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EVER SINCE ITS INCEPTION 30 YEARS AGO, ONE OF THE MOST FUNDAMENTAL FUNCTIONS OF AMCHAM HAS BEEN TO MAINTAIN PLATFORMS FOR SHARING PROFESSIONAL KNOWLEDGE AND EXPERIENCE BETWEEN ITS MEMBERS.

THE **AMCHAM COMMITTEES** ARE ONE OF SUCH PLATFORMS. THE COMMITTEES HAVE STARTED USING WEBINARS WHILE THEIR MEETINGS HAVE BEEN SUSPENDED DUE TO EPIDEMIOLOGICAL REGULATIONS.

IN THIS DISPATCH, WE PRESENT THE MEETINGS THAT TOOK PLACE IN SEPTEMBER, OCTOBER, AND NOVEMBER.

AGENDA

INTELLIGENCE FROM AMCHAM COMMITTEES

DIGITAL ECONOMY

In November, the AmCham Digital Economy Committee held an online meeting to discuss the position of the Polish government concerning an update of the Digital Services Act. This directive has been a legal framework for the provision of digital services in the European Union for the last 20 years. The speakers were Marianna Sidoroff, Deputy Director of the Digital Economy Department at the Ministry of Economic Development, Labor and Technology; and Piotr Kobielski and Anna Michałowska, experts from the Chancellery of the Prime Minister. Marianna Sidoroff said that the twenty-year-old directive does not meet the requirements of today's e-commerce. The Polish government's position regarding an update is that the new directive should contain regulations that will allow for a smooth transition of "real-world" functions of the economy into the digital realm. In addition, the new directive should create a clear legal frame for creating a unified digital market across the EU. An important point that the Polish government has been emphasizing while consulting the future directive with the European Commission is that new regulations should not contradict baseline regulations that have been in practice for 20 years. The Polish government is of the opinion that new regulations should be drawn from market facts, best practices and case studies. One of the challenges for the lawmakers will be to draw up the definition of a gatekeeper—a wireless proximity-based access control and authentication device that allows the administrator to control the deployment and management of network computers. Anna Michałowska said that Poland is consulting its position with other EU member states, anticipating that the European Commission will soon present its

propositions for the new legislation. The common understanding and agreement in the member states' approach to the basic principles of the new regulation is that it should not place too much regulatory burden on e-commerce companies, especially small and medium-sized enterprises. The Polish government wants to support, in particular, the rights of consumers to manage their personal data. The government also believes it is necessary to create clear and transparent regulations regarding the conditions under which internet-based services may block users' content.

HUMAN RESOURCES MANAGEMENT

In September, the committee held an online meeting to discuss how the pandemic was affecting the job market, from the perspective of job seekers and hiring managers. The guest speaker was Rafał Nachyna, Managing Director of Pracuj.pl, Poland's largest job search website. The speaker said that when the pandemic broke out in Poland in March, few thought that it would change the market dramatically. Companies were very optimistic, as they had generated good results in January and February and hoped to see their businesses continue to grow throughout 2020. When the lockdown of the economy kicked off in March, however, the mood swung to the other extreme by the end of the month. Market analysts feared that unemployment levels would reach 8 percent and be accompanied by a dramatic drop in Poland's GDP. In April, the number of new job postings dropped by 50 percent compared to the numbers from March. After the lockdown, companies intensified their recruitment activities. The number of new job postings was high, especially in July, as companies began to look for new salespeople and client service experts. In September, companies were more inclined to hire than to fire, and the number of new job openings went

up again.

The speaker noted that there was a short supply of candidates in sectors of the economy that had seen a pandemic-related business boom. IT, e-commerce, and transportation/courier companies were extremely determined to hire more people. For them, it is a job seekers' market, not an employers' market, and it seems that this will continue for the next few months. Companies in sectors such as hospitality, automotive, air travel, and spa and beauty reduced their employment levels and it seems that they will not see any rise in demand for new personnel for a long time.

The universal application of remote work solutions has changed employers' preferences regarding candidates. Teamwork skills, which were universally expected of job seekers before the pandemic, were replaced with skills such as the ability to efficiently deal with stress, and work alone and independently. Remote work became the new normal for companies that began approaching it from a long-term perspective. They have now seen how this mode of employment greatly extends the pool of candidates for hiring, including handicapped workers and workers who do not live in cities in which the companies have offices.

