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Кулаківська Г.В. Розробка та впровадження системи рекрутингу в мультигеографічній ІТ продуктивній компанії:

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Анотація. У роботі розкрито теоретичні, методологічні засади розбудови, функціонування та управління функції рекрутингу в приватних компаніях ІТ індустрії, що працюють в продуктивній бізнес-моделі. Проаналізовано закордонний та вітчизняний досвід формування та роботи підрозділів з підбору персоналу. Запропоновано модель аналізу поточного стану та проект відбудови ефективної функції рекрутингу на прикладі міжнародної компанії Evolution, що працює в сфері розробки програмного забезпечення для онлайн ігрової індустрії.

Ключові слова: індустрія розробки ігор, інжиніринг, розробка програмного забезпечення, рекрутинг, підбір персоналу, управління функцією підбору персоналу, ефективність підбору персоналу.

Abstract. The work reveals the theoretical and methodological principles of creation, functioning, and management of the talent acquisition function in private companies of the IT industry operating in the product business model. The foreign and domestic experience of the formation and work of personnel selection units was analyzed. A model for analyzing the current state and a project for rebuilding an effective recruiting function is proposed using the example of the international company Evolution, which works in the field of software development for the online gaming industry.

Keywords: game development industry, engineering, software development, recruiting, talent acquisition, talent acquisition function management, recruitment efficiency.

CONTENT

INTRODUCTION	5
CHAPTER1. HOW TO DEVELOP RECRUITMENT FUNCTION IN THE BEST EFFICIENT WAY	6
1.1.The theoretical background of different approaches to building recruitment functions in various business model companies in the IT sector.....	6
1.2. Modern trends in recruitment that should be taken into account.....	8
1.3.Multiple locations overview, recruitment specific for each of it.....	13
CHAPTER 2. ANALYSIS OF EXTERNAL AND INTERNAL REASONS FOR THE REQUEST FOR CHANGES	19
2.1. Industry summary.....	19
2.2.Company description.....	21
2.3.Diagnostics of the company recruitment dysfunctions.....	36
CHAPTER 3. THE SHAPE OF THE FUTURE TALENT ACQUISITION SYSTEM AND THE EXECUTION PLAN	43
3.1.The solution description and the timelines.....	43
3.2.KPIs of a successful project and project economy.....	51
3.3.Current state / interim achievements as of today.....	62
SUMMARY	71
LIST OF SOURCES USED	75
APPENDIX	80

INTRODUCTION

Recruiting is a crucial aspect of every company's integrated HR function, particularly for the IT sector, where skilled professionals are considered capital and a key success factor for good and stable business development. Recent global impact events, such as the COVID-19 pandemic and the war in Ukraine, the center of Europe, have catalyzed many organizations to expand their geographical presence and increase their hiring efforts. As a result, effective and systematic talent attraction processes remain a strategic priority for most organizations looking for technical specialists in the global labor market.

This thesis aims to create a comprehensive work plan for managing and upgrading a recruiting function for product companies in the information technology sector. This plan will provide framework guidance for the head of the recruiting department to achieve the company's goals and overcome all dysfunctions the company may face while trying to build in-house recruitment properly. To accomplish this, we will research Evolution, a product IT company that operates in the online gaming industry with about 1000 engineers and 11 development centers across 10 European countries. We will also leverage the solutions developed and implemented by Evolution in 2022.

To develop this work plan, we will use the knowledge gained from various courses at UCU Business School, such as Strategic HRM, Process Analytics and Digitization, Business Process Modeling, Employer Branding, and Search and Recruitment Management.

CHAPTER 1

HOW TO DEVELOP RECRUITMENT FUNCTION IN THE BEST EFFICIENT WAY

1.1. The theoretical background of different approaches to building recruitment functions in various business model companies in the IT sector

The recruitment function in every company refers to the process of identifying, attracting, and hiring skilled and qualified individuals to fill open positions within the company. This function plays a critical role in the organization's success, ensuring the right talent is in place to achieve the company's goals and objectives. Hiring and retaining top talent is one of the best ways to build business success. However, it's also one of the most complex tasks an HR leader can undertake.

The recruitment function typically involves a team of professionals, including recruiters, hiring managers, and human resources personnel. Together, they work to create job postings, screen resumes, conduct interviews, and make job offers to candidates who meet the company's requirements.

In an IT company, the recruitment function is vital due to the technical nature of the work. IT companies require individuals with specialized skills in areas such as software development, data analysis, project management, and cybersecurity. Therefore, the recruitment team must be knowledgeable about the specific technical skills required for each role and be able to identify and attract top talent with these skills.

The recruitment function is also vital in employer branding and talent acquisition strategy. This involves promoting the company's culture, mission, and values to attract candidates who fit the organization well. The recruitment team may also utilize various channels and techniques to attract candidates, including social media, job fairs, and employee referrals.

Overall, the recruitment function is critical to the success of all types of businesses. By identifying and hiring skilled and qualified individuals, the company can maintain a competitive edge, drive innovation, and achieve its business objectives.

The background of different approaches to building recruitment functions in different IT business model companies in the IT sector can be explained as follows:

Traditional Recruitment Approach: This approach is commonly used in conventional IT businesses that follow a hierarchical structure. The recruitment function in these companies involves a centralised HR team that manages the entire recruitment process, from sourcing to onboarding. The HR team typically works with hiring managers to identify the job requirements and then posts job ads on various job boards and websites. They also conduct pre-screening interviews and shortlist candidates for the hiring managers to interview. This approach is relatable for the majority of IT product companies or recruitment for IT divisions of companies in other business industries.

Service Recruitment Approach: This approach is mainly known and used by the IT service and outstaffing types of companies, where recruitment is the front-line function alongside business development and sales. In the organisational chart of such kinds of companies, recruitment is a separate function of the HR department, directly managed by C-level. The KPIs of recruitment here are a part of the company performance indicators, and the efficiency of selection and hiring is one of the ways to manage the margin. In Ukraine, we have Ciklum, SoftServe, Miratech, and many other companies following this approach.

Here also three other approaches to building recruitment function, but frankly speaking, they are often combined with one of the options described above:

Agile Recruitment Approach: This approach is used by companies that follow an agile methodology. In this approach, the recruitment function is integrated into the development process, and recruiters work closely with the development teams to identify the skills and talent needed for each project. The recruiters also attend sprint reviews and stand-ups to understand the project requirements and timelines better. This approach helps ensure the company has the right talent to deliver high-quality products on time. Many Ukrainian IT services companies have close cooperation between recruitment and internal customers - for example, EPAM or GlobalLogic. Also, many global IT product companies, like Google or Meta, follow this philosophy.

Data-Driven Recruitment Approach: This approach uses data and analytics to make recruitment decisions. IT product companies can use data to identify the sources of the best candidates, the most effective recruiting channels, and the attributes of successful hires. This approach aids companies in optimizing recruitment, cutting costs, and enhancing hire quality. From my experience, most Ukrainian IT companies use data retrospectively for reporting or planning. The proper data-driven approach for predictions and decision-making still needs to be improved due to the need for good analytical tools integrated with internal HR and recruitment systems.

Employer Branding Approach: In this approach, the recruitment function focuses on building the company's employer brand to attract top talent. IT companies can use social media, job fairs, employee referral programs, and other methods to promote their brand and culture. This method helps companies attract passive candidates interested in working for a strong employer brand, even if they're not actively seeking a job. A good impact on recruitment from the employer branding perspective has the following IT businesses (according to the Forbes 50 best employers of the Year 2022 research): Intellias, Soft Serve, EPAM, ELEKS, Ciklum, etc.

Overall, the theoretical background of different approaches to building recruitment functions in different IT business model companies in the IT sector depends on the company's structure, culture, and goals. The recruitment function should align with the company's overall strategy and support its business objectives by attracting and retaining the right talent.

1.2. Modern trends in recruitment that should be taken into account

The last four years have been an extreme global roller coaster for the labor market.

First, the pandemic shock hit the IT sector, and most companies have turned to survival mode with a freeze on recruitment, no salary reviews, and workforce strategy revision.

From 2020 to early 2022, we observed the opposite situation with global economies - everyone went digital, dramatically boosting the demand for IT services and digital product development. Most IT service providers have experienced massive headcount growth (thus above the clouds recruitment need). As an additional outcome in talent acquisition - new locations pursue significant expansion of the remote work option.

This 2023 year, we observe a slower pace of growth as the economy returns to earth after a meteoric rise last year in one of the fastest recoveries we have ever seen. In addition, the war in Ukraine had impacted the IT outsourcing industry in Europe, the United Kingdom, and North America: in terms of keeping their business continuity, companies were forced to either slow down the development of some products/projects or transfer the delivery to other locations. Also, a pure economic burden such as inflation or workforce migration away from major cities has occurred.

All those milestones in the global economy have impacted every employee across all industries - to stay engaged and productive, you need to be very careful of your mental and physical health. For HR function, this needs become transformed into an additional focus on employee well-being programs and the content of benefit packages.

With the help of Page Outsourcing Global Recruitment Trends 2023 report, we would like to sum up the following market trends, which keep making an impact on every company trying to follow business and growth needs in the last and the upcoming year:

1. Economic uncertainty results in fewer job openings or hiring freezes. And lay-offs;

Over the past few years, the economy has been hit by various unexpected events, such as the pandemic, a rapid recovery, supply chain disruptions, the highest inflation rate in four decades, and the war in the centre of Europe.

Consequently, economic growth has significantly decelerated in many regions worldwide, leaving people uncertain about what lies ahead.

This ambiguous environment has been noticed by employees who have been concerned about their well-being, job stability, and finances. The pervasive uncertainty has permeated both their personal and professional lives.

In 2022 we observed a dropdown in job openings worldwide accompanied by significant redundancies. At the end of 2022, we may follow the worst ratio since the data was gathered: 3,64 job applicants for one job posting (according to Djinni.co report, Ukraine data).

The shocking news in 2022 in the digital industry we learned about companies like Google, Meta, Amazon, etc., where more than 95 000 employees were layoff in big tech in 2022, according to CNBC calculations. Related to the Ukrainian numbers and following Dou.ua research, 16% of IT sector employees were cut off after February 24, 2022; and 40% were forced to change either project or employer in 2022.

For 2023 tech job market still expects additional downsizing (globally and in Ukraine specifically), but probably fewer than in 2022. The Ukrainian economy and the labour market are very much connected with the war on our land. Once the military operation is ended, a speedy recovery is highly expected.

2. Increase in salaries due to inflation;

A Euronews report states, "Inflation in the European Union tripled in 2022 compared to the 2021 annual figures, clocking the highest growth rate ever." This rise, of course, is very much caused by the increase in energy prices, ultimately provoked by the Russian invasion of Ukraine.

3. Strong emphasis on hybrid work arrangements;

Once the pandemic is nearly over, most employers across the globe have faced the colossal challenge of returning people to offline work mode.

Following a Korn Ferry survey seeking responses to the question if employees will return to the office, "nearly a third (32%) of professionals said they don't think they'll ever go back into the office full-time, and 74% say they have more energy and focus working from home instead of the office".

For employers, remote or hybrid (where an employee can work part-time from the office and part-time from home) work options become increasingly crucial in the offer to attract the right talent.

Also, because the skills shortage, especially in the IT industry, is one of the critical bottlenecks in recruitment, going with the remote hiring option is one of the logical solutions. This decision will also significantly impact hiring costs (according to the RemoteWorkforceReport, made by Remote, over 30% of employers are reducing expenditure on labour costs by hiring talent in more cost-efficient locations).

4. Further investments in employees' well-being;

One of the crucial after-pandemic outcomes is a rise in understanding that every employee's health and overall well-being is partially a part of the employer's area of responsibility. Suppose you want to manage and control your business continuity in all types of risk situations and environments (let it be a pandemic, economic recession, or military activities in the area where your employees live). In that case, you must have a plan and budget to secure your people.

5. Attract diverse candidate pools.

The current trend of attracting diverse candidate pools is the increasing focus on creating inclusive and equitable hiring processes that draw individuals from various backgrounds, experiences, and perspectives. This trend recognises the value of diversity in the workplace and aims to overcome historical biases and barriers to entry that certain groups may face.

To attract diverse candidate pools, organisations are implementing various strategies, such as:

Job postings: Ensuring job descriptions use inclusive language and highlight the company's commitment to diversity and inclusion. This helps to signal that the organisation is actively seeking candidates from diverse backgrounds.

Outreach and partnerships: Actively reaching out to diverse communities and building partnerships with organisations that represent underrepresented groups. This can include attending job fairs, hosting networking events, or collaborating with professional associations focused on specific demographics.

