

# Inside impact

## The contribution of American investment to Polish society goes deeper than the numbers

Many roads approaching Warsaw offer great views of the city's downtown skyscrapers. They stand in the middle of the city, steel-and-glass testimony to the country's successful economic transforma-

tion. Depending on where you are looking from, the tall vertical structures overshadow the Palace of Culture, for some a gem of Soviet-era architecture, for others a relic of the country's bad old days. Those who drive the

Siekierkowski Bridge heading west can catch one of the most spectacular panoramas of the Warsaw downtown. Owing to a twist in the Vistula River which makes part of the river invisible from the bridge as it disappears behind the

bend, the city looks as if it occupied the river's right bank. The unusual perspective makes the panorama feel uncharacteristic, as if the city across the river, marked by a succession of tall office towers, was not in Europe but in

the American Midwest—a Mazovian Minneapolis or Milwaukee.

Or maybe the contemporary landscape of Poland's capital suggests that American culture has penetrated deep into the core of Polish business?

### The facts

There are approximately 800 American companies in business in Poland. Some 42% of them have their head offices in Mazovia province, which practically means Warsaw or its outskirts.

The impact of those hundreds of American companies on the Polish economy is a well-recognized and positive fact. In tangible terms it has been described in many investment reports issued by government agencies, independent economic consultancies, and business organizations, AmCham included. According to a report compiled for AmCham by KPMG in 2014, the total value of investment from US companies reached USD 24 billion by 2013 (and over USD 30 billion by mid-2015), while American investors had added nearly 200,000 jobs to the Polish economy directly in their companies. (This number should be multiplied by a factor of 3 to 7, depending on the sector of the industry, to get a picture of the number of jobs maintained by American companies indirectly. There are around 16 million people employed in the whole Polish economy.) In 2011, American companies paid their employees USD 4.5 billion in salaries, which translates into nearly USD 2,000 a month per person.

US companies are especially active in technological and manufacturing sectors. They are big contributors to Polish exports (90% of cars that roll out of the GM production plant in Gliwice are sold abroad), and notably, based on numbers from the portal Trading Economics, 42% of the value of Poland's exports is generated by electromechanical products, mainly vehicles, aircraft and vessels (UTC, GM and GE come to mind immediately), and over 50% by processed fruits and vegetables, meat and dairy products (e.g. Animex, Mars and McDonald's).

In order to crank out good financial results, American investors who came to Poland relatively early after the country began its economic transformation in 1989 had to pioneer some previously almost unknown approaches to business, such as technology clusters (UTC and the Aviation Valley; GM and the automotive industry cluster in Upper Silesia) and R&D centers—nearly 160 business and R&D centers in Poland are owned by American companies, a number that translates into 33% of all such centers established by foreign investors in Poland.

The efficiency and business acumen of American investors have impressed many people in Poland, among them Janusz Piechociński, formerly Deputy Prime Minister and Minister of Economy. In 2015, the Ministry of Economy bestowed a distinction—Honorary Medal of Merit for Economic Development of the Republic of Poland—on 16 American companies for their

Photo by Tom Cwik

# Cover Story

## Corporate culture



“outstanding achievements in the area of innovation, promotion of Polish industry, implementation of new technologies, research, development and introduction of effective methods of management.” Among them were such “American icons” as 3M, Coca-Cola, GE, GM, IBM, McDonald’s, Marriott, Mars, Motorola and P&G. But the recognition did not go to those companies just because they were American, but because they were extremely successful, which above all means that they were successful at managing their people—Polish people.