The change had an impact on recruiters who had to learn how to manage recruitment processes using digital tools and feared their companies would cut jobs across HR departments.

The pandemic also changed candidates' expectations. Before the pandemic, they had been focused first on salary levels and financial bonuses, and then on employee benefits and career development opportunities. Few job seekers cared about a clearly laid out career path in the hiring company, because at

that time, it was not common to stay with one employer long-term. Today, job seekers pay attention to the economic stability of the hiring company, which is as important to them as the salary offered.

In October, the committee met online to discuss how the pandemic changed employees' expectations regarding the benefits they may be entitled to during employment. The speakers were Artur Białkowski, Managing Director of Business Services and Member of the Board at Medcover; Michał Płaczkiewicz, HR Director of Unum Życie TUIR S.A.; and Anna Wicha, Public Affairs Director for Poland, Eastern Europe & Middle East & North Africa at Adecco Poland.

Anna Wicha said that the market of employee benefits, estimated at PLN 12 billion in 2018, was one of the fastest-growing markets in Poland and was not dominated by any main players. Almost all employers used healthcare, insurance and catering services as part of their employee benefits.

Because of the pandemic, the expectation of job seekers today is that the hiring company has a stable position in the market and is not in jeopardy of losing business. Employers and employees now also see remote work as a given, not as an added benefit.

Companies are under pressure to cut costs and perceive employee benefits as an investment on which they expect returns, and they analyze the benefits in terms of how they facilitate the company reaching its business goals. Before the pandemic, companies approached employee benefits as "must-have" and did not look at them with such a sharp focus on business objectives.

Wicha said that the evolution in how companies approach employee benefits is very dynamic. Before the pandemic, many benefits targeted employees' social life, such as theater tickets and gym vouchers. These benefits became irrelevant during the pandemic and were replaced by online benefits that motivate employees to focus on their health and motivation to work. Employee benefits are also becoming an important part of how companies are perceived by potential job candidates.

Michał Płaczkiewicz noted that financial bonuses are the most desired benefits of employees, reflecting the economic uncertainty that prevails. On the other hand, benefits such as workshops and classes, not to mention gym vouchers, are on their way out. Today, employee benefit packages have to be compiled on an individual basis, reflecting the needs

of each individual employee. The role of healthcare-related benefits and insurance is on the rise, including psychological and medical support.

Another speaker, Artur Białkowski, gave an overview of employee benefits offered by Medcover, explaining that healthcare services are today the most popular employee benefit picked by employers.

He added that recent Medcover data shows an increased demand for services related to psychological well-being. Białkowski noted that, because of the pandemic and psychological strains it has on employees, the World Health Organization decided to list employee burnout as a psychological illness.

In November, the committee held an online session to discuss how companies can maintain employee engagement in the rapidly changing business environment caused by the pandemic. The speaker was Agnieszka Krzemień, Right Management Lead at Talent Solutions, a company from the Manpower Group portfolio of HR companies.

The meeting was moderated by Anna Wicha, committee Co-Chair, who said that with the universal application of home office solutions, companies find it essential to use efficient management tools that keep worker engagement high.

Agnieszka Krzemień said that because of the pandemic, today's business environment is unpredictable, uncertain, and full of change. Firms are not in a position to draw up long-term business strategies anymore and must focus instead on short-term projects. As a result, employees' levels of stress intensify as they face new operational challenges.

A good business leader for the present situation should be able to create a strong perception of the current business reality for their employees, focusing their attention and their emotions on company's values. A good leader should also direct the attention of the employees to the company's development, and future possibilities. This is why it is essential for a good leader to access different sources of business information to receive multi-angular feedback on issues and challenges that the company is facing.

Another key aspect of good management during the pandemic is communication with the team, which has to be efficient and productive, even when conducted via digital communication tools. It seems, Agnieszka Krzemień said, that this skill has been mastered by managers in Poland, because of the productivity of

companies with teams confined to their homes during the pandemic did not significantly decline, and generally remained at a satisfactory level for most companies. On the other hand, employee satisfaction surveys indicate the majority of employees are content with working from home. There is, however, room for improvement when it comes to the creative use of digital communication, especially in areas involving more general, human-to-human communication to compensate for a lack of direct, face-to-face contact. This can often even be compensated by a simple chat with employees about their family life and other issues unrelated to the company. This way managers, can show that they care and have empathy for their employees. This is the best way to create trust with the employees, which in turn, will translate into achieving better business results for the company.

