From Entry to Continuity: Evolving Motives of Shared Service and Business Centers in Slovakia and Poland

Sonia Ferencikova[1] – Dagmar Váleková[2]
ORCID iD: 0000-0003-0256-3950[1], 0000-0002-3086-5182[2]
sona.ferencikova@euba.sk, dagmar.valekova@euba.sk
[1,2] Bratislava University of Economics and Business, Faculty of Commerce,
Department of International Trade
Bratislava, Slovakia

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Abstract: This article examines the evolving motives behind the establishment and long-term retention of shared service and business centers in Central and Eastern Europe, with the objective of identifying how these motives change over time. The study applies a qualitative case study methodology based on two centers located in Slovakia and Poland. The findings show that initial location decisions were primarily driven by labor availability, cost efficiency, and local market conditions, while over time these motives shift toward strategic factors such as workforce retention, upskilling, and the adoption of automation and digital tools. Routine tasks are increasingly automated, with employees redeployed to higher value-added and knowledge-intensive activities. Despite its limitation to two cases, the study provides empirical evidence of this transition. The results indicate a shift from cost-driven locations to strategic, innovation-oriented service hubs, offering practical implications for firms' location strategies in the region.

Keywords: shared service centers, business centers, Central and Eastern Europe

JEL Classification codes: M13, M19

INTRODUCTION

Shared Service Centers (SSCs) and Business Centers (BCs) have become a fundamental part of global corporate strategies, particularly in functions such as finance, IT, logistics, and customer support (Ślusarczyk, 2017; Marciniak, 2020). Central and Eastern Europe (CEE) has emerged as a strategic location for these centers due to its geographic proximity to Western Europe, cost-effective operations, and availability of multilingual, technically skilled talent (Golnik & Golnik, 2016; KPMG, 2022).

Initial motives for entering the CEE region included lower labor costs, availability of qualified professionals, and favorable local market conditions. However, as the region's business services sector has matured, companies have shifted from cost-driven entry strategies toward long-term retention based on workforce development, value creation, and process innovation. The rise of automation and digitalization has replaced many routine roles, prompting centers to upskill employees and deliver higher value-added and knowledge-intensive services.

While Poland is among the most extensively studied countries in the literature, providing valuable insights into the regional business services sector, Slovakia has received comparatively less scholarly attention. This imbalance in the literature highlights a research gap, particularly in understanding how business centers in less-explored CEE countries develop

and sustain their long-term strategic roles. Examining both countries therefore provides a comparative perspective on establishment and long-term retention strategies in the region.

This paper aims to address this gap by analyzing two business centers, one located in Slovakia and one in Poland, using a multiple-case study methodology. The main objective is to examine how initial establishment motives evolve into long-term retention strategies. The paper thus focuses on identifying the key factors that sustain competitive advantage within the region's global business services landscape.

1 LITERATURE REVIEW

CEE countries continue to attract multinational corporations thanks to a highly skilled yet relatively affordable labor force. Numerous studies highlight this comparative advantage, particularly in IT, finance, and HR, where firms benefit from technical expertise and linguistic flexibility (Golnik & Golnik, 2016; Ślusarczyk, 2017; Marciniak, 2013; Tarkowski, 2018). Di Clemente et al. (2022) quantitatively confirm the correlation between human capital and increased productivity in newer EU member states, reinforcing the region's status as a value-generating location. From a theoretical perspective, these factors can be grouped into key location determinants, including human capital, cost efficiency, and institutional environment, which are commonly discussed in the literature on international business and offshoring.

Advanced digital infrastructure is a prerequisite for establishing and maintaining SSCs BCs operations. Tarkowski (2018) emphasizes the region's robust IT networks, enabling seamless global service delivery. Gambal et al. (2022) further argue that strategic innovation in SSCs and BCs operations increasingly relies on digital tools and automation, shifting the focus from cost reduction to long-term value creation and operational agility. These findings suggest a transition in the literature from purely cost-based explanations toward more dynamic, capability-driven perspectives.