Unbiased screening processes: Implementing measures to mitigate bias during the screening and selection stages. This may involve using blind resumes or structured interviews that focus on skills and qualifications rather than personal information that could lead to biases.

Employee referrals: Encouraging employees to refer candidates from diverse backgrounds and offering incentives for successful referrals. This can tap into existing networks and help expand the diversity of the candidate pool.

Inclusive employer branding: Developing an employer brand that showcases diversity, equity, and inclusion as the organisation's core values. This can be achieved through diverse representation in marketing materials, testimonials from employees of diverse backgrounds, and highlighting diversity initiatives within the company.

Diversity training: Training employees involved in the hiring process to raise awareness about unconscious biases, cultural competence, and inclusive hiring practices. This can help reduce biases and ensure a fair evaluation of all candidates.

Flexible work arrangements: Providing flexible work options, like remote work or flexible hours, to meet the needs of candidates from diverse backgrounds. This can help attract individuals with unique circumstances or responsibilities requiring flexibility.

Targeted advertising: Utilizing advertising channels and platforms that specifically target diverse audiences. This ensures that job postings reach a wide range of candidates and resonate with individuals from different backgrounds.

Attracting diverse candidate pools reflects a shift towards more inclusive hiring practices that aim to create a diverse and representative workforce. By implementing these strategies, organisations can increase the likelihood of attracting a diverse pool of qualified candidates and foster an inclusive workplace culture.

And here are other trends that are not that game changes for the moment, but the impact they can make to the successful recruitment has been strengthening over past years:

1. Soft skills will become more important than hard skills.

More and more companies are gradually moving toward a skills-first mindset when hiring, emphasising candidates' competencies and less on traditional criteria such as university degrees and job-related professional work experience. Talent shortage struggles in recent years, especially in the IT industry, have forced companies to broaden their recruiting filters and list of keywords in job listings data since the pandemic shows fewer degree requirements.

2. Artificial Intelligence has become one of the essential elements for the whole HR function, and talent acquisition in particular.

The ascending trend in AI integration will digitalise the HR function and will help HR teams analyse, predict and diagnose to make informed decisions based on data. Through intelligent automation, AI will play a crucial role in eliminating biases from the recruitment process and significantly reducing the time required for data analysis.

3. ESG reporting broadens to attract talent, moving beyond compliance.

According to Forbes's Top Ten HR Trends For The 2023 Workplace report, “The importance of ESG (environmental, social, and governance) reporting is increasing due to new regulatory requirements and pressure from investors, boards of directors, and a range of stakeholders from current and prospective employees to consumers.”

An exciting trend emphasises the importance of the company's activities beyond direct business impact. In Ukraine, for example, we can observe strong demand from the communities for businesses to support / volunteer / donate to Ukrainian Military Forces or to support refugees or other social initiatives related to the war-caused damages. You can quickly destroy your employer's brand without being an actor here.

1.3. Multiple locations overview, recruitment specific for each of it

One of the strategic directions for Evolution's way of work and development is to be present where your customers are and where you can hire the best talents for its Engineering Division. Dated in spring 2023, Evolution has 11 branches in 10

counties across the Eurasia continent. Let me briefly overview all ten destinations for Evolution company and share with you the specifics of recruitment for every one of them.

Latvia: Latvia has a highly educated workforce known for its skilled IT professionals. According to the Investment and Development Agency of Latvia, more than 38 000 IT professionals are dated 2022 in the country. Recruitment in Latvia is performed through recruitment networks, job boards, social media, and recruitment agencies.

In Riga, where our biggest research and development office is (around 350 engineers), we are heavily influenced by a noticeable competition with other companies in IT in general and the game development sector in particular. Following this fact, we have the most significant turnover rate in this country compared with the other Evolution locations. Consequently, more than 50% of the vacancies in Latvia are replacements. As a secondary consequence, the leadership team decided to refrain from investing in growth in this location starting from the end of 2021.

Estonia: Estonia is a small but highly innovative country with a growing startup scene. The workforce for Information and Communications Technology (ICT) is about 30,000 (as NCube report on the Estonian market says). Estonia is a motherland to some bright IT product companies such as Skype, Playtech, Wise, and Bolt (and many more). This country has highly favorable legislation and tax politics, leading to a high concentration of global IT businesses opening branches there.

Recruitment in Estonia is done through job boards, social media, and recruitment agencies. The competition for local talents on the market is high; thus, one of the perfect solutions to fulfill the hiring plan is to be open for IT professionals outside of Estonia with relocation options.

Evolution has a minor branch among all 11 branches in Tallinn, Estonia, which counted about 25 engineers.

Belarus: Belarus has a highly educated workforce with a strong background in IT and engineering. For Evolution company Belarus was an exciting location for growth grace to an excellent quality QA engineers pool, as well as Scala and

LavaScript Developers. Recruitment in Belarus is traditional and done through job boards, social media, and recruitment agencies. Employers should consider language skills.

As the IT sector was named one of the main drivers of the Belarussian economy, the Hight-Tech Park was introduced in 2005 by the government with the idea of becoming a local Silicon Valley. Unfortunately, many IT professionals have decided to leave the country following the latest presidential elections and anti-government protests. The Russian war against Ukraine caused the second wave of immigration. At least 40 000 engineers out of around 115 000 left the country as of today, and this is not the end (as Ernst&Young and Emerging Europe reports say).

Currently, 30% of evolutioners from Belarus have been relocated internally to other branches, and the process continues. The future of the branch is fogged.

Ukraine: Ukraine has a large and highly skilled workforce with particular IT and engineering strengths. The information technology industry is one of the fastest for growth with more or less favorable legislation. Emerging Europe states, “Before Russia began its war of aggression against Ukraine in February, its IT industry had become one of Europe's largest exporters of IT services, with annual growth of 25-30%. Export revenues accounted for more than 4% of Ukraine’s GDP”.

In their analytical report, BBC has counted Ukraine's talent pool before the war at around 200 000 engineers. IT Ukrainian Association confirms that at least 3% of engineers have joined the Military Forces of Ukraine, and each Ukrainian IT company has relocated from 14% to 32% of their staff abroad.

For Evolution, the war in Ukraine was the reason to stop any recruitment and hiring activities here, with no clear plan for back to business as usual. The senior management offered relocation to all evolutioners in Ukraine, and 25% of engineering and back-office employees accepted this proposition; five percent of engineers left the company of their own will.

The Netherlands: The Netherlands has a highly educated and multilingual workforce with strengths in technology, finance, and logistics. The Netherlands' IT industry is renowned globally for its swift innovation and integration of emerging

technologies. Leading corporations such as IBM, Microsoft, Google, NTT, and Oracle have established their European headquarters, customer service centres, and R&D facilities in the country (as Invest in Holland report confirms). A local talent pool is hard to engage due to the high bar for compensation packages and social guarantees. In addition, many engineers across Europe, especially Eastern, are ready to relocate to The Netherlands. Basically, this is a crucial source for Evolution to hire people for our Amsterdam office.

Also, recruitment in the Netherlands can be done through job boards, social media, and recruitment agencies.

Portugal: Based on the most recent data available from the National Portuguese ICT Cluster, TICE, the Portuguese National ICT sector is a dynamic and highly innovative industry that accounts for almost 10% of the country's GDP, with a total turnover of nearly USD20 billion. This sector boasts a workforce of over 80,000 highly qualified and young professionals. In the last decade, a shift has occurred in the profile of ICT companies, with a move away from traditional providers towards more specialised and innovative startups. The sector is backed by top-notch research conducted in partnership with Portuguese universities. Recruitment in Portugal can be done through job boards, social media, and recruitment agencies. Employers should consider the language skills of candidates, as Portuguese and English are widely spoken.

For Evolution, Portugal has become a strategic location for rapid growth with very ambitious hiring plans with more than 100 new engineers per year. The competition for local talent is high despite a modest technical level. All those factors make the recruitment team use various channels, including relocation from South America and Eastern Europe. More than 40% of hires in 2022 are ex-pats.

Bulgaria: The ICT sector in Bulgaria is known for its consistent growth and stability, which has positioned it as one of the most lucrative industries in the country. Bulgaria is recognised as a prime supplier of skilled and cost-effective IT professionals. Presently, the overall Bulgarian IT industry employs roughly 100,000 ICT specialists. Recruitment in Bulgaria can be done through job boards, social media,

and recruitment agencies. Employers should consider the language skills of candidates, as Bulgarian and English are widely spoken.

For Evolution, the Bulgarian job market is challenging due to the low technical level of required specialists and the complicated situation with the local talent acquisition team. Despite mentioned facts, the hiring plan for this branch was revised in 2022 with a trend for significant growth.

Poland: Poland boasts approximately 50,000 software companies of various sizes, ranging from small to large. Despite being a relatively new sector, the IT industry in the country is continuously expanding. This is due mainly to the high demand for IT services. The sector makes up approximately 8% of Poland's GDP and provides employment opportunities for more than 430,000 individuals. Recruitment in Poland can be done through job boards, social media, and recruitment agencies.

There is the most extensive hiring plan for Poland in 2022 and 2023. The quality of IT professionals there is very high, and many of them have good seniority levels. In addition, there is the best response rate for job posts among all Evolution branches.

Sweden: Sweden stands out as a highly advanced technological hub globally, with a rich history of spawning popular tech brands across diverse sectors that hold influential positions worldwide. Among the renowned companies that have emerged from Sweden are Ericsson, Skype, Electrolux, King, Truecaller, Spotify, µTorrent, Klarna, Mojang and more. The tech industry in Sweden is continuously expanding, and there is a high demand for skilled professionals in the field.

Around 40 000 people are employed in Software Development in Sweden's industry as of 2023. Although there is a significant lack of talent has been observed during the last five years. Consequently, we filled in more than 60% of vacancies in 2022 with IT experts from abroad. To start working, they need an average of 6 months after the job offer is accepted and they start their relocation process.

For recruitment specific to each location, the Evolution company uses the following:

- Job boards: Local job boards can effectively find candidates in each location. Some popular job boards include cv.lv in Latvia, CV Keskus in Estonia, tut.by in Belarus, dou.ua and djinni.co in Ukraine, Monsterboard in the Netherlands, Expresso Emprego in Portugal, dev.bg and jobs.bg in Bulgaria, Pracuj.pl and justjoinit.com in Poland and Blocket Jobb in Sweden.

In addition, some global job boards cover multiple locations, although they are very effective locally, like glassdor.com, monster.com, indeed.com, or remote.co.

Job boards are also an excellent tool for employer branding and one-way communication with a target audience in the given location in the local language. So in Evolution, we share coordination of the job boards with the Employer Branding and Communication Department.

- Social media: Social media are handy recruitment tools for finding IT professionals, particularly in locations with a solid online presence. LinkedIn is widespread across all sites of Evolution's presence, while Facebook, Instagram, and Twitter are more effective in some locations than others. As IT recruitment is mostly a headhunting job, we hire most engineers in Evolution through social media. LinkedIn is the ultimate leader (86% of hires in 2022, according to the internal recruitment annual report).

- Recruitment agencies: Evolution works with recruitment agencies in every location of their presence. We are trying to keep 2-3 local suppliers, which help us with recruitment and market research, salary, benefits overview, role adjustments, etc. On top of that, we have three recruitment agencies with very narrow specific IT technical skill recruitment (like, Scala), which works across all European Union locations of Evolution. We have 3% of annually hired engineers done through recruitment agencies.

- Recommendations. In Evolution is a well-defined and widely used referral program. It works for mid- and senior-level candidates' submissions, and at least 5% of hired annually are done according to recommendations.

CHAPTER 2

ANALYSIS OF EXTERNAL AND INTERNAL REASONS FOR THE REQUEST FOR CHANGES

2.1. Industry Overview

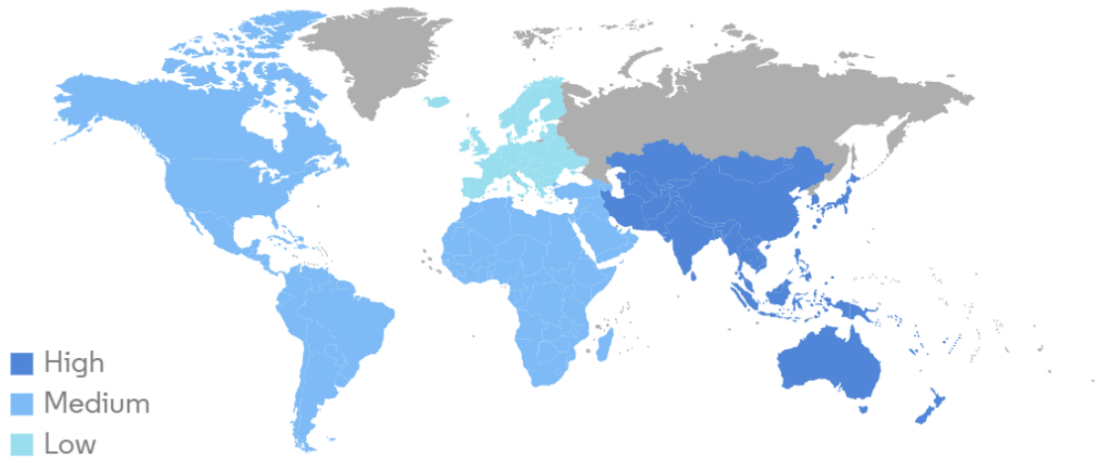
The online gaming market pertains to providing online gaming services by various entities such as sole traders, partnerships, and organisations.