MANUFACTURING

In October, the committee met online to discuss how companies in the manufacturing sector were dealing with challenges set by the pandemic. The speakers were Anthony Crawford, who is responsible for manufacturing operations in East Europe and Wrocław Site Manager at 3M; Anna Gomółka, Plant Manager at Mondelēz International; Dominik Kania, Managing Director of Woodward (and Co-chair of the committee); Michał Poczesny, Operations Director at Flex, (producer of electronic components); Fabio Pommella, Senior Director of Operations Area North (Poland, Slovakia, UK) and Chairman of Whirpool Polska; and Dagmara Trawińska, Quality Director at Flex.

The discussion was moderated by Mateusz Jurczyk, AmCham Kraków & Katowice Manager, who said that an AmCham survey held in early October indicated that 75 percent of member companies had returned to the production line with no change in the way they work other than adjusting to new Covid-19 safety measures. In turn, 6 percent of the sample said they did not reduce their levels of employment due to the pandemic, and some even hired more workers. Most manufacturing firms also generated pre-pandemic efficiency levels after returning to work during the pandemic, with only 6 percent of the sample indicating a decline in work efficiency, compared to a 19 percent decline in efficiency reported by office-based companies.

All speakers said that, as technology companies, they did not face any prob-

lems introducing new Covid-19 safety regulations within their teams. Once the new standards were applied, they became the new norm.

Anna Gomółka said that the company used the know-how generated by Mondelēz factories in countries that had experienced the outbreak of the pandemic before Poland. She said that the key factors in managing the company throughout the pandemic is the education and dedication of the staff. "Without the commitment of our people, we could not have managed at all," Gomółka said. She added that as team members get used to the new reality of work and living, it is important that they take care of one another.

Dagmara Trawińska noted that it was also important that the company demonstrate its support for the local community. Flex produced over 2 million face masks and distributed one million at its company in Tczew and at its other factories in Poland. The company also donated a significant number of masks to schools, hospitals and other institutions in the community.

What caused problems for many companies, however, was the external reality that changed dramatically. For instance, restrictions imposed by regional sanitary authorities on public transport led to passenger capacity shortages, and not all workers were able to get to work on time. This was solved by the purchase of private transport services, as well as negotiations with public transport authorities to introduce additional buses at key hours.

Another major problem was that while organizations in public and private sectors worked remotely, schools remained open, which caused the disease to spread very rapidly throughout communities. This posed a major threat to the continuation of operations for large factories with a workforce coming from nearby communities. Several firms resorted to the daily testing of workers whose children were attending schools, but the problem was solved when schools went into distance learning mode.

When it comes to how managers deal with the dynamic situation, Anthony Crawford said that 3M's adaptability is key to weathering the current situation. Managers have to "learn to be comfortable with what is uncomfortable," and should "expect and accept" that there will be surprises, and must adjust as they appear. "It is about adjustment, rather than progress," Crawford said.

Looking at the crisis from a managerial

perspective, Dominik Kania said that the key is to make it through the pandemic safely, because, in the end, it will subside.

REAL ESTATE

The effects of relocating manufacturing facilities to Poland on the country's commercial real estate market was discussed by the committee in November. The speakers were Iwona Chojnowska-Haponik and Rafał Szajewski—Business Location Consulting Directors at JLL; Krzysztof Jarosz, Director of Rzeszów Science & Technology Park; and Christoph Paetzold, Manager of International Production at Phoenix Contact E-Mobility.

In their joint presentation, Iwona Chojnowska-Haponik and Rafał Szajewski outlined the global situation regarding foreign direct investment (FDI), which they said is expected to drop sharply because of the pandemic. However, some countries and industries are not going to get hurt as badly. Every time there has been a downturn in the global economy, there have been geographic locations and industries that are able to intensively attract new investment. Poland is one of these countries, and is expected to generate more FDI inflow into a range of industries, the central one being manufacturing.