The geographic location of the CEE offers a strategic edge for companies serving clients across continents. Its time zone facilitates real-time communication with both U.S. and Asian markets, ensuring workflow continuity (Marciniak, 2013; Ślusarczyk, 2017). Cultural proximity to Western Europe and alignment with U.S. corporate norms help minimize friction in communication and integration. This contrasts with regions such as India, where cultural differences may hinder smooth collaboration (Ślusarczyk, 2017; Marciniak, 2013). Multilingual capabilities further enhance the region's appeal – for instance, a large share of Slovakia's population is proficient in English, followed by German, Russian, French, and Spanish (SARIO, 2022).

Favorable tax regimes have also motivated foreign direct investment in the CEE. Countries often offer tax holidays or reduced corporate tax rates in the initial years of operation, lowering startup costs for multinational firms (Ślusarczyk, 2017; Marciniak, 2013). Pinto et al. (2025) add that institutional frameworks – including university partnerships and stable regulatory environments – have contributed to the sustained development of SSCs and BCs ecosystems. Taken together, the literature identifies a set of interrelated location and retention factors, but these are often examined in isolation rather than through a longitudinal perspective capturing their evolution over time.

Modern SSCs and BCs are transitioning from cost-focused models to centers of strategic innovation. Gambal et al. (2022) describe four stages of this transformation—from strategic intent to execution – with growing emphasis on automation and digital innovation. Pinto et al. (2025) also emphasize the rising importance of cybersecurity, remote work infrastructure, and digital upskilling in shaping the operational landscape. Di Clemente et al. (2022) provide a rigorous analysis of human capital as a determinant of regional competitiveness in the EU.

Their findings confirm that CEE countries with better-educated workforces and stronger innovation potential are more likely to attract and retain high-value SSCs and BCs. This aligns with earlier insights by Golnik and Golnik (2016), who stress institutional embeddedness as a key factor in sustaining regional advantage.

Sass and Fifeková (2011) contextualize the evolution of offshoring practices in CEE through case studies from Poland, the Czech Republic, and Slovakia. Their findings suggest that the shift from manufacturing to high-value services was both deliberate and structurally supported by national policies, educational reforms, and FDI strategies.

Several scholars have investigated the motives for establishing SSCs and BCs in the CEE region, either by focusing on individual countries or the region as a whole. In these studies, CEE is frequently treated as a relatively homogenous bloc with similar institutional, economic, and labor characteristics. However, existing research tends to focus primarily on entry motives or structural conditions, while less attention is paid to how these motives evolve into long-term retention strategies.

However, a gap exists regarding country-specific insights for Slovakia, where empirical evidence on SSCs and BCs location decisions and long-term retention strategies remains limited. Moreover, comparative analyses between countries at different levels of research coverage remain scarce.

To address these gaps, our study adopts a comparative multiple-case approach, focusing on two business centers, one located in Slovakia and one in Poland. While the Polish case reflects the extensively studied context in the literature, the Slovak case provides new empirical insights into the dynamics of SSCs and BCs establishment and sustainability in a less-examined market. This design enables a direct comparison between theoretically identified factors and empirically observed practices. This comparative approach allows for a nuanced understanding of how initial entry motives evolve into long-term retention strategies within different CEE contexts.

Based on the above, the objective of this article has been defined as follows: This study seeks to systematically examine the evolving drivers behind the establishment and sustained operation of shared service and business centers in CEE, with particular emphasis on their transition from primarily cost-focused entities to strategic, innovation-driven service hubs.

To address the stated objective, we formulated two research questions, which are examined through case studies presented in the empirical section of this article:

Research Question 1: What were the initial drivers underlying the establishment of shared service and business centers in the selected CEE countries?

Research Question 2: What factors currently sustain their operations and facilitate their progression toward strategically oriented and innovation-driven service hubs?

2 METHODOLOGY

This study employs a qualitative multiple-case study design in line with Yin's (2014) framework. To ensure methodological rigor, a combination of research methods was applied, including literature review, semi-structured interviews, and cross-case comparative analysis.