### Don’t call me boss!

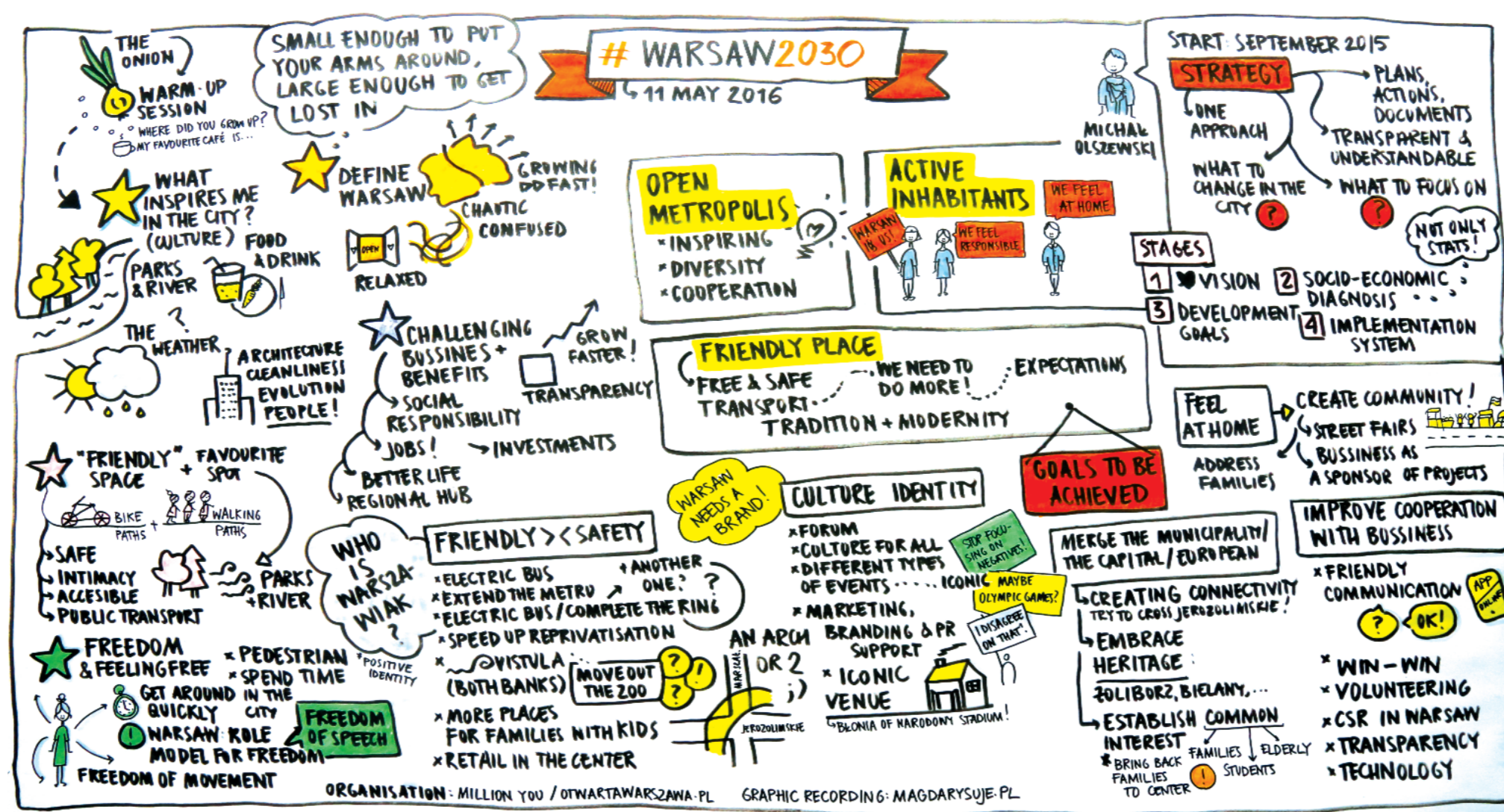
Marzena Winczo-Gasik, head of the Culture Audit Team at Great Place to Work in Poland, a company specializing in evaluating the quality of human relations in organizations and how they affect their business efficiency in different market conditions, noted that the first US investors in Poland, in the early 1990s, were big companies that had been around in the US since the early 20th century and in that time had acquired a fair share of experience in managing cross-cultural workplaces both in the US and globally. And it was in the US in the 20th century that most of the modern science of human relations, management, sociology and psychology developed.