Gaming, known as video games or electronic games, encompasses computer applications played with a defined set of rules. It offers both mental and physical stimulation, delivering entertainment and relaxation to players and spectators alike. Gaming is a potent tool for children to develop essential life skills while offering educators opportunities to enhance classroom teaching. The gaming industry has been revolutionized by advanced graphical engines and information technology.

The gaming market was valued at US\$ 202.7 Billion in 2022 and is suggested to go up to US\$ 343.6 Billion by 2028, with a compound annual growth rate (CAGR) of 9.19% for the period from 2022 to 2028, according to monitoring groups like Research&Markets.

Mordor Intelligence Group uses the following Key Market Segmentation:

- By Device Type: Consoles, Mobiles, and Tablets, Computers. Mobiles and Tablets have the largest market share currently.
- By Platform: Online and Offline
- By Revenue Type: In-Game Purchase, Game Purchase, Advertising.
- By Type: Adventure/Role Playing Games, Puzzles, Social Games, Strategy, Simulation, Others
- By Age Group: Adult and Children. Adult games currently dominate the global gaming market.
- By Region: Asia Pacific, North America, Europe, Middle East and Africa, Latin America. Region-wise, Asia Pacific accounts for the largest market share.



Picture 2.1. Gaming Market - Growth rate by region

During the “historical growth era” (before the second half of 2022), the market growth was primarily driven by the robust economic expansion of emerging markets, the widespread usage of smartphones with enhanced internet connectivity, the growing preference for digital payments, and the surge in disposable income.

Looking ahead, the growth of online gaming was propelled by the following:

1. heightened participation of gamers amidst the COVID-19 pandemic,
2. increased acceptance of fintech and advanced technological platforms by consumers,
3. and evolving consumer gaming habits.

However, the market is currently facing the following obstacles (starting from the second half of 2022):

1. the global economic downturn,
2. demographic shifts,
3. and security-related challenges.

According to the Research and Markets report, key players in the market include Tencent Holdings Limited, Sony Corporation, Microsoft Corporation, Apple Inc., Activision Blizzard, Inc., Google LLC, NetEase Inc., Electronic Arts

Inc., Nintendo Co., Ltd., and Bandai Namco Holdings Inc. Monitoring competition is crucial in the online gaming market, with mergers and acquisitions being the primary strategy, followed by expansion.

Key players differentiate themselves through various factors, including:

- the range of offerings,
- quality of gaming content,
- user experience,
- brand reputation,
- personalised payoffs,
- and access to different platforms.

Furthermore, manufacturers with advanced distribution networks and manufacturing expertise possess a competitive advantage in expanding their product range globally.

2.2. Company overview: description, history, organisational structure, development model

According to the official description on the company's website, "Evolution AB (publ), a Swedish-based company listed on Nasdaq Stockholm under the ticker EVO, specialises in developing, producing, marketing, and licensing fully-integrated B2B online gaming solutions to gaming operators." Taking into account the market segmentation, offered by Mordor Intelligence Group, Evolution has the following characteristics:

- By Device Type: Consoles, Mobiles, and Tablets, Computers.
- By Platform: Online
- By Revenue Type: In-Game Purchase, Advertising.
- By Type: Social Games and Others
- By Age Group: Adult.
- By Region: Asia Pacific, North America, Europe, Middle East and Africa, Latin America. The company has global coverage.

To better understand the subject matter, we would give you an overview of what the company does and how it looks from the organisational point of view and share important facts that would bring colours to the final picture.

The business idea and its realisation:

Evolution was established in 2006. It was the company with the idea of providing online live games in the real games world. Evolution has developed a highly efficient and scalable platform. They now have studios in Europe and North America and offer a comprehensive range of products. The company prioritizes operational excellence, product innovation, and customer optimisation, Evolution also puts efforts into three strategic key areas (according to the publicly shared strategy): "increasing the gap, regulated markets, and land-based games providers".

With a platform prepared for continued growth, Evolution is well-positioned to maintain its leading position in the B2B online games solutions market.

The company aims to confirm that its employees (the company uses the term "evolutioners") are talented, highly-skilled teams who are the power behind Evolution's brands, working as part of the entire in-house production and customer delivery chain.

Evolutioners handle the entire process of product development, from creating concepts to selling, marketing, and integrating them with operator interfaces. They establish production studios, design game show environments, and create augmented reality settings for live games. Similarly, they create virtual environments with stunning graphics and sound for online slots and RNG games.

Evolution provides the necessary technical solutions and staff to enable operators to offer top-notch live and RNG-based gameplay around the clock on various devices. Whether operators opt for a single solution or a combination, choosing an Evolution Group brand ensures they receive world-class quality.

Company's mission:

"To make operators successful and provide an excellent user experience for their end-users by offering flawless and localised Live Games into regulated

markets on all digital platforms for online and land-based operators and their customers." (According to a company's public communication).

Company's vision:

"To maintain and strengthen our position as the world's number one Live Gaming provider as gaming markets continue to evolve globally." (According to a company's public communication).

Group achievements:

- Evolution has become one of the biggest B2B providers with over 600 operators as customers, including tier 1 online operators and land-based gaming operators. Evolution partners with its customers to deliver world-leading live gaming solutions in established markets, maximising every opportunity. The company also prepares for new and re-regulating markets to ensure its customers can capture vital early market share.

Evolution has won the Live Gaming Supplier of the Year award 10 out of 10 times at the EGR B2B Awards, thanks to its outstanding solutions.

Brands:

The company markets products under the brand names Evolution, Ezugi, NetEnt, Red Tiger, and Big Time Gaming.

Strategy: (Picture 2.2. Evolution strategic directions for 2022)



Picture 2.2. Evolution strategic directions for 2022

1. Product innovation Continuously enhances its offerings and advance the live games product market through innovative product development.

2. Customer optimisation: Evolution has ample prospects to enhance, enlarge, and refine the solution of each operator through its current customer base. The product market has been growing considerably, and more and more operators are opting to expand their services and invest in personalised settings. By analysing game data, Evolution customises each environment according to the particular conditions and requirements of the customer to reinforce the bond between the operator and the end user. Additionally, leveraging its technical know-how, Evolution devises solutions that enhance end-user engagement through a seamless user experience and cross-selling between different game categories.

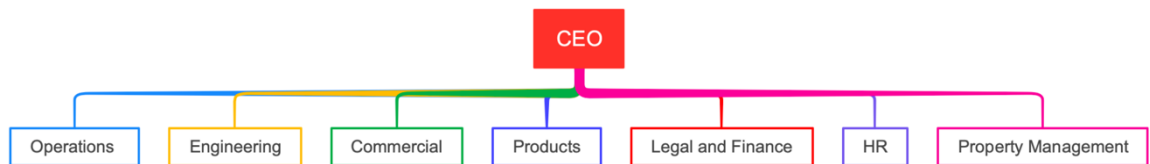
3. Operational excellence: The primary factor contributing to Evolution's dominant market position is its operational excellence in delivering online gaming solutions since 2006. This product is inherently intricate and necessitates seamless collaboration between people and systems. Over the years, Evolution has amassed unparalleled experience that differentiates it from other suppliers. The company boasts a sophisticated platform that efficiently manages software, hardware, video, employee, and user data. This platform is scalable, enabling Evolution to expand with new studios without the need for local software replication. Moreover, the platform allows easy adaptation to new geographic markets, including the USA.

4. Increase the gap: The increasing popularity of live games has prompted more providers to launch their own live products. Despite the competition, Evolution enjoys a substantial lead and aims to maintain its growth momentum while further expanding its position as a leader in the live games market. The company achieves this through seamless collaboration between its product development, sales and marketing, and operational departments, all working in tandem to provide the best possible product. According to Evolution's assessment, it has bolstered its market share in recent years and foresees ample opportunities to widen the gap even further in the upcoming years. This is supported by the introduction of several new games and studios and the possibility of strategic acquisitions.

Evolution structure:

The group had over 11,000 employees globally at the end of 2022. Seven key divisions managed by the CEO structure the company (see Picture 2.3. High-level Evolution organisational chart).

Operations, Product, Commercial, and Engineering are full-cycle business lines with profit delivery responsibilities. While HR, Finance and Legal, and Property Management divisions are pure back-office functions with related goals of supporting and nourishing the key business lines.

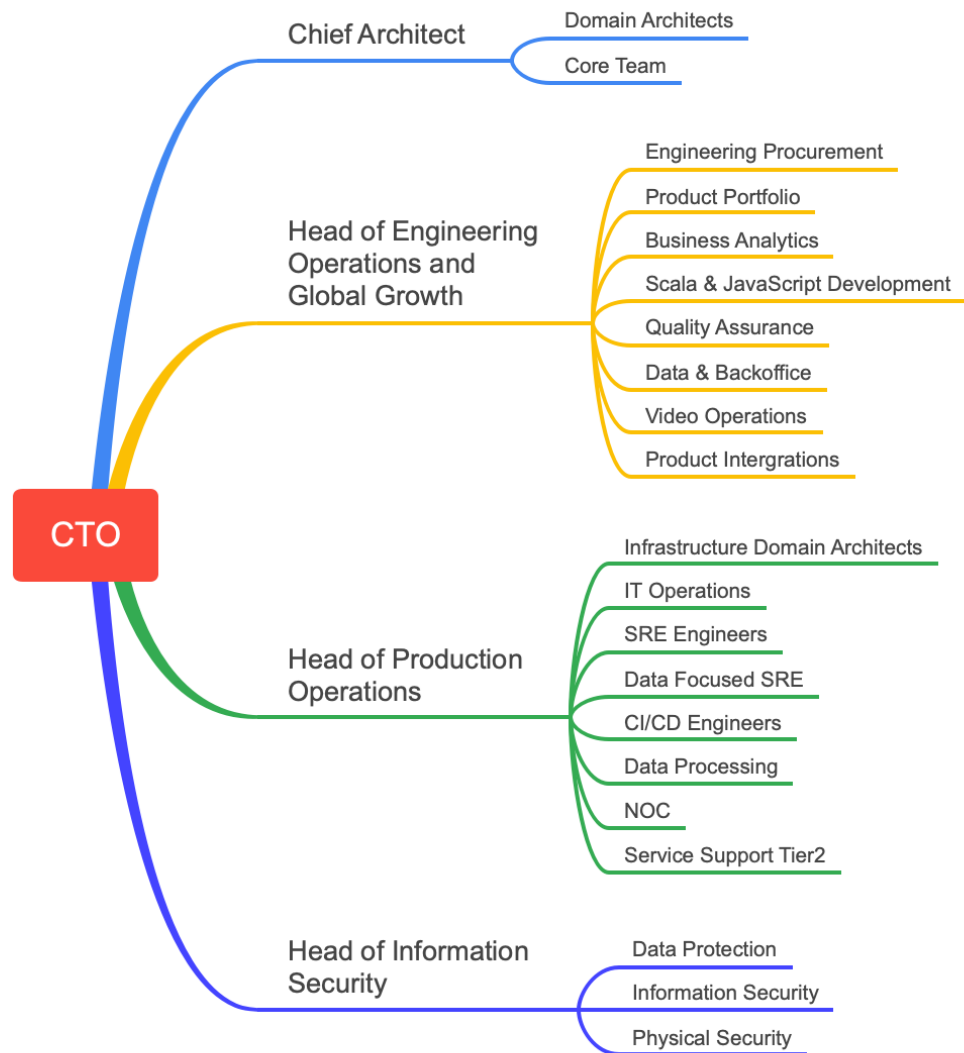


Picture 2.3. High-level Evolution Organisational chart.

In this particular work, we will dig deeper into the recruitment challenges and solutions for one of the crucial functions of the organisation - Engineering. To better understand how Engineering operates, please take a helicopter view of the description of this Division.

