

NEWSLETTER

INTERNATIONAL

 ENGLISH VERSION

POLAND



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"THERE IS A LABOR SHORTAGE IN POLAND"

What makes the Polish market so attractive to German companies?

The answers to this question are actually quite simple. First of all, there is the proximity to Germany, both geographically and culturally. Despite some differences, Poles and Germans see things essentially the same.

Poland, with its 38 million people, is an attractive market for the German economy and interesting as a production location due to its high performance. This applies to both corporations, as well as small and medium-sized companies. In addition, "Made in Germany" has a good reputation in this country. This is associated with good quality, especially, here in western Poland. That makes it easier for German companies.

Imports and exports continue to grow, despite the energy crisis and Russia's war of aggression against Ukraine. Germany exported 90 billion euros to Poland last year, making Poland the fifth largest export market for the German economy. Business was also good for Jungheinrich in 2022, and the turbulence caused by the war was under control in the second half of the year.

An important signal that investments will continue despite the war is the construction of the new Mercedes-Benz factory for the production of e-vans. One billion euros has been invested into the development of the Jawor site.

What advice would you give to a German company that wants to enter the Polish market?

I recently took part in several B2B talks with Baden-Württemberg companies in Poland, and would recommend anyone interested to visit Poland to break down prejudices.

Otherwise, there are three important contact points for potential investors. There is the German-Polish Chamber of Industry and Commerce, which offers market entry advice and support in finding a location. The Polish State Agency for Trade and Investment (PAIH) supports investors in many ways and is very useful for first steps on the Polish market.

And thirdly, there are 14 Polish special economic zones. These enable the purchase of land with state support. Some of the zones promote companies from specific sectors - near Katowice there is an automotive cluster, in eastern Poland there is a zone with a focus on the aviation industry.



Artur Kuśnierek

Sales Development Manager
Poland at Jungheinrich
Polska. The company is a
leading solution provider for
intralogistics.

What is particularly important in investment projects?

The special economic zones offer developed plots with electricity and building permits. In addition, there are often perks such as tax deductions.

Poland has a good motorway network. You can drive continuously on the Autobahn from the German border to the Belarusian border, also from Silesia to the Baltic Sea. New federal roads are also being built, which are favorable for production companies.

What are the peculiarities with regard to the availability of personnel in Poland?

There is a shortage of workers in Poland. The national unemployment rate stands at 3.5 percent. In Poznań, the unemployment rate is at 1 percent.

In principle, qualified personnel are available in Poland, but the local conditions must be carefully considered when choosing a location. German investors like to go to western Poland. However, some are currently moving to the eastern areas, where it is even easier to get workers. One example is Masuria, although the area is still relatively poorly developed in terms of roads.

It is helpful that the mobility of Polish workers has now somewhat increased.

How did the Russian attack on Ukraine affect your business?

Of course, I can only speak for our company here. In our industry and in our company, we have noticed relatively little. However, Jungheinrich also has a branch in the Ukraine and we have taken on some colleagues from there. However, the war had little impact on our customers' investment decisions.

For Poland, I can say that Ukrainian workers have helped the country a lot. Although many men returned to Ukraine after the war broke out, many women are now here. Many say that without the labor force, the hardship in the labor market would be even greater. Ukrainians learn Polish quickly and have no problems settling in Poland.

After the war broke out, Poland bought a lot of arms, mainly from the USA and South Korea. Perhaps we can expect some offset investment projects from these countries.

What is your outlook for economic development this year?

According to the figures available to us in the company, we are moving in the intralogistics industry at the level of 2022. Retail is in good shape, Lidl, Transgourmet, Biedronka and Abka have all announced growth for the current year. Also, dm-drogerie markt and Woolworth, two well-known companies entered the Polish market last year. Amazon has announced a new logistics center, which is good news for our industry.

In the manufacturing sector, the situation is somewhat more complicated and development is moderate. Basically, companies want to automate processes, but the investment costs are a challenge due to inflation. The high energy costs are increasing interest in renewable energies.

“IT BUSINESS IS CLEARLY THE MOST CHALLENGING ONE”

What makes recruitment in Poland special?

Poland is still in a very strong economic condition despite the high inflation of approx. 17 percent in 2022. The labour market is very demanding which has resulted in a lack of candidates who are qualified and motivated to change their jobs. The market is clearly in favour for the employee.

The influx of 1.5 million immigrants due to the Russian attack on Ukraine has not changed the market in that respect, unemployment is at 5 percent and as low as 3 percent in certain regions (such as Warsaw).

Nowadays, Poland is one of the most competitive markets within the European Union and the UK. There are zillions of HR agencies and freelancers flooding the market with job offers so that candidates can get distracted. Some estimates go up to 40,000!

How difficult is it to find the right candidates? What are the toughest assignments?

In general, people are not motivated to move at all. I have been in the recruitment business for 25 years, being mostly involved in assignments in the Industrial, Manufacturing, Professional Services and IT industries. My business has probably never been as demanding as it is today.

If you are a JAVA developer or programmer of any sort, you are getting tens offers per week, with little or no time to respond at all. Of course, there are fewer offers for manufacturing professionals, especially, outside of Warsaw. However, they are still quite frequent.

Therefore, recruiters spend a lot of time motivating people to even consider a job change. Accordingly, salary expectations are sometimes ridiculously high.