One of the best examples of this old-school fusion of management ideas is represented by Mars Polska. Mars came to Poland 24 years ago and today supports 2,670 jobs. The company is known for its Five Principles (Quality, Responsibility, Mutuality, Efficiency, Freedom)—the staples of a business culture proclaimed in 1947 by Forrest E. Mars, Sr. He saw an ideal business organization as something that delivers not only financial benefit but also “life value” for all its stakeholders, not just the owners.

Another American icon, 3M (established in 1906 in the US, in Poland for 25 years), developed a strong corporate culture that puts the worker at its center. According to Małgorzata Golańska, a 3M Poland leadership team member, “Our people are our best assets, and this is why each new person goes through training programs right after the recruitment process. This is how they get to know the basics of our corporate culture, our organizational culture and our values. It is when they learn that we do not tolerate any diversions from our core values.”

The company has a set of clearly defined values, supported by transparent rules and regulations. The values are about mutual respect, dialogue, professional and personal development, knowledge transfer, orientation on goals, and ethical conduct. “Our system makes us open to the needs and professional ambitions of our people,” Golańska said.

At International Paper Kwidzyn, the corporate culture focuses on teamwork and em-



ployee engagement. According to IPK VP Aneta Muskala, “There are several management programs running across the company to do that. To foster open communication and mutual trust between employees, it has a form of mentoring. Managers meet one-on-one with their subordinates on regular terms to discuss whatever is important at the moment. It is important in sharing the company’s culture. Good results can be achieved in a relatively short time, which boosts the engagement of our people in the company.”

But it is not an easy task to get Poles to speak to you on a first-name basis. When American investors landed in Poland, bringing with them their business culture, it was a cultural shock for the market in Poland. According to Winczo-Gasik, “The first such shocking thing was that you were supposed to be on a first-name basis with your boss, instead of sir or madam. It was an element of the open-door policy and meant to simplify communications, to make them more direct.”

She said that the reluctance of Poles to speak openly may be “a cultural thing, something people in Poland found difficult to accept then. Still today we know that it takes a while for young people in Poland, especially university graduates, to adapt to it.”

### Get engaged and help

Corporate social responsibility, volunteering and charitable work are other aspects of American business culture which came to Poland with US companies and now are being recognized and embraced by increasing numbers of Polish companies. “It was mainly big companies with their headquarters in the US which brought these aspects here,” Winczo-Gasik said. “They had their general CSR policies but let their operations in Poland decide what should be done on the local level. So they came up with their own ideas. People from one company were planting trees, from another were volunteering to meet juvenile delinquents to help them feel like valuable members of society. Today CSR

and volunteering are becoming very popular in Poland. Their importance for business management will grow as new generations of people, who are very sensitive about such issues, enter the labor market.”

The seriousness with which American companies embrace CSR and charity, and the enthusiasm with which their Polish workers participate, is best illustrated by the scope of activities held by International Paper Kwidzyn—25 years in Poland. IPK is a huge employer in the region, as it maintains almost 2,000 jobs directly plus several hundred jobs with companies that predominantly supply the paper mill. Aneta Muskala said IPK has the ambition to put its CSR footprint on the region. The form this takes has changed over the years to match the needs of the local community. IPK provided financial support for the renovation of the municipal hospital and bought equipment for the maternity ward, helped build the town’s foreign language and computer training center, built a water purifying station for the communal

system, renovated the local cinema, and built bike lanes and a sports hall. Today the emphasis has shifted more to the area of cooperation with schools and polytechnics, where the company is engaged and sponsors a range of professional and ecological education programs.

IPK has also supported and promoted physical activities on the regional level. When it held the 7th edition of its Kwidzyn Papermaker’s Run in May, it attracted 3,400 runners for its flagship 10k race and nearly 2,000 children in the second Kids Papermaker’s Run. This annual run, which cuts through part of the factory, has grown to become a huge event visited by runners from across Poland and many foreign countries, culminating in an evening concert attracting people of all ages from the town of Kwidzyn and surroundings. As Muskala pointed out, “The events are held and organized by IPK employees, who volunteer to be part of this magnificent undertaking, which is one of International Paper’s biggest CSR events glob-

ally.”