Engineering Division description:

1. Engineering is a separate business line for Evolution Gaming means it has its government and budgets;
2. The division is responsible for B2B platform development and maintenance (for its use and sharing with partners) and designing and developing its games;
3. Consist of 29 engineering and 17 product portfolio teams across 11 Hubs. Produces 40 games per year on average;
4. Organisational structure. (please see Picture 2.4. Engineering Division Organisational Chart).



Picture 2.4. Engineering Division Organisational Chart

5. 11 branches in 10 countries: Sweden (Stockholm and Gothenburg), Latvia (Riga), Estonia (Tallinn), Portugal (Lisbon), Poland (Warsaw), Belarus (Minsk), Bulgaria (Sofia), Ukraine (Kyiv), The Netherlands (Amsterdam), Germany (Berlin).

6. The Hubs weren't created not at the same time nor by one cause. Latvian, Estonian, Portuguese, Polish, Belarussian, The Netherlands, and German were created and launched from scratch. While Sweden, Ukrainian and Bulgarian were added to the network through merger and acquisition and are still floating through the integration process.

Management:

7. Engineering management is mainly located in Latvia and Sweden, with a rare option for local people to take a lead role.

8. The decision-making process for Engineering always includes the decision from the Head of Engineering Operations and Global Growth, who is responsible for the whole delivery and the budget.

People:

9. For the end of 2022 total headcount of the Engineering Division was 1023 employees.

10. 100% of 1023 employees are engineers. All support functions were kept global and delivered services for Engineering internally and aren't counted as Engineering headcount.

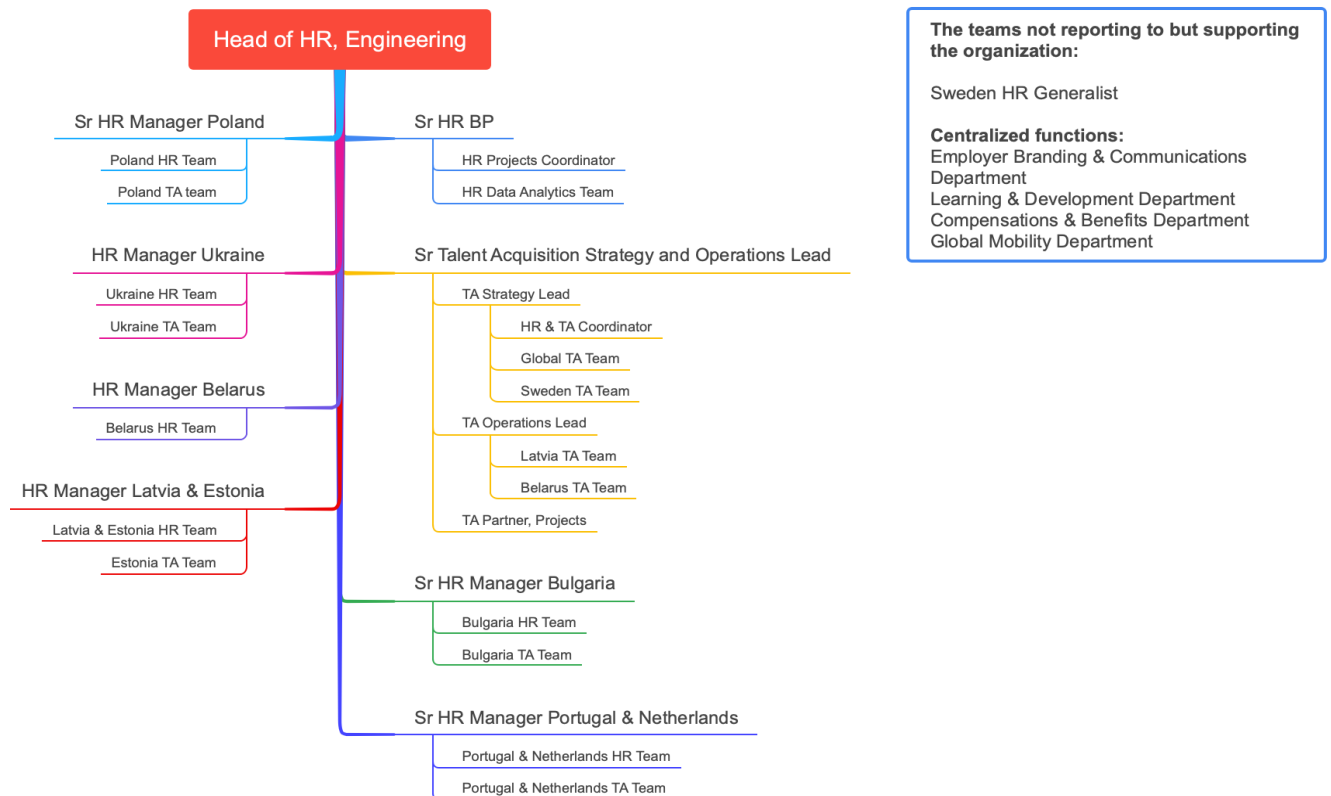
11. Some IT support employees live and work in other countries but are part of an existing Engineering Hub.

Now, we offer to take a look at the HR Engineering direction. It is built as a separate unit within the Global HR function with several dotted lines to some commonly shared departments, such as:

1. Global Learning and Development
2. Global Mobility
3. Global Compensation and Benefits
4. HR Excellence Center

All other directions are represented in the HR Engineering department (see Picture 2.5. HR Engineering Organisational Chart). The idea of such a structure is to respond to several challenges the Engineering Department faces

- geographical distribution;
- different approaches in Hubs creation, thus various history and the background in managing the Hub;



Picture 2.5. HR Engineering Organisational Chart

The engineering HR team is built following the subsequent principles:

1. The crucial role in the Department is the HR Director, Engineering, who is responsible for strategic planning, stakeholder management, and the whole HR delivery according to organisation KPIs and people management.
2. In each Hub, there should be at least one local HR person (depending on the current and prospective headcount) who covers:
 - 1.1. hiring and onboarding (including relocation support in cooperation with Global Mobility Department);
 - 1.2. record-keeping, employee paperwork;
 - 1.3. third parties management (all local HR suppliers);
 - 1.4. performance management;
 - 1.5. compensation and benefits management (in cooperation with Global Comp&Ben Department);

1.6. internal communication for HR-related matters (in partnership with Employer Branding and Communication Department);

1.7. resignations.

3. The Talent Acquisition team can either be a part of the local HR function and managed by a local Senior HR Manager (key local HR stakeholder) or, while staying part of the regional HR team, be governed by the Global Talent Acquisition Lead. In some cases, this is a historical burden or consequence of the integration process after the merger and acquisition.

4. A couple of roles are assigned to the global HR Engineering management team, and their responsibility covers all Hubs as one Engineering body. Those roles are the following:

4.1 Senior HR Business Partner. This role concerns HR Engineering policies, special projects (like HR system implementation), and framework improvements. This person also has a small team of HR data analytics, who support reporting, HR data analytics, and data accuracy.

4.2. Senior Talent Acquisition Strategy and Operations Lead. This is a cross-Hubs role that, by its content, could easily be named as Head of Recruitment if such a role existed in this organisation. This person is responsible for the talent acquisition strategy and overall delivery, stakeholder management, organisational and process improvements, and team management.

5. Despite the majority of the talent acquisition employees being location-based, in 2022, was created the Global Talent Acquisition team (with 2 Talent Acquisition Specialists: one Senior and one Middle-level). The idea of such a team is to cover the vacancies with cross-location/full remote options and to support local teams if needed.

The HR Strategy for 2022:

Following the high-level company strategy, which is mentioned in the company description part, the four key strategic directions, such as product innovations, customer optimisation, operational excellence, and increasing the gap; and having the logic of descendant goals in the organisation, the primary strategy was

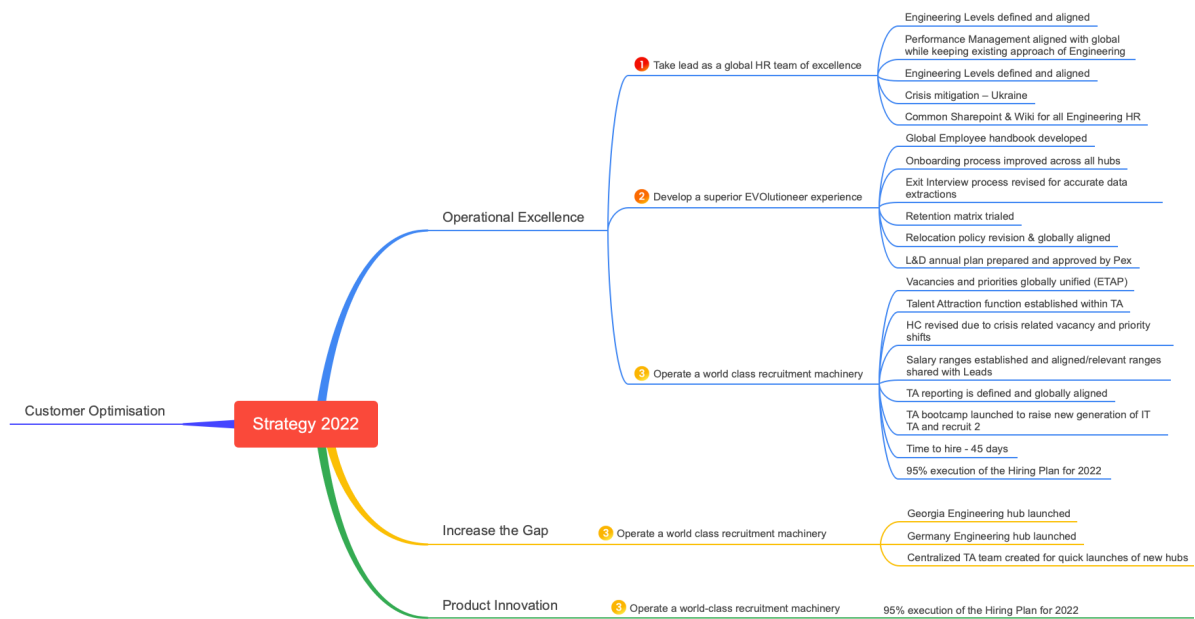
transferred to the key strategic directions for the Engineering HR Division. Not all of the directions apply to the back-office people function. Still, the two are the basis for further development of the high-level HR strategy and set of OKRs (Please see Picture 2.6. HR Strategy and OKRs for 2022).

So, three main strategic focuses were defined for 2022:

1. Take the lead as a global HR team of excellence.
2. Develop a superior EVOLutioneer experience.
3. Operate world-class recruitment machinery.

Last but not least covers all the OKRs for the Talent Acquisition function and corresponds to 3 of the high-level lines of the company’s strategy (out of 4):

1. operational management improvement,
2. global expansion,
3. and innovation.



Picture 2.6. HR Strategy and OKRs for 2022

To sum up, the set of OKRs for 2022 for Talent Acquisition direction looks like the following list (see Table 2.1 Talent Acquisition OKRs for 2022), listed by due dates (quarters), the status of the execution (not started, in progress, and done), and the ownership column, which is hidden in this table due to security reasons.

Table 2.1

Talent Acquisition OKRs for 2022

Objective 3	Operate a world class recruitment machinery	Q1	Q2	Q3	Q4	AIM
Result 1	Georgia Engineering hub launched	DONE				Q1
Result 2	Salary ranges established and aligned/relevant	IN PROGRESS				Q1
Result 3	Vacancies and priorities globally unified (ETAP)	IN PROGRESS				Q1-Q2
Result 4	HC revised due to crisis related vacancy and priority	IN PROGRESS				Q1-Q2
Result 5	Centralized TA team created for quick launches of	IN PROGRESS				Q2
Result 6	TA bootcamp launched to raise new generation of IT	IN PROGRESS				Q2
Result 7	Talent Attraction function established within TA	NOT STARTED				Q2
Result 8	Germany Engineering hub launched	NOT STARTED				Q2-Q3
Result 9	Time to hire - 45 days	NOT STARTED				Q4
Result 10	95% execution of the Hiring Plan for 2022	NOT STARTED				Q4

The Recruitment process:

The recruitment process in this organisation stands on the following pillars:

1. Hiring plan
2. Hiring Manager
3. Vacancy
4. The Talent Acquisition Team

The **Hiring Plan** is the organisation's essential recruitment roadmap containing the number of vacancies for growth per location, chunked by quarters. The horizon of planning for the Hiring Plan is one year which starts January 01st and ends December 31st and is divided into 4 quarters.

Apart from the number of vacancies, the Hiring Plan is detailed by the:

- name of the role (for example, Site Reliability Engineer or Quality Assurance Manual Engineer, etc.);
- seniority (for example, Middle, Senior or Lead);
- name of the team where the need is confirmed;
- location (Evolution Hub);
- name of the hiring manager;
- due date when the need is expected to be filled in.