The theoretical section was informed by a comprehensive review of domestic and international academic sources on shared services and business centers in the CEE region. These insights guided the research design and the formulation of research questions. Following a theory-driven case study approach (Yin, 2014), the selection of cases, interview protocol, and data analysis were grounded in existing academic literature and prior empirical findings.

This research focuses on two centers. Table 1 presents the key indicators of the business centers examined in our case studies.

Tab. 1 Key Indicators of the Examined Business Center

Center	Type of Services	Location	Establishment	Number of Employees	Country of Origin
BC 1	Financial services, IT services	Bratislava	2002	2900	USA
BC 2	Financial services, IT services	Kraków	2011	1 600	Netherlands

Source: processed by authors

The cases were selected using convenience sampling (Richterová, 2013), based on the centers' willingness and ability to participate. Although the sample is not statistically representative and limits the generalisability of the findings, it provides in-depth qualitative insights into national and regional contexts. Both centers provide primarily financial and IT services, with some engagement in consulting, supply chain management, or other knowledge-intensive functions.

Data collection was based on semi-structured online interviews conducted with representatives of the selected business centers, namely an HR manager and an IT shared services expert. The respondents possessed in-depth knowledge of organizational strategy, operations, and human resource management. For confidentiality reasons, both the interviewees and organizations are anonymized. The findings from these interviews are further developed into a case study presented in sections 3.1 and 3.2.

The interviews were conducted online via MS Teams between August 2023 and January 2024 by D. Váleková, who acted as the primary researcher responsible for interview design and data collection. Each interview lasted approximately 60–90 minutes. The interview guide was shared with participants in advance to allow preparation.

All interviews were recorded, transcribed verbatim, and irrelevant content was removed. Transcripts were subsequently returned to participants for validation (member checking), enhancing reliability and internal validity of the findings.

Data were analyzed using a structured qualitative approach combining within-case and cross-case analysis. Each center was first examined individually to identify entry motives, operational structure, and strategic positioning.

In the first step, interview transcripts were systematically coded and categorized into key themes derived both deductively from the literature and inductively from empirical material.

In the second step, these themes were compared across cases to identify similarities, differences, and emerging patterns.

Findings were then synthesized to draw conclusions relevant to the broader CEE region, consistent with academic practice where insights from individual countries are often used to interpret regional dynamics due to comparable socio-economic and institutional conditions.

The final interpretation linked the identified patterns to the research objectives and existing literature. While the findings provide valuable insights, their generalizability to the wider CEE region should be interpreted with caution due to the limited number of cases.

3 RESULTS AND DISCUSSION

In the following empirical section, we present two case studies of business centers operating in Slovakia and Poland, examining both the original motivations for their establishment and the current factors supporting their continued presence. The case studies are based on online interviews conducted with representatives of the examined business centers.

3.1 Business Center 1 – Slovakia

Business Center 1 (BC 1) was established in Bratislava in 2002 as part of a global IT and technology conglomerate headquartered in the United States. Initially, the parent firm aimed to source low-cost labor with strong language skills to provide financial services to the German market. At the beginning, the center employed approximately twenty people and focused primarily on financial processes tailored to the German-speaking market. Over time, this strategic intent aligned well with the region's evolving talent base, allowing the center to expand while maintaining high performance standards (Anonymous IT shared services expert, 2023).

Key location factors included competitive labor costs, availability of qualified professionals, and strong language competencies. The decision to locate the center in Bratislava was driven by the combination of cost-effectiveness and workforce readiness. Initially, the center operated without a local vice president, with senior executives working remotely from Ireland, highlighting the center's early reliance on centralized corporate oversight (Anonymous IT shared services expert, 2023).

The center quickly evolved from supporting a single market to becoming a regional hub for Europe, later expanding its services to the UK, Switzerland, and selected non-European regions. Over the following decade, its portfolio broadened significantly, particularly in financial planning and tax advisory. The Bratislava center was never considered merely a support unit; it has always been fully integrated within the corporate structure, contributing actively to the company's global operations and serving as a model for best practices adopted elsewhere (Anonymous IT shared services expert, 2023).