While the run is a big and noisy event, as it should be, the company also runs a quiet charity program. “Each month the employees donate to it,” Muskala said. “The company matches all the employees’ donation to double the amount with its own money, to aid individuals in need both in and outside of the Kwidzyn community.”

Marzena Ignaczak, corporate affairs director at Mars Polska, explained that in light of one of the company’s principles, Mutuality, long-term benefits for the company have to translate into the well-being of the local community where the company is located. For people employed by Mars, that means good working conditions and extensive opportunities for professional growth. But those who are not Mars workers, but part of the Sochaczew community where the factory is located, benefit directly or indirectly through numerous CSR programs. One of them is a feeding program for 23 lifeguard dogs and 5 guide dogs. Mars volunteers cooperate with local animal shelters and take part in a local river cleaning program. The company supported a sidewalk building project for the city and was pivotal in facilitating a program linking a number of local households to the municipal gas pipeline.

The company also facilitates canine therapy programs for mentally disabled children who attend a school near Sochaczew. In sports, Mars Polska built a family playground in Sochaczew and two sports fields, and for the last 21 consecutive years has held a major sporting event in the region called the European Run of Young Olympic Champions. And as Ignaczak underlined, the company pays all its taxes in Poland: “For the Sochaczew city council, that means they have the money to support all their social aid programs.”

### The world is diverse

Beyond CSR and volunteering, there is yet another new cultural concept American companies introduced to Poland: diversity and inclusion management. According to Marzena Winczo-Gasik, “It is a natural thing for companies that originated in such a diverse society as the US to attach special importance to it. It works perfectly well in Poland too, and the importance of diversity and inclusion has become more widespread across the board in the Polish corporate world in recent years.” She added that American companies pioneered cultural diversity management in Poland. “It was not through declarative formulas and well-wishing,” she stressed, “but concrete communication policies that empower local staff and bring them close to the management process.”

According to Winczo-Gasik, diversity management is becoming increasingly critical in the Polish market today, as different generations of workers, old and new, meet in

# Cover Story

## Corporate culture

one company. “It is a market condition which it seems is not only characteristic to Poland but to Europe.”

### Feedback please!

Another “American invention” popularized by US investors in Poland is the culture of feedback—coaching and mentoring. “Americans brought coaching to business, and all the most important ideas were developed by US coaches, who are the best in the world,” Winczo-Gasik said, adding that coaching has rapidly spread in Polish companies as well and today is taken for granted in top positions.

The feedback culture delivers, according to IPK’s Aneta Muskala. “To monitor how all the programs work across the company, the corporation runs periodic polls of its workers around the world to find out what they think and how deeply they are engaged in the company,” she explained. “The results for the Kwidzyn mill are always near the top. This translates into our financial results.”

Winczo-Gasik noted that a new variation of mentoring, known as “reverse mentoring,” has recently been introduced into the Polish corporate world by US companies. In this approach, young and inexperienced workers tell their senior colleagues about certain aspects of life. “It is about sharing different perspectives on business,” she said. “It may be shocking for old-school managers that the perspective of young and inexperienced people may matter, but it is a fact that it helps build a better business organization when such perspectives are also taken under account.”

### It pays to be human

The influence of American business culture on the Polish economy is hard to overestimate, because it is unorthodox, pragmatic and ready to take risks to reinvent itself and adopt new solutions, even from different cultures, which gives the company an edge.

So what can be learned from the “American way” of managing people?

According to Winczo-Gasik, “They should be treated like human beings by the management—they feel their needs and aspirations are something that the company cares about. For real. Only knowing that are they trustful of the management and willing to get engaged, innovate and go the extra mile to keep the company going in a time of crisis. And the reality of the modern-day economy is that it is disruptive and increasingly hard to predict, with change becoming constant and the next big crisis lurking just around the corner.”

Muskala said that the original culture of International Paper, once implemented in Poland, has flourished ever since. As a result, the position of the Kwidzyn mill within the group is strong. “When the corporation made

the decision to invest in Poland 25 years ago, there was risk attached to it,” she said.

“Today the headquarters knows that if we say we can do something, we will deliver.”