When the vacancy from the Hiring Plan is taken to work, it should be updated with the Job Description and salary ranges.

Vacancies for growth per location and by specific dates to be filled in are the consequence of the preliminarily approved product roadmap and the company's plans for expansion. The planning normally happens alongside the budgeting process in September-October, the previous business year; thus, the Hiring Plan for the next year should be in place at least a month before the reporting year is actually started.

On top of the planned vacancies as a part of the company development plan, there is a part of the need that occurs ad-hock and is a result of expected turnover. Those are replacement vacancies by the terms used in Evolution. On average, we had 23% additional to planned vacancies per year, with non-linear distribution per location (some of the Hubs were better in turnover (up to 16% of the total headcount per year; some were much worse - up to 40% of replacements during the reported period). Replacement vacancies just pop up when the Hiring Manager and HR confirm the information about the leaving person and the request for Talent Acquisition has been sent.

The Hiring Plan may be updated quarterly based on the inputs from the Hiring Manager (if the product roadmap or company strategy has been changed) or Talent Acquisition Team (if the previous sourcing strategy hasn't been worked). The changes may lead to the following:

1. vacancy is canceled
2. vacancy seniority is upgraded/downgraded
3. requirements set is revised
4. the vacancy is transferred to another Evolution location
5. the need is moved to another team

The Hiring Plan is created and currently maintained in Excel spreadsheets with shared access to all stakeholders.

A **Hiring Manager** oversees the recruitment process for a particular job position within an organisation. In Evolution, the Hiring Manager typically holds a managerial role starting from the Head of Department level and upper (which

means Team leads are just advisers to the Head of Department Leads regarding the headcount needs).

Within the Evolution recruitment process, they are responsible for:

1. creating and maintaining the Hiring Plan for their Department/Division/Business unit according to the company strategy and product roadmap;
2. defining the job requirements according to the skills needed in the Department to ensure growth and delivery,
3. creating job descriptions,
4. ensure the following steps of the recruitment process: technical assessment, cultural fit interview,
5. making job offers in close cooperation with the Talent Acquisition Team,
6. and ensuring the successful onboarding of new employees.

The Hiring Manager is also a unit budget owner, which means that he/she is accountable for the salary amount offered to a final candidate according to the combination of technical assessment outcomes and salary ranges provided by the HR team.

Vacancy. A vacancy is an internal term which refers to an open position or job within Evolution that needs to be filled. The reasons for vacancy creation are two:

1. new (this is for growth and means the team requires an additional headcount to deliver results designed in the product roadmap);
2. replacement (it could be due to an employee leaving the company or the decision to replace the underperformer. The unit's headcount stays the same).

The vacancy has the following obligatory requisitions:

1. Title
2. Seniority
3. Team/Department
4. Evolution Hub (i.e. location)
5. Reason for opening

6. Due date to be filled in (quarter)
7. Name of the Hiring Manager
8. Name of the Talent Acquisition Partner/Specialist responsible for the project

9. Job description

10. Any additional information that would help to find the right person
The need transfers to a vacancy once it has been:

- approved by the Hiring Manager with the due date definition (the exact quarter when the person is expected to join the team);
- Talent Acquisition accepts all the parameters following the assessment of timelines/location capacity/Talent Acquisition capacity.

The recruitment team handles the vacancies' operational management in the online applicant tracking system SmartRecruiters.

Talent Acquisition Team manages the entire recruitment process within Evolution Engineering. They work with Hiring Managers to understand their staffing needs, create job postings, screen and interview candidates, and make job offers. The recruitment team also manages communication with candidates, ensures compliance with company policies and employment laws in different Hubs, and continuously improves the recruitment process to attract and retain top talent.

The Evolution Talent Acquisition team in each Hub usually consists of:

- Talent Partners (key responsibilities are: end-to-end recruitment according to the assigned list of vacancies, candidate management, stakeholder management, and reporting);
- Talent Specialists (key responsibilities are: end-to-end recruitment according to the assigned list of vacancies and candidate management).

The headcount for the Talent Acquisition team in each Hub depends on the following criteria:

1. Number of new vacancies planned for the reporting year;
2. Turnover in the Hub (last 3 years trend), and projection for the current year;

3. The complexity of vacancies (specific teams, role levels, etc);
4. Local market situation.

The process of interviewing for Engineering may be described in 5 major steps (please see Picture 2.7. Engineering Interviewing Process):

1. HR Interview

Held by: Talent Acquisition Team (TA)

Goal: to check with a candidate the mutual interest, critical expectations from the candidate on the product, project, technology stack, required skills, and general interest to join Evolution. In addition, Talent Acquisition scans the skillset, basic cultural fit, and motivation.

According to internal statistics, about 80% of the talent pool is rejected or withdrawn at that stage.

2. Profile check

Held by: Hiring Manager and his/her team (ENG) in assistance with the Talent Acquisition Team

Goal: to review the technical skillset of the candidate, get the experience overview and get additional insights from the Talent Acquisition team on this particular candidate.

The decision to go with the home task or directly to the technical assessment has been made at this stage.

On average, we have about an additional 10% rejected candidates as per the result of the profile check stage.

3. Home task

Held by: Hiring Manager (to prepare a home task and to review it afterwards) and the Talent Acquisition Team (communication with candidates, monitoring and administration of the overall process).

Goal: the home task is designed to get a complete picture of a candidate's capabilities and how they approach problem-solving. These assignments allow Hiring Managers to evaluate a candidate's work in a more practical setting and can help to differentiate candidates who may have similar qualifications on paper. It also helps

the team to dig deeper during the next step (the technical interview) by focusing on precise discussions about what was done exceptionally well or, on the contrary.

Home task is the reason why an additional 4% of the talent pool has vanished from the hiring process.

4. Technical interview

Held by: Hiring Manager and his/her team

Goal: to revise and assess the technical skillset of the candidates, as well as to check the person's cultural fit. As an outcome, we may decide to hire or not to hire, to which particular team and/or project, and what seniority level the candidate will be offered.

1 out of 7 candidates pass the technical interview and move to the next stage with Evolution.

5. Offer

Held by: Talent Acquisition team with close cooperation with the Hiring Manager

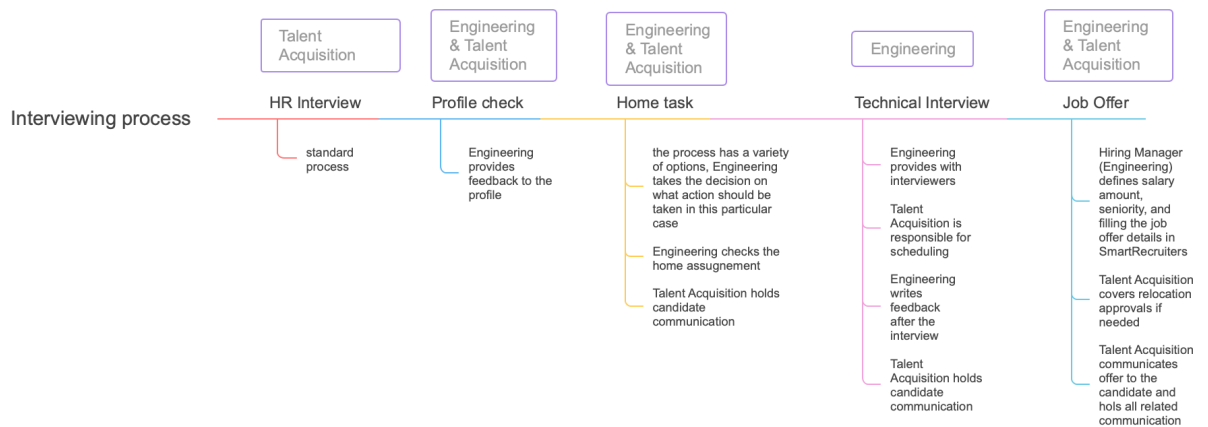
Goal: prepare and share the job offer with the final candidate. The main idea is to get an accepted job offer within three business days after extending the document.

The Hiring Manager should finalise the salary amount according to their budget, location salary ranges, and the seniority level of the candidate.

We have 40% to 100% job offer acceptance rates across different locations.

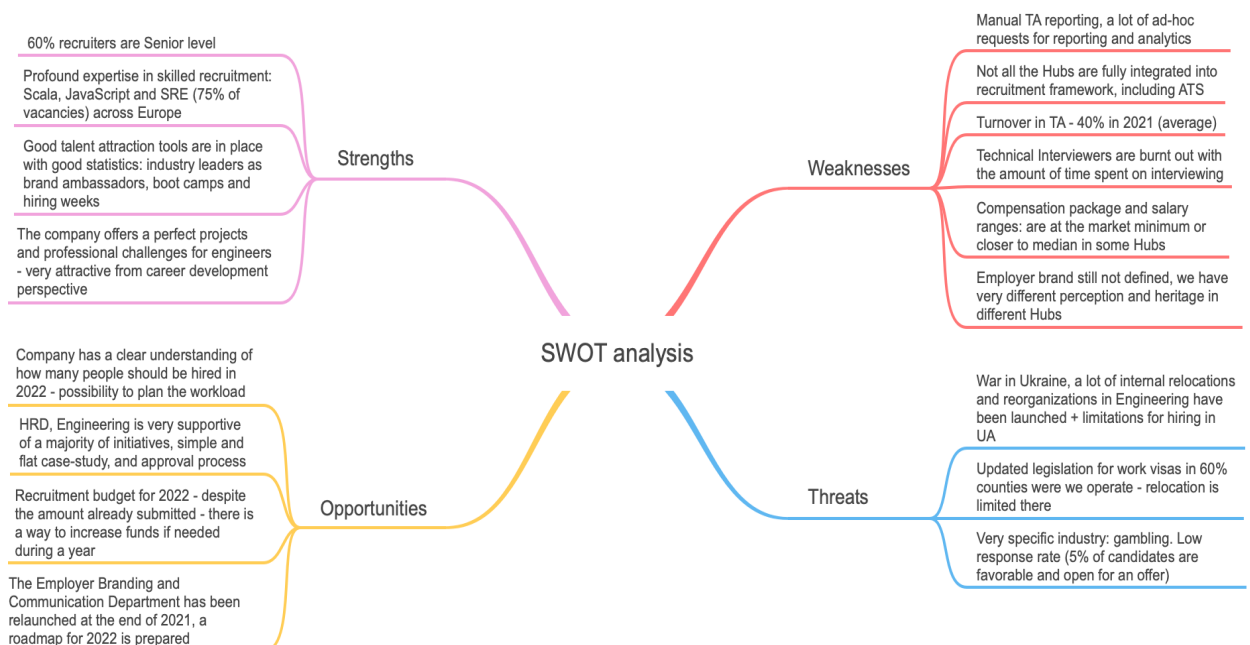
2.3. Diagnostics of the company recruitment dysfunctions

In this chapter, we will run the diagnostic of Evolution's recruitment issues and share the list of the key expectations from the stakeholders (Engineering C-level and the Hiring Managers), which they shared with the HR Director during the strategic session in fall 2021.



Picture 2.7. Engineering Interviewing Process

We will start with a general SWAT analysis of the current state of the recruitment function in the company in terms of getting a structured and well-described field for the next move with dysfunctions identifications (please see Picture 2.8. SWAT Analysis of Talent Acquisition Function).



Picture 2.8. SWAT Analysis of Talent Acquisition Function

With our next move, and to narrow down the main issues, we will use the Socio-Economic Approach of Management (SEAM) to dive deeper and identify fundamental dysfunctions for examination.

Diagnostic methods we used in the SEAM discovery process:

1. Face-to-face interviews with the key stakeholders, Talent Acquisition team, HR team, and Hiring Managers;
2. Data analysis from the internal ATS SmartRecruiters;
3. Analysis of internal procedures and regulations;
4. Photo of a recruiter's working day.

Following SEAM logic, the next step is to map and describe all the identified dysfunctions in a predefined table (See Table 2. Detected dysfunctions.)

1. Recruitment is not transparent and predictable from the data point of view. Before 2022, the updated headcount number per location was the primary numerical indicator for the stakeholders provided by the HR team monthly. This figure was a cumulative result of the following:

$$\begin{array}{ccccccc}
 \text{Headcount} & & \text{Headcount} & & \text{Newcomers} & & \text{Leavers} \\
 \text{for 01st} & & \text{for 01st} & & \text{during the} & & \text{during} \\
 \text{day of the} & = & \text{day of the} & + & \text{reported} & - & \text{the} \\
 \text{reported} & & \text{previous} & & \text{month} & & \text{reported} \\
 \text{month} & & \text{month} & & & & \text{month}
 \end{array}$$

Where “newcomers” is a mediated indicator of how many people were hired by the Talent Acquisition team in the reported period in the given location.