In this respect, the IT business is clearly the worst, because demand is so high. Covid situation has even further driven up demand. Poland hosts many IT shared service centres that serve the whole world with well-trained professionals. Although remunerations increased by 40% during Covid, they are still lower than in Western Europe.



Marek Ambroziak

Assignment Manager -
Poland, CT Executive Search
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Some industries, e.g. FMCG, Industrial and Construction, have issues due to a high inflation and expanding costs for production components and resources. These industries have less needs for recruitment at the moment. If they hire at all, it is people who impact the bottom line by driving efficiency. This can relate to functions like purchasing, finance or production / supply chain. There is clearly less hiring in sales and marketing at the moment.

Are foreign companies still more popular in Poland?

Yes, they are. When considering a career move, most candidates are more open to consider a foreign employer, although, some private Polish companies have become attractive employers too.

Generally, people associate Polish companies with a tough management style and a high level of bureaucracy that leave employees with less freedom. International companies are considered to be better structured. Many view Polish companies as more erratic, as decisions of the owners have much impact on their business.

What motivates candidates to change a job? How mobile are they?

Candidates' mobility is generally low, but there are of course examples where people are ready to relocate. Younger people without families are more open to relocation. A spouse, small children and a 'bank loan' all reduce the willingness to move. In general, I would estimate that less than 20 percent of potential candidates are ready to relocate to another regions in Poland.

Candidates have very different motivations. For some candidates a new challenge is important, others are stuck and have no opportunity for professional growth. If they have been doing the same things for years they are open to change. Other candidates have got the new management in Poland or the international headquarters, and don't get along with the new incumbents.

There are also very private reasons (like a divorce) and the subsequent desire to change the place of residence. And of course, improving the financial situation is often very important.

Today, most of the work can be done remotely, if you don't have to manage blue collar workers. People prefer a hybrid work as compared to a complete relocation. They are usually fine with working two or three days at another location, while keeping their home base. A complete move is very rare these days and most companies are prepared to provide flexibility.

What would you recommend to a foreign company that wants to recruit an MD in Poland?

The Client company should have a clear view regarding its plans and the required candidate qualifications. During the discussions with the candidates the company

should be open and very frank on communicating the task and strategy to the potential MDs.

It is ok to have a video call for the first interview, but candidates expect to have face to face meetings later to get a "feel" of the potential business partners through personal acquaintance. The "old", traditional style in recruiting candidates for positions such as MDs and GMs (a high touch approach) is still very popular and effective while recruiting candidates for a C-level.

LIABILITY ISSUES FOR MANAGING DIRECTORS OF SUBSIDIARIES

It is a truism to state that the director of a Polish company manages and is responsible for the affairs of the company. This applies not only to the company, but also to its creditors (in the event of ineffective enforcement against the company).

Therefore, it is in the director's interest to look out for the welfare of the subsidiary in order to avoid his own liability.

At the same time, the managing director is appointed by the parent company. The parent company legitimately expects that he will follow the group's policies and will achieve the goals that the subsidiary was founded to achieve. In particular, the sole shareholder can expect important and strategic decisions to be made in their interest, after all they finance the activities of the subsidiary and ultimately bear the economic risk.

The legislature is basically of the same opinion. The managing director of the subsidiary is obliged to comply with the provisions of the articles of association and resolutions of the shareholders (especially, those that list transactions requiring approval).

But there are limits to this duty. Sometimes, these are clear - the director must not do anything illegal, for example, not pay a dividend, if no profit has been made or the profit is lower than the uncovered losses.

Sometimes, however, these boundaries become blurred, for example, when the shareholder requests that the managing director enter into certain contractual relationships with group companies or third parties proposed by the parent company on behalf of the subsidiary. This business may be unfavorable for the subsidiary but in the interests of the group, for example, because it opens up or increases opportunities for the group to win good orders in the future. Even if the manager agrees with the deal itself, he may be reluctant to enter into it out of caution about his potential liability. He should think about his liability towards the creditors, but also towards the company, for example, in the case of a change of shareholders.

ANALYSIS



Dominika Wądrodzka
Partner at BSJP/bnt, Warsaw

A solution to such situations is provided by the new regulations on company groups in the Polish Commercial Companies Code. If such a resolution is passed and published in the Polish Commercial Register, binding instructions to conduct matters in the interest of the group can be issued and the director can thereby claim an act in the interest of the group.

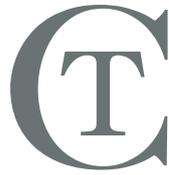
This is relatively easy to implement, especially, in the case of 100% subsidiaries, since only the interests of the creditors have to be taken into account here, not those of minority partners or shareholders.

It is also important that the managing directors – at least in the case of 100% subsidiaries - receive more clarity, and thus, also certainty as to the situation in which they must refuse to comply with such a decision by the parent company. This is to take place if the implementation would lead to insolvency or impending insolvency of the subsidiary. So, the director can allow the wholly owned subsidiary to suffer losses from a particular transaction, if it is beneficial to the group. He should only make sure that the company will still be able to pay its due debts.

The managing director does not have to fear that the subsidiary (for example, in the event of a change of shareholders) will raise claims against him, since his liability towards the subsidiary has been excluded.

Should the action taken in the interest of the group cause the subsidiary to become insolvent, the managing director is not solely responsible to the creditors, but together with the parent company.

In summary, the new regulations make it possible to control the activities of the subsidiary to a greater extent in the interest of the parent company without putting the managing director in a legally questionable and uncertain position.



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