She added that the IP Kwidzyn team always wanted to get the best out of the culture of the corporation. In time it became a two-way process. “While we learn from the corporation, we also contribute and distribute our ideas and solutions across the organization,” Muskala said. “We use the knowledge, experience and expertise of our people and talents. When IP decided to start a big investment project with a joint-venture partner in Russia, our Russian colleagues were trained by the Kwidzyn team to use our experience and help start up the production lines in Russia efficiently and according to IP standards.”

Muskala also noted that people’s engagement in the company makes it go beyond the obvious—“an important aspect in a place where innovation and constant process perfection is a must.” She gave a concrete example of how that culture works: “Someone in the company had an idea that the waste heat from the pulp mill would be put to better use if it was channeled to the municipal heating system instead of being released into the air. Today the company delivers municipal heat to the town of Kwidzyn which covers a majority of the city’s entire demand for heat.”

3M Polska’s corporate culture, which rests on its value system, not only works for the 3M people within the company but transcends it and boomerangs. Golatawska explained that when 3M began its business in Poland, the market was in its infancy. “We were looking for local partners to sell our products,” she said. “We helped them develop business, shared our knowledge with them, and they were happy to learn from us. Together we established successful business cooperation. Today some of our partners have grown and become huge companies in their own right. They evolved following the market and today we may learn from them. And because we shared with them, now they share their experience with us. It is about ethical business and mutual respect and trust.”

The company works with its customers in this spirit all the time. Its engineers work closely with the customer to develop solutions for them. “The work is a constant dialogue,” Golatawska said. “Both sides exchange ideas and get to know each other better. It is about innovating for the client. But to make it work the process must be based on respect and mutual trust.”

Golatawska added that with the 3M business culture, the company in Poland is one of the most dynamically developing firms within the 3M group globally. And it is viewed with interest by the 3M headquarters in Minnesota: “Our headquarters in the US found Poland a very interesting market because

they know we have highly educated people, many young, talented and ambitious individuals with new ideas who are looking for opportunities to be successful. So Poland is in focus in the US headquarters and new investment projects are coming our way soon.”

### Going further

The influence of American business may soon spread beyond areas directly associated with business. In May, four chambers of commerce in Warsaw—American, British, French and German—were invited to take part in an interactive workshop designed to source ideas about what Warsaw should take into account when drawing up its development policy for the next 15 years. The workshop was moderated by Alain Bobet, AmCham individual member and Thought Leader for SME & Entrepreneurship, and Jan Kasprzycki-Rosikoń, partner and managing director of MillionYou, a crowdsourcing consultancy that advises the City of Warsaw. The city was represented by Deputy Mayor Michał Olszewski.

It was the first time the city had invited representatives of foreign companies to express their views and ideas regarding Warsaw in non-business areas. The workshop was part of a large program called #Warszawa2030, which activates different target groups from the Warsaw population to share their visions of the capital as a modern and dynamic city 15 years from now.

Participants in the workshop were subject to different brainstorming techniques and activities, which they enjoyed a lot, according to Kasprzycki-Rosikoń. The ideas they produced were visualized by an artist in real time (as captured in the photo on the previous spread).

“It was my idea to invite foreigners living in Warsaw to take part in this project,” said Kasprzycki-Rosikoń. “Foreign company executives are obviously people with extensive business knowledge and expertise, but they also have fresh perspectives on Warsaw as they can compare Warsaw with the cities they come from or have worked in earlier. So I sent invitations to the four foreign chambers of commerce. The response surpassed our initial expectations because more people actually showed up at the meeting than signed up. The representatives of AmCham were the most numerous.”

Kasprzycki-Rosikoń said that the city was very happy with the outcome of the workshop, and it will continue to collaborate with foreigners in sourcing their feedback on a number of issues in the future.

So the next time you see the Warsaw downtown from a distance and it strikes you as looking familiarly American, remember that there is more to it than meets the eye.



## AmCham Advisory Council

The Advisory Council accumulates the knowledge and experience of its member companies and is a point of advice to the AmCham Board of Directors. With its global business expertise the Council has helped the American Chamber of Commerce in Poland to become one of the leading advocates of business in the country.