All other KPIs were supported by OKRs and kept on the HR Department level and were focused on monitoring the effectiveness of the Talent Acquisition team on a quarterly level. Here they are

- 1.2. The number of closed vacancies per month per recruiter - 2
- 1.3. Time to hire - 45 days
- 1.4. Recruitment agencies use - not more than 30% of closed vacancies

This dataset couldn't support the stakeholders with day-to-day operations and the proper delivery planning based on resources the company may get on a specific date. It is also why more trust is needed in the data provided and, consequently, challenging communication between the Talent Acquisition team and key stakeholders.

2. Quality of hire. Stakeholders expect the Talent Acquisition team to find the right talent that meets the technical and cultural requirements of the company within the required timelines. This includes identifying and assessing candidates with the required skills, knowledge, and experience.

We are a gaming company with a startup culture which means that cultural fit is crucial, and we have a high bar for our engineers' technical knowledge and experience.

It is also an issue with the hiring team, as they are overloaded with the interviewing while their main interest - is to be focused on their primary duties. Some technical interviewers burned out and skipped the invites wherever they could. It makes the candidate's journey with Evolution longer than planned and less pleasant.

Currently, we make an offer of 2% of engineers invited for the HR interview. The goal for the next year is to decrease the number of technical interviews by 15% by improving the quality of pre-selection and cultural fit interview outcomes.

3. Time to hire. Stakeholders expect the recruitment team to fill the vacancies in the Hiring Plan on time, avoiding delays that can impact the company's productivity and profitability. Shortly speaking, 100% execution of the Hiring plan.

This is not the case, as on average, 30% of vacancies are planned to be filled in the given quarter and transferred to the next one because no job offers were signed in the required period.

4. High turnover in the Talent Acquisition team. A Talent Acquisition person's average work term in Evolution is 14 months. Some locations are better in retention, and some are worth it, but an overall outcome is the following - during 2021, we observed 42% of the function headcount change.

From the manager's point of view, the Team Lead has filled all vacancies in the team, but they cannot guarantee 100% delivery. All of it is because some of the employees are newcomers and have their onboarding journey to be done, while other parts of their subordinates are working their notice period.

Table 2.1.

Detected dysfunctions

Dysfunction	Frequency	Possible cause	Economic effect
Recruitment is not transparent and predictable from the data point of view.	Permanently	<ol style="list-style-type: none"> 1. The ATS in use must provide the desired intersection of data and analytics. 2. Lack of detailed reporting to stakeholders on the recruitment indicators 3. Ad-hoc requests from the stakeholders on a wide variety of reports and analytics 	<p>The decisions made by the stakeholders based on available data have a 40% probability. And by the rough estimation, such requests consumed, on average, four working days of a Senior Talent Acquisition Partner in every location monthly.</p>
Low quality of hire	Permanently	<ol style="list-style-type: none"> 1. The high bar of the technical requirements for engineers 2. Lack of proper communication between Hiring Managers and the Talent Acquisition Team 3. Long timelines for interviewing and assessment due to the overload of the hiring team 4. A minimum of 25% of candidates recommended for technical assessment could be rejected in the early stages 5. Low-skill market in some locations 	<p>Hiring Managers and the hiring team have more technical interviews than the time available for recruitment. The company pays overtime an average of 40 hours per month / the average hourly cost of a Senior Engineer in Evolution is \$100. And Interviewing team has 18% more interviews than it is likely to be to meet the Engineering KPIs</p>

Continuation of table 2.1 Detected dysfunctions

The time to hire is more than 60 calendar days	Permanently	<ol style="list-style-type: none"> 1. Long interviewing and decision-making process 2. 22% of hires are relocation cases with an average time-to-start period of 90 days person in Engineering can take non-standard hiring decisions, and she is overbooked. 	<p>We have a 25% drop-off rate on the offer stage with candidates with non-standard hiring cases (including relocation) because of the bottleneck with one decision maker.</p> <p>The product roadmap delays delivery because there are no people at the right time.</p>
High turnover in the Talent Acquisition team	Permanently	<ol style="list-style-type: none"> 1. A lot of manual work 2. Hiring managers have high expectations regarding the number and quality of candidates. 3. The unwillingness of the company to respond in time to changes in the situation in the labour market makes the job offer uncompetitive (salary and benefits) 	<p>The recruiter goes to the planned indicators for closing vacancies around the 3rd-6th month of work in the company (new and challenging markets, complicated internal processes and demanding hiring managers), so out of 14 months of work - only 8-11 are in full-speed.</p>

Now we will cross-check all identified dysfunctions with the 2022 strategy for the HR function. By doing this, we will prove that it would be crucial to minimise or, in the best scenario - erase those issues to meet company goals fully. On the other hand, it will allow us to develop a strong Talent Acquisition function that may be used as a framework for most IT product companies with multiple locations. So please see the correspondence map (Table 2.2. Dysfunctions-Goals correspondence map):

Table 2.2.

Dysfunctions-Goals correspondence map

Talent Acquisition dysfunctions	HR Engineering OKR that are influenced	Company goals that are influenced
Time to hire is more than 60 calendar days	Time to hire - 45 days	Operational Excellence
	95% execution of the Hiring Plan for 2022	Increase the Gap
	Georgia Engineering hub launched, Germany Engineering hub launched	Increase the Gap
High turnover in the Talent Acquisition team	Centralized TA team created for quick launches of new hubs	Operational Excellence
	95% execution of the Hiring Plan for 2022	Operational Excellence, Product Innovation
Low quality of hire	Georgia Engineering hub launched, Germany Engineering hub launched	Increase the Gap
	Vacancies and priorities globally unified (ETAP)	Operational Excellence
Recruitment is not transparent and predictable from the data point of view	HC revised due to crisis related vacancy and priority shifts	Operational Excellence

It would also be essential to mention that the company carries out a yearly audit to offer impartial assurance regarding the efficient and effective operation of its risk management, governance, and internal control processes. Additionally, it provides recommendations for enhancements and adjustments required to achieve full compliance with market practices and standards, as well as the company's objectives.

Following the latest internal audit report (as of December 2021), the identified dysfunctions are fully matched with those discovered by our team's SWAT analysis and SEAM methodology. It is a 3rd partie additional confirmation of the right choice of change management priorities used in our roadmap for the 2022 financial year.

CHAPTER 3

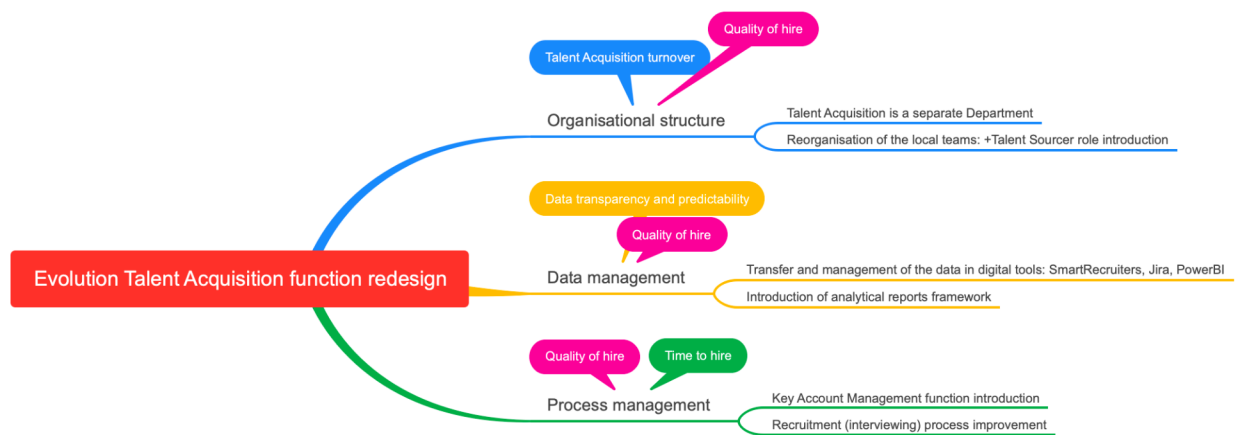
THE SHAPE OF THE FUTURE TALENT ACQUISITION SYSTEM AND THE EXECUTION PLAN

3.1. The solution description

After carefully analysing and evaluating the dysfunctions, we've created a mind map to draft the main directions and solutions. Please see Picture 4.1. Evolution Talent Acquisition function redesign.

What is also important to mention is that we see all the work ahead as a possibility to create a full-mode efficient Talent Acquisition Department which will support and take a valuable part in the company's goals achievement.

The main idea of this part of my work is to regroup all possible solutions into 3 directions, where each group will correspond to the dysfunction identified in the previous chapter.



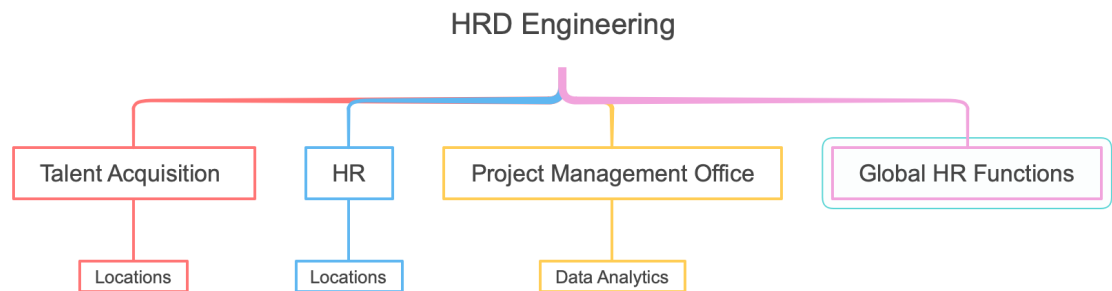
Picture 3.1. Evolution Talent Acquisition function redesign

1. Organisational structure

The organisational structure of the Engineering HR Division should be revised and enriched, and the Talent Acquisition function should be separate direction with its head, goals and framework.

Two main steps here:

1.1. The new organisational structure will work closer to the concept of the Service Recruitment Approach, where recruitment is an integral unit that works alongside the internal HR as a partner and the Engineering as an internal customer (see Picture 4.2. New HR Engineering Organisational Structure).



Picture 3.2. New HR Engineering Organisational Structure

1.2. To add an additional role to the Talent Acquisition team structure, locations level: Talent Sourcer. They will be solely responsible for job searches and initial communication with candidates (Please see Appendix A. Job Description of Talent Sourcer). A Sourcer is an entry-level position in the recruiting department, and 1 Sourcer can easily support the work of at least 2 recruiters (Talent Acquisition Specialist and/or Talent Acquisition Partner).

The Talent Sourcer's key responsibilities should be: sourcing, first-line communication with candidates, interview administration management, and reporting.

Both steps would form an essential basement for creating a scalable and well-structured organisation that could respond to any global company's plans and local challenges. This step will also improve the team's turnover rate and hire quality by

- A more comprehensive organisational structure will clear up the managerial, operational, communication, and people development flows within Talent Acquisition;
- Communication will improve within the Talent Acquisition, HR, and the overall Engineering function. It will decrease frustration and unclarity and define the clear responsibility areas for everyone;

- An additional entry-level role is aimed at decreasing manual and simple work for experienced recruiters;
- It will also create a clear career path with 4 layers, which will help engage and retain people.

2. Data Management

It is the most time-consuming challenge and the hardest to implement, requiring habit change and a new data framework introduction. But anyway, in the digital world, every organisation should go digital, especially those in the tech industry.

Also, two steps are planned under this umbrella:

2.1. Transfer and manage the recruitment data in digital tools: SmartRecruiters, Jira, and PowerBI.

- We already have ATS SmartRecruiters, but it wasn't used in all the Hubs. So the very first step is to transfer all the vacancy operations into this ATS.
- Furthermore, we insist on creating a SmartRecruiters framework for Hiring Managers with all required accesses. They must leave comments on candidates' cards, write interview reports, confirm moving the candidate to the final stages, and confirm all the job offer details. We plan to use this ATS as a primary communication system during interviewing and hiring.
- We will transfer the Hiring Plan from Excel to Jira with shared access to this space with the Hiring Managers. We started working with Jira records during the quarterly sessions with Engineering and used this tool as a primary one for a helicopter view of the company's hiring plans;
- We will create reporting section in Jira based on the Hiring Plan updates so that all stakeholders are able to keep tracking the progress daily and the source of data is reliable for everyone;
- Based on SmartRecruiters and Jira data, we created a PowerBI dashboard. Our stakeholders could monitor on monthly basics all crucial recruitment KPIs and dive deeper into details in each location if needed.

