered by it. It means that the company should inform people about dangers of smoking and should limit availability of cigarettes to children. To achieve these purposes the company cooperates with sellers, authorities, non-government organizations and other tobacco companies in its Program of Responsible Selling. Of course, corporate social responsibility in Philip Morris does not end there. The company cooperates closely with the Friends of Integration Association. Among its many activities within this cooperation one could mention a social campaign “Shallow imagination”, a billboard campaign “Disabled – it’s normal”, a photo exhibition “To see, to hear, to touch, to know”.

Conclusions

Our country is often seen as one of countries with great chances of becoming the world leaders of outsourcing. A few years ago Polish manager were rather cautious in delegating allocated areas of activities to external subjects, which considerably slowed the development of the outsourcing services sector. The western patterns and positive experiences of the companies which decided to do so broke this mental barrier. Nowadays outsourcing is an element of long-term development strategies of companies and the decisions to pass some areas of company activities are usually made on the board level of the companies (Żółcińska, 2004).

Many Polish cities may easily compete with European centers of business. Our advantage over others lies in geographical location and in similar culture, but we can also boast our highly-qualified staff with good knowledge of foreign languages. Other assets include European Union membership, relatively low labor costs and low labor turnover. All these advantages account for the fact that Poland is valued highly as an investment-friendly place. Of course it is necessary to monitor global tendencies continuously and to seek further locations of research and development centers in Poland. We should not forget that the service center can be easily moved to another country, in which it is cheaper to run. We should

remember that location of outsourcing companies in our country attracts further investment, brings additional revenue from taxes to the budget, lowers unemployment in the region, mobilizes the authorities to improve communication centers and stimulates various initiatives directed at local communities.

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