Retention factors include operational stability, experienced management, and accumulated know-how. The average age of employees has gradually increased from 27–28 years at the outset to around 38 years today, reflecting both growing expertise and the long-term development of professional careers within the center. Efforts to maintain high performance include continuous skill development, structured knowledge transfer, and strategic recruitment of new talent to ensure sustained excellence (Anonymous IT shared services expert, 2023).

3.2 Business Center 2 – Poland

Business Center 2 (BC 2) was established in Kraków in 2012 as a shared services center of a multinational corporation. The decision to locate the center in one of Poland's largest cities was driven primarily by the availability of qualified talent essential for the efficient operation of the center (Anonymous HR manager, 2024).

The city's long-term growth, expanding labor pool, and strong academic infrastructure made it particularly attractive for the launch of operations (Anonymous HR manager, 2024). Initially, the center focused on financial services and employed a small team, with the potential for future expansion in mind.

Over time, the center broadened its portfolio to include IT and supply chain management, reflecting both the evolving needs of the corporation and the growing capabilities of the local workforce. Employee numbers grew from around 300 in 2015 to over 2,000 today. The COVID-19 pandemic prompted adoption of a hybrid work model, which enhanced workforce flexibility

and enabled access to talent beyond Kraków. Despite this, relocation within Poland or abroad is not currently considered (Anonymous HR manager, 2024).

From the parent company's perspective, the Kraków center is a strategic hub, fully integrated into the global corporate structure. It contributes to process improvement, operational excellence, and reverse knowledge transfer, sharing best practices and local innovations with other corporate centers. Department heads report to the global finance organization, aligning local KPIs with corporate performance targets (Anonymous HR manager, 2024).

The center increasingly leverages automation and artificial intelligence to optimize repetitive tasks, particularly in finance and data processing, while enabling employees to focus on higher-value activities. Challenges include rising inflation, wage growth, and growing demand for specialized skills. Strong partnerships with local universities and involvement in teaching programs, such as the "Master of Global Business Services," support talent development and ensure a sustainable pipeline of qualified professionals (Anonymous HR manager, 2024).

Looking ahead, BC 2 aims to continue evolving as a multifunctional hub, balancing transactional efficiency with high-value services, integrating new generational work preferences, and maintaining its role as a key contributor to both the parent company's global operations and Poland's shared services sector (Anonymous HR manager, 2024).

Table 2 provides a comparative overview of the initial establishment motives and the key factors influencing the continued operation in the two business centers.

Tab. 2 Comparative Overview of Initial Establishment Motives and Current Retention Drivers in the Case Study Business Centers

Business Center	Country	Initial Motivations	Current Motivations
BC 1	Slovakia	Availability of qualified labor; competitive labor costs; strong language skills (initially targeting German-speaking markets); initial focus on financial services	Retention of experienced workforce; development and expansion of analytical and financial services; reverse knowledge transfer; integration within global corporate structure; automation and AI adoption; operational stability
BC 2	Poland	Access to skilled labor; Kraków's academic and talent infrastructure; city's market maturity and long-term growth; initial focus on financial services	Retention through hybrid work model and flexible arrangements; process automation and AI integration; partnerships with universities and vocational institutions; participation in industry associations (ABSL, ASPIRE); rising wages and inflation as challenges; development of higher value-added services

Source: processed by authors

The table provides a comparison of the initial establishment motives and the current retention drivers of the examined business centers in Slovakia and Poland. It highlights how both centers were originally attracted to their respective locations primarily due to the availability of qualified labor and the relative cost advantages typical of the CEE region. While BC 2 in Slovakia emphasized the combination of skilled workforce, cost efficiency, and language

competencies for serving the German-speaking market, BC 5 in Poland additionally benefited from the maturity of the Kraków market, its strong academic infrastructure, and long-term urban growth, signaling more advanced local talent pipelines and institutional conditions.

The current motivations demonstrate a noticeable shift toward more strategic and competence-driven factors. Both centers underline the importance of retaining experienced employees and maintaining operational stability. BC 2 focuses on the development and expansion of analytical and financial services, as well as the adoption of automation and AI technologies, while BC 5 places stronger emphasis on hybrid work models, process automation, and collaboration with universities and industry associations to sustain competitiveness amid rising wages and inflation. These patterns illustrate a broader regional trend, in which initial cost- and labor-based advantages have gradually been replaced by the need for higher-value capabilities, continuous workforce development, and deeper integration into global corporate operations.