2.2. We will introduce an analytical reports framework for the stakeholders. The analytical report is a quantitative-qualitative document each Hub Talent Acquisition team prepares quarterly (Please see Appendix B).

It will be about:

- Local labour market overview, with up-to-date changes, challenges and everything that affects (helps or otherwise) recruitment in this particular location;
- Candidate sources overview and analysis;
- Rejection/withdrawal rate overview and analysis.

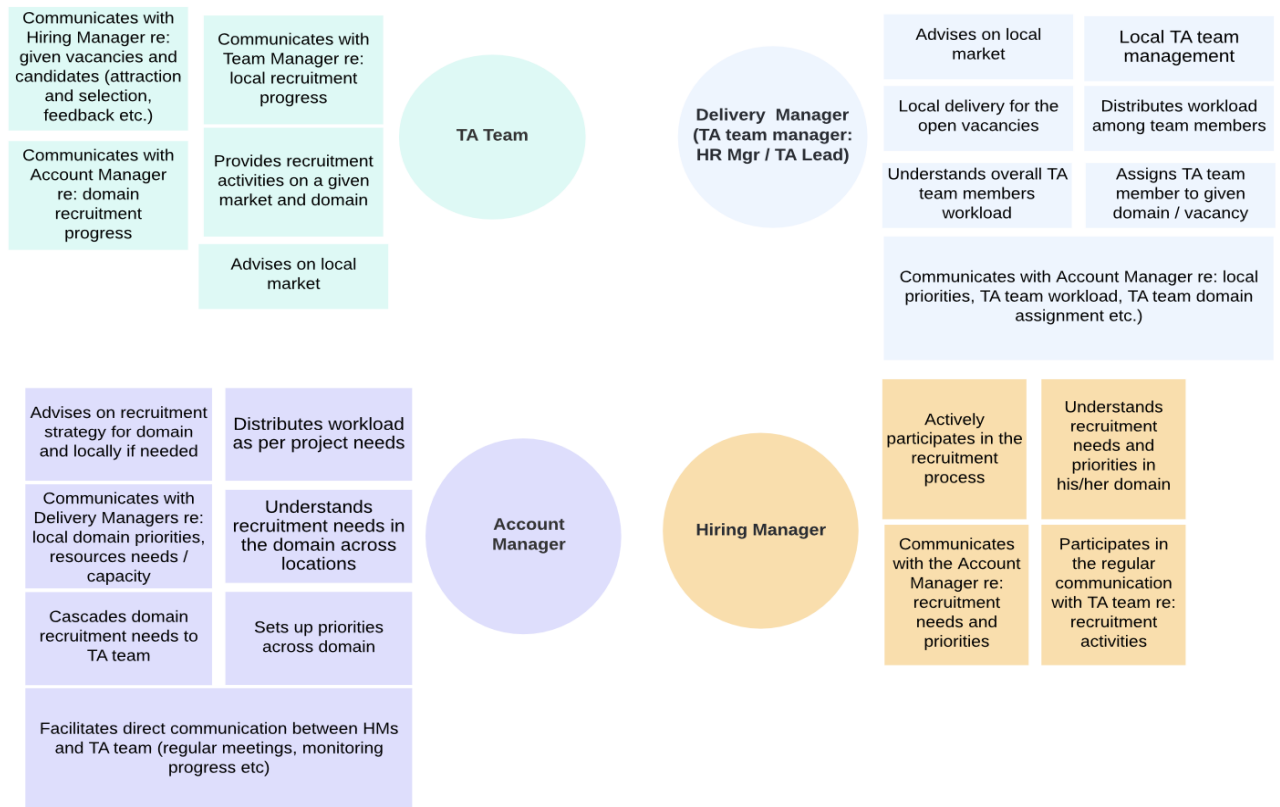
Through both data use transformations, two significant dysfunctions are expected to be met and improved: data transparency and predictability and quality of hire and overall hiring decisions in the organisation.

3. Process Management

None of the improvement projects can win without process revision. So, we are in this boat too. Based on the company's bottlenecks review, two main areas for improvement will positively affect two recruitment dysfunctions: low quality of hire and an exceeded time to hire.

3.1. We plan to reinvent Talent Acquisition and Engineering communications by introducing a Key Account Management framework (KAM). The main idea is to transform the chaotic multiple-level communication flows that currently operate in Evolution into a structured framework with well-defined areas of responsibilities and dotted lines.

You can find the helicopter view on the suggested new KAM framework in Picture 3.3. The Account Management Framework for Talent Acquisition. The main functionality of each role accompanies the structure. And Picture 3.4. The communication model for the KAM framework in Talent Acquisition shows the updated communication flow for the new KAM model.

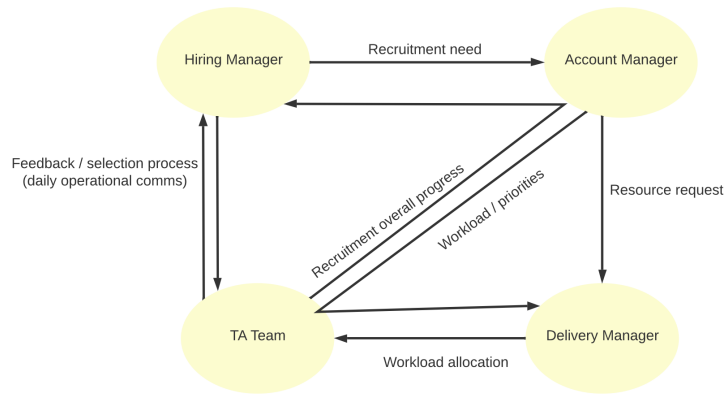


Picture 3.3. The Account Management Framework for Talent Acquisition

By having the KAM person from the Talent Acquisition side, the Hiring Manager who is responsible for hiring for the division/department will get:

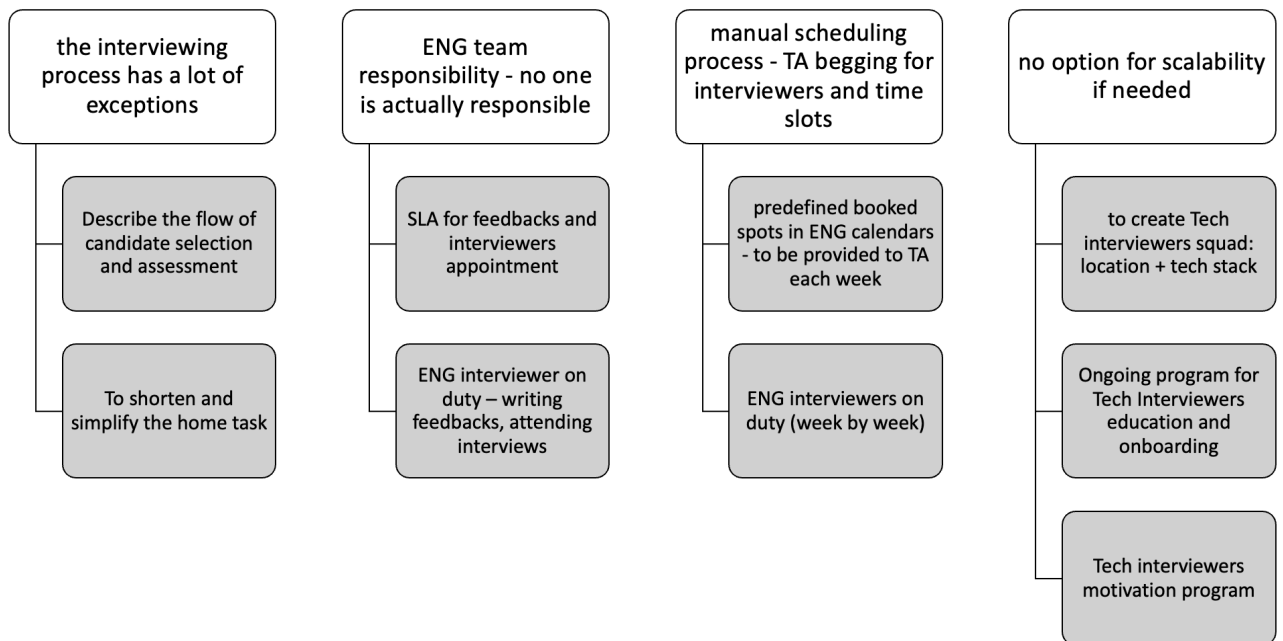
- one single point of communication on Hiring Plan updates, recruitment strategies, bottlenecks identification, and solutions;
- one window for revision and updates of location hiring strategy;
- one single point for additional monitoring and reporting on department recruitment delivery if needed;
- responsible person for ad-hoc department recruitment issues management if needed.

3.2. The interviewing process needs improvements because currently, different stages are managed either by the Talent Acquisition or by the Engineering



Picture 3.4. The communication model for the KAM framework in Talent Acquisition

and Talent Acquisition cooperation, or purely on the Engineering side. This means there isn't anyone who controls all deliveries at once. Partially this issue will be solved by the KAM model, but the process needs to be re-engineered and well-described.

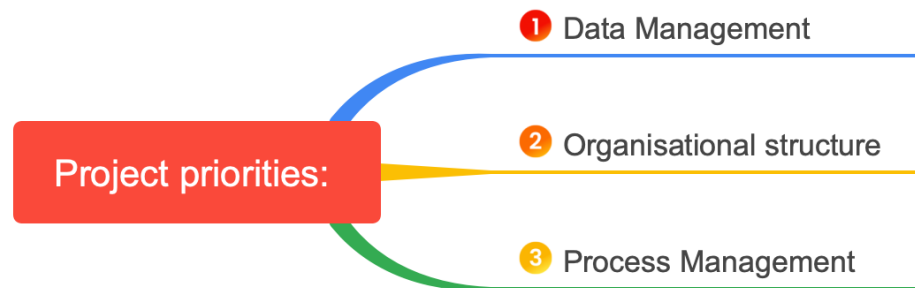


Picture 3.5. Interviewing process upgrade suggestions

From the Talent Acquisition perspective, the main pain points that add an average of 14 days in time to hire calculations and deny the system's scalability are on

the Engineering side. So we've prepared a list of suggestions for further discussions with the CTO and key Engineering stakeholders (Please see Picture 4.5. Interviewing process upgrade suggestions).

Considering all three projects as significant changes and challenges for the HR Division, it was decided to apply priorities for proper project management and alignment with the company goals. See Picture 4.6. Project priorities.



Picture 3.6. Project priorities

1st priority - Data Management. The decision to start with data management was taken with the following ideas:

1. Transparency: A proper data management and reporting system ensures recruitment decisions are based on accurate and relevant information, making the process more transparent and fair.

2. Compliance: With data privacy regulations like GDPR, handling recruitment data carefully is essential. A proper system can ensure that data is stored securely and complies with relevant laws.

3. Analysis: A proper data management and reporting system can help identify trends and patterns in recruitment data, allowing you to make informed decisions and improve recruitment strategies.

4. Accountability: With a proper system, tracking recruitment metrics and holding individuals accountable for their performance is easier.

5. Efficiency: A proper system can help automate some recruitment processes, making it quicker and easier to handle large amounts of data and make informed decisions.

6. Improvement: With access to accurate data, it becomes possible to identify areas where your recruitment process can be improved and make necessary changes.

And last but not least, by resolving data dysfunction, we can build the fundamental basement for both other projects.