New investors are expected to take advantage of opportunities in Poland in technological advancement including robotics, artificial intelligence and digital supply chains, as well as new solutions and tools based on blockchain and the Internet of things (IoT).

Poland, however, is not the only attractive country for FDI in Europe. Many other countries have already implemented regulations to encourage reshoring so investors can bring their manufacturing back to their home country. Overall, it is clear to see that governments in Europe will try to create good conditions for foreign investors, offering incentive packages and tax relief.

Another trend is that with the disruption of global supply chains caused by pandemic outbreaks in different regions, there is a growing number of manufacturers who are eyeing the possibilities of establishing their production facilities closer to their key markets.

The pandemic has also had an impact on consumer attitudes. Today, consumers expect manufacturers to adhere to the principles of environmental sustainability throughout the production process. They also expect consumer products to be environmentally safe. This is why efficient

environmental protection will be a key component of many new investment projects in Europe.

Sectors in which new investment is expected to take place soon in Poland include warehousing and logistics, chemicals, personal care products, IT and e-commerce, as well as agriculture and energy.

Another new trend in manufacturing is that production will be more regionalized. Small factories outputting for limited markets with short supply chains will be the norm. Massive production facilities outputting products for a range of distant markets is on the way out.

Although new factories will be small, investing in them will be cost-intensive due to the expensive, high-tech solutions they will require. This, in turn, will increase the demand for sophisticated personnel with a diverse set of skills.

Production consolidation will be another trend, with manufacturers in the EU already planning how to group their individual factories that are currently spread out across Europe. The main driver of this trend is not cost, but a desire to achieve a higher resistance to future crises. All of these trends suggest that Poland is becoming an attractive place for investors in manufacturing.

American investors are expected to generate a large part of the new FDI inflow to Poland. They comprise the largest group of foreign investors, as measured by the number of projects executed in Poland and assisted by the Polish Investment and Trade Agency. American investors have invested in production facilities in Poland in sectors such as mobility, electric vehicles, R&D, food processing, electronics, and medical products.

Another speaker, Christoph Paetzold, showcased a new Phoenix Contact E-Mobility investment project under construction in the southern city of Rzeszów, and explained all pivotal aspects of the investment.

The last presentation of the session was delivered by Krzysztof Jarosz, who talked about the requirements investors need to meet to be granted permits to invest in the Rzeszów Science & Technology Park. Jarosz also gave an overview of how the park assists its member firms in optimizing their operations.

TAX & FINANCIAL SERVICES

The most relevant legislative changes that managers should take into account during the pandemic were on the agenda of a committee meeting in September with experts from the law firm Dentons.

Aleksandra Rutkowska, Counsel in the Dentons Warsaw office and Head of the Tax Practice Team, discussed regulations governing the Mandatory Disclosure Rules; Tomasz Polarczyk, Senior Associate in the firm's Tax Practice Team, presented the newest changes to VAT regulations, and Tomasz Krasowski, Managing Counsel and member of the Warsaw Tax Advisory practice team, gave an update on the changes in CIT reporting. In turn, Dagmara Cisłowska, Head of the Transfer Pricing Team at Dentons, talked about the new regulations in transfer pricing prerogatives.

In November, the committee met with Marta Skrodzka and Jarosław Szajkowski, Tax Managers and Advisors at ASB Poland, who talked about the main changes in the 2021 tax law. In their presentation, the speakers covered the obligations for preparing and publishing tax policy reports, new regulations governing the withholding tax, and the tightening of transfer pricing obligations in regard to transactions completed with entities located in tax havens.

TECH & DIGITAL

In October, the committee met to discuss how technology is transforming business during the pandemic and how the process has affected the role of technology leaders in companies. The speakers included Anna Wiącek, Director at Deloitte Technology Strategy & Transformation; Anna Nadachewicz, Senior Solution Consultant at ServiceNow; Maciej Czerwiński, Sales Leader at ServiceNow; and Marcin Honkisz, Head of Non-SAP Systems at Knauf.