3.3 Discussion

The findings from the two case studies – BC 1 in Slovakia and BC 2 in Poland – confirm the CEE region's established attractiveness for SSCs and BCs, while highlighting country-specific dynamics and strategic shifts. Both centers initially benefited from cost-effective and skilled labor, aligning with prior studies (Golnik & Golnik, 2016; Di Clemente et al., 2022). However, rising salary expectations and competition for digitally skilled talent have prompted a shift toward workforce retention, upskilling, and higher value-added services, echoing Pinto et al. (2025).

Digital transformation and automation remain key drivers. BC 2 demonstrates advanced integration of automation and process innovation, whereas BC 1 applies technology primarily to transactional tasks such as reporting and valuation. Geographic proximity, favorable time zones, cultural alignment, and multilingual capabilities continue to support operations (Marciniak, 2013; Ślusarczyk, 2017).

Institutional frameworks differ between the two countries. Poland provides a stable policy environment, while Slovakia faces minor bureaucratic challenges, underscoring the importance of consistent governance. Both centers illustrate a gradual evolution from transactional services toward higher-value and innovation-driven activities, though R&D remains limited, reflecting the broader CEE pattern (Gambal et al., 2022).

Overall, the findings reinforce existing literature while emphasizing emerging differentiators—digital strategy, institutional reliability, and talent development—that are increasingly central to SSCs and BCs competitiveness. Companies must therefore move beyond cost reduction to focus on workforce development, process innovation, and value creation, while policymakers should ensure stable and supportive institutional environments.

CONCLUSION

This study examined the evolving motivations for the establishment and long-term retention of SSCs and BCs in the CEE region, with a specific focus on two centers – in Slovakia and in Poland. In both cases, the initial phase of investment was predominantly shaped by the availability of qualified labor, cost efficiency, and the suitability of the local talent pool.

A comparative perspective reveals that while both cases share similar entry drivers identified in the literature, differences emerge in their structural and institutional contexts, particularly regarding the maturity of local ecosystems and integration with academic and innovation networks.

Over time, the initial cost- and labor-driven motives have been supplemented or replaced by more strategic considerations. Both centers demonstrate a shift toward retaining experienced and skilled employees, expanding service portfolios, and leveraging automation and digital tools to enhance operational efficiency.

In the Slovak case (BC 1), this transition is reflected in the increasing focus on financial and analytical services supported by automation and AI-driven reporting. In contrast, the Polish case (BC 2) demonstrates a stronger institutional embeddedness, characterized by collaboration with universities, industry associations, and the adoption of hybrid work models.

These findings align with recent literature that highlights the role of digital transformation (Gambal et al., 2022; Pinto et al., 2025) and underscores the growing importance of human capital in maintaining regional comparative advantages in the global service economy (Di Clemente et al., 2022).

More specifically, the empirical findings confirm that factors identified in the literature – such as human capital, digital infrastructure, and institutional support – do not operate in isolation but interact dynamically over time, shaping both entry and retention strategies. The comparison of the two centers thus illustrates how SSCs and BCs in the CEE region evolve from cost-driven offshoring destinations into strategic, innovation-oriented service hubs.

A key limitation of this study is the focus on only two examples in two countries. While this approach enables in-depth qualitative insights, it limits the generalisability of the findings and the ability to draw broader regional conclusions. Future research should therefore expand the scope to include more centers within the examined countries, as well as additional CEE countries, to allow for more robust comparative analysis. Such expansion would also address the limitation identified in the literature, where the CEE region is often treated as homogeneous, by enabling a more differentiated analysis of country-specific development paths.

Future research should also examine how these centers continue to respond to emerging challenges, including the integration of artificial intelligence, the institutionalization of hybrid and flexible work models, and the long-term sustainability of talent retention in an increasingly competitive and dynamic global environment.

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