Anna Wiącek presented the main conclusions from a Deloitte survey entitled "2020 Global Technology Leadership Study." She said that with the rapidly changing business environment, the role of technology leaders is not about making companies sell more products and services, but about helping companies use technology to adjust to market changes. The pandemic spurred many social, political and economic changes that had been initiated well before the outbreak of the Covid-19 pandemic. This is why technology leaders need to work as "agents who envision a technology-driven future, enabling and delivering new services and products." Companies that can quickly develop new business models can also enter the market early and enjoy organic growth.

Another finding of the survey is that companies need workers with more and more multidisciplinary and soft skills, not just technical skills. Companies that had

undergone a digital transformation said in the survey that if they had had the chance to repeat a specific project, they would have employed more people. This way, the scope of the transformation could have been carried out by more diverse and talented people. The staff would have been more conscious of the transformation and, therefore, more engaged.

Diverse individuals would also have planned better, the respondents of the survey said. They would have used more agile and flexible ways of working to improve the results of the transformation. Wiącek said that business organizations need to reform the way in which they approach IT. For the last 15 years, IT experts have held positions such as IT infrastructure operators and IT service enablers.

Now they need to be strategists for their companies. They need to master the understanding of the potential of IT in creating new products and services, how to make changes happen with the use of technology, and how to select the right technology for facilitating the change. In practice, IT specialists do not need to play the role of catalysts of the change. It is a global trend and Poland is not an exception.

In the second part of the meeting Anna Nadachowicz and Maciej Czerwiński presented how ServiceNow accelerates their clients' business through cloud-based solutions that manage workflow. Marcin Honkisz supplemented the presentation by explaining how ServiceNow's platform supports Kanuf's growth and business development.

TRAVEL & TOURISM

The pandemic has delivered a heavy blow to the Polish tourism industry, said Robert Andrzejczyk, President of the Polish Tourism Organization (POT), who met online with the committee in September. Andrzejczyk presented the impacts of the pandemic on the air travel and hotel sectors in Poland. He said that short-term business trips have rebounded after the lockdown, while those planned long-term in advance were at low levels, although they have been on the rise since May. Leisure travel rebounded for the summer months but went down to lower levels in the fall again.

Foreigners still visit Poland, but only on business trips or to meet with their relatives in the country. Their numbers are very low as compared to before the pandemic. Most of them come from Germany, the Czech Republic, Slovakia and Hungary.

Long-haul travelers are almost gone because Poland, as a part of the Schengen

Area of 26 EU member states, has kept its borders closed to travelers from non-EU countries, keeping travelers from the US away, "the number one non-European market for the Polish tourist industry," Andrzejczyk said.

The speaker explained that with the stagnation of incoming traffic from the US, the POT is rethinking its marketing strategy for international markets for the next five years. The new strategy may be launched in January, but as markets have not recovered from the pandemic depression, the launch will most likely be postponed.

The guest said that the market is not going to recover to pre-pandemic levels until a vaccine against the virus is made universally available. Until then, new trends in traveling will prevail.

The number one trend is a greater sensitivity to health-related issues, both on personal and collective levels. This translates to the rise of "slow tourism" involving train travel to countryside locations. With this comes a growing interest in local destinations. There is also a great focus on anti-virus protection, resulting in a growing demand for disinfectants, face masks and other preventive measures.

During the pandemic, domestic tourists travel for leisure in small groups and are most inclined to visit sites in Poland that are not frequented by others. Such patterns of consumer behavior now also exist in countries with similar levels of Covid-19 infections to Poland.

The most important challenge for the tourism industry in Poland is to find ways in which the sector may benefit from these new changes. One such area is countryside tourism. This is why the POT plans to increase expenditure in developing the domestic market, by helping the industry adjust its marketing activities to the demand side. The agency also plans to allocate most of its funds to boost the levels of innovative products and services offered by the Polish tourism industry.

Andrzejczyk said that in the leisure sector, short-haul travel will recover faster than long-haul. It is expected that in 2021, as much as two-thirds of all air travel will be for distances not exceeding 1,500 kilometers. This means that Poland will lose Asian markets, and the POT plans to refocus its advertising efforts to much closer markets such as Germany and Scandinavian and other affluent EU countries, hoping to use micro-campaigns to reach prospective travelers there.

AMCHAM COMMITTEES



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DEFENSE & SECURITY

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HUMAN RESOURCES MANAGEMENT

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