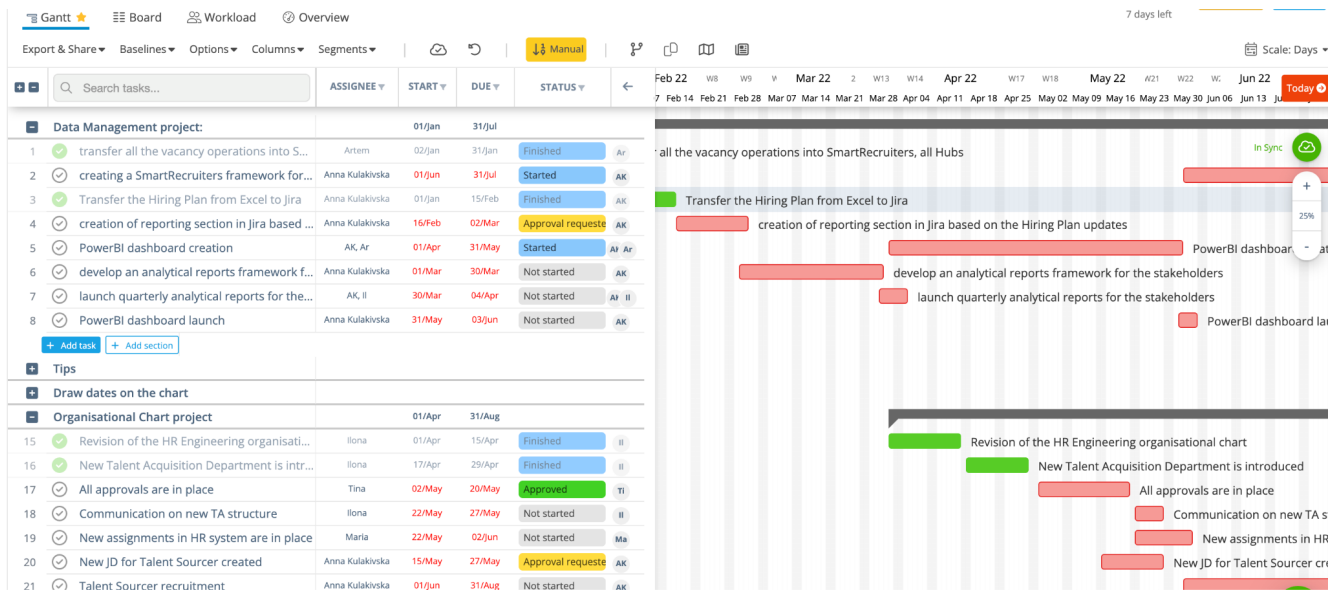
2nd priority - Organisational structure. We can provide you with an analogy here - having solid ground (firm data management soil), we can grow a strong and mature tree that could keep growing and fructifying no matter what the weather covers our garden. With the idea of revising and creating a suitable and scalable organisational structure comes an understanding of the impossibility of doing this without the correct statistic, plans, and analytics.

And, of course, in terms of fulfilling the primary function of any company recruitment department - hiring the right people in time - you need the proper structure and the right amount of human resources.

The organisational chart decomposition can be done in parallel with priority #1 project steps, but based on the reliable data, the new data management system will provide.

3rd priority - Process Management. To start with a quality upgrade, you must ensure the core framework works at its best. So tuning the significant bottlenecks in recruitment processes takes time and resources from the whole Engineering ecosystem and can be done following projects with a direct impact on the financial result of the whole company.

Having approved the projects' priorities list by the HR Director, Engineering, our next move is to do a planning and delivery management exercise. To make it the proper way, we chose to use a Gantt diagram (<https://app.instagantt.com/r/> application), where we can set up the deadlines, assign responsible employees, and monitor the delivery daily. Please see Picture 3.7. Gantt diagram for projects delivery.



Picture 3.7. Gantt diagram for projects delivery

3.2. KPIs of a successful project and project economy

To ensure proper monitoring of the projects and subtasks delivery, it is crucial to understand what successful delivery looks like. In this chapter, we will share a set of essential KPIs to keep track of and set up goals for the whole company.

If looking at the improvements and system forming project from the helicopter point of view, 3 KPIs would be affected by all project stages:

1. Quality of hire
2. Average time to hire (Time to hire if shortly)
3. Talent Acquisition Department turnover.

All the indicators are monitored:

- by period (month, year),
- by location (Hub),
- by a recruiter (relevant to the two mentioned above indicators (quality of hire and time to hire),
- and for a whole Talent Acquisition team for Engineering across all locations.

Quality of hire

The quality of hire can be measured to determine how effective the recruitment process is in selecting productive employees. When the right talent is successfully matched with the appropriate position, it can significantly impact the overall performance of a company. However, if a new hire is placed in the wrong job, their performance rating will suffer, negatively affecting the hiring process and hindering organisational objectives. Conversely, an engaged and high-performing employee who remains with the company indicates an effective hiring process. It is crucial to assess the effectiveness of your hiring process to address any shortcomings and reinforce successful strategies.

According to experts in the field, effective measurement of the quality of hire would offer to calculate both pre- and post-hire quality. By pre-hire quality, we may assume calculating:

- new-hire attrition,
- time-to-hire,
- and candidate assessment scores

In this project, we will monitor the new-hire attrition rate, which is also a part of the onboarding KPIs, managed and controlled by the HR team, and shared with Talent Acquisition. And the Time to hire indicator we have as a separate KPI, and we will discover the details later in this chapter.

Post-hire quality would assess the employee's time taken to adapt, their performance and productivity metrics, and peer ratings. In my project, by post-hire indicators, we would monitor the Net Hiring Score (NHS), a SmartRecruiters feature that calculates the fit between new hires and jobs. According to SmartRecruiters basics, the NHS should be calculated in the following way:

- "Having hiring managers rank a new hire's ramp-up time by asking the following question: On a scale of 0-10, how much of a fit is this new hire for the job?
- Having new hires complete the following question after ramp-up time: On a scale of 0-10, how much of a fit is this new job for you?

- Results are then gathered and categorised into the percentage of those who answered 9-10 (Great fits) and subtracted from those who answered 0-6 (Poor fits). Then multiply this result by 100 to determine your NHS."

The NHS ranges from -100 to +100 and gives an assessment of overall hiring effectiveness. A better score shows a higher result.

We have this feature automated, which means when the recruiters close the project in the ATS, the questionnaire to the hiring manager is sent automatically. The response rate for the questionnaire is not very optimistic thus, but by having at least 45% of feedback, we can monitor the quality of hire for Engineering trends.

Average time to hire

The time to hire refers to the duration from when a candidate is identified or submits an application for our job posting to the moment they accept our job offer.

Time to hire = day candidate accepted an offer (moved to "accepted job offer" step in SmartRecruiters) - Day candidate entered pipeline (was registered in SmartRecruiters).

Calculating the average time to hire is also a very simple move. If the company was recently hired for four roles, the time to hire for those positions was 37, 15, 72, and 64 days. The equation is $(37+15+72+64)/4=47$ days.

Important to mention that due to the global approach to recruitment in Evolution, we are not including the notice period in our calculations (like, expanding the indicator to Time to fill state), as in different countries where we operate, there are very different notice periods requirements (from 2 weeks to 6 months), and we can't take it as a fair calculation to assess the efficiency of different local recruitment teams.

Those calculations are made automatically in SmartRecruiters and are part of regular reporting.

Talent Acquisition Department Turnover

Employee turnover, also known as the employee turnover rate, quantifies the number of employees departing within a designated timeframe, typically spanning one year. While the overall number of departing employees is commonly used for measurement, turnover can also be assessed within specific divisions or demographic

segments within the organisation; in our case, we monitor Talent Acquisition Department turnover specifically. We will also not specify the cause of leave (voluntary or not), as all that matters in this case - is how many people are leaving the department and how many people should be replaced during a given period of time.

The formula is the following:

Determine the number of employees who left within a specific period, such as a month, quarter, or year. Calculate the average number of employees who worked during the selected time frame. Divide the total number of employees who left by the average number of employees. Multiply the result by 100 to obtain the employee turnover rate.

Aggregating all states of KPIs in one table (as is and to be after the successful project delivery), we have the following picture now. (see Table 7. KPIs delivery map).

Table 3.1

KPIs delivery map

KPI		Value	Starting point (end of 2021 report)	Goal (end of 2022 report)	Expected improvement
Quality of hire	New hire attrition rate	per cent	18	5	13% less
	Net Hiring Score	per cent	78	85	7% better
Time to hire	Average	calendar days	60	45	33% less
Turnover	Talent Acquisition Department	per cent	42	25	17% less

The goals are set by the HR Director, Engineering. The main goal is to significantly improve all three KPIs on the annual basics (“Expected improvement” column). Still, the progress will be monitored internally in the HR Division monthly and quarterly. This will allow us to

1. To check the improvement curve with reasonable frequency;
2. To identify the bottlenecks in time;
3. If the descending trend is clear, resolve the issues shortly after identification or in advance.

Every project within any business needs to have financial reasons in the first place. And those reasons should positively impact the company’s profit or indirectly on operational excellence, which, by all means, also impacts the company’s profit.

In the product IT company business model, the recruitment function is a pure back-office department without directly influencing critical financial performance indicators, such as revenue or profitability. In most cases, recruitment either saves money for the organisation or spends it with a positive Return On Investment (ROI, the calculations are the following: by dividing the net profit gained on an investment by the cost of that investment.).

Step by step, we will identify and transform into financial data different types of inputs (aka investments) and all the outcomes (aka expected revenue) from the planned activities. Consequently, it is possible to calculate the ROI of the roadmap for 2022.

1. Data Management Reinforcement

Under the data management reinforcement project, we mainly talk about changes in workaround, habits, and tools usage. And by tools usage, we mean that under this project action plan, the company should go with a more profound use of existing and, a long time ago, integrated software, such as ATS SmartRecruiters, Jira, and PowerBI. No additional investments are needed. This part of the project's main direct financial impact will be calculated by analysing the time (total cost) of all involved specialists fully dedicated to the project. See Table 3.2. Investments in Data Management Project.

Table 3.2

Investments in Data Management Project

	EUR	Total investmets, project
Cost per hour, average	30	90
Quantity of hours per person dedicated to project	50	150
Quantity of Talent Acquisition Leads, involved in the project	3	
		13500

To summarise, total investments for the data management framework upgrade will cost the company 13 500 EUR. Meanwhile, it would be vital to mention that improvement project assignments are part of the job description of all three Talent Acquisition Leads; the amount of time spent on the projects is reasonable and doesn't affect the project pipeline. Following this, it would be optional to include this amount in the "Investment" part of the project's ROI calculation.

2. Organisational structure upgrades

With the decomposition of the HR Division organisational structure, there is an option to calculate both the inputs and outputs of such a transformation, meaning it is possible to observe a direct financial impact on the revenue of the whole organisation here.

Introducing the new Talent Sourcing role will require a certain amount of direct and indirect investments and will consist of two costlines - please see Table 3.3. Talent Sourcer hires investments.

Table 3.3

Talent Sourcer hires investments

	Cost per 1 Talent Sourcer, EUR	Total investmets, annual
Cost per hire	500	3500
Annual salary budget, average	800	67200
Quantity of Talent Soucers to hire	7	
		70700

Cost per hire (indirect investment) includes costs for advertising in different locations and per hour for the interviewer and the hiring manager. This amount is much lower than the average cost per hire in Engineering, as we go here with passive search and good feedback from the market. No need for headhunting and unique advertisement campaigns.

The amount is the average salary (direct investment) for different locations where we are planning to hire such specialists (the range is from EUR 650 to EUR 900) gross).

To summarise, the total investment for the Talent Sourcer role introduction into the Talent Acquisition organisational chart is 70 700 EUR.

The revenue part also requires complex calculations, and we have to use the following consequent steps:

1. We'll start with calculating Revenue Per Employee (RPE) - an average indicator expressing the company's revenue per employee. The company's data is taken from the company public financial report for investors: "Year-end report | 2021-2022 | Evolution AB (publ)".

The formula is simple: Company's profit divided by the headcount (average number of FTEs). Please see Table 3.4. Revenue Per Employee Calculations.

Table 3.4

Revenue Per Employee Calculations

	Amount, EUR
Profit for the period	605 435 000
Profit margin	39,6%
Average number of FTEs	7 917
Profit Per Employee	30 283

2. Calculations of the increase in closed vacancies because of the Talent Sourcer role introduction. In simple words, we'll be able to find out the upgrade in efficiency (in vacancies) of the new organisational structure of the Talent Acquisition team local level.

The formula is the following: this is the difference between the number of vacancies closed during the year by the current team and the expected number of closed vacancies closed by the new team, including Talent Sourcers.

Our calculations are also based on the assumption that 1 Talent Sourcer will support 2 to 5 Talent Acquisition Specialists and Talent Acquisition Partners and will increase their productivity by 45%.

3. The additional 72 employees will require additional investments, like cost per hire (EUR 1400 / employee, an average cost per hire in the company in 2021) and

their salaries budget. So the salaries budget should also be included in the calculations. We have decided to take the budget for six months, as the average working period considering the hirings will happen throughout the entire year, and the average salary per person - is EUR 3000). To sum up, the additional cost of additional hiring would be equal to 1 396 800 EUR.

Table 3.5

The expected increase in closed vacancies in 2022

	2021, current state			2022, plan			Expected increase in closed vacancies
	FTEs	Qty of vacancies /month	Qty of vacancies /year	FTEs	Qty of vacancies /month	Qty of vacancies /year	
TA Partner	18	3	36	18	6	72	72
TA Specialist	20	4	48	20	7	84	
TA Sourcer				7			
	38	7	84	45	13	156	

Table 3.6

Additional investments in an additional hiring capacity

	Amount
Additional hiring, FTE	72
Cost per hire, EUR	1 400
Average salary per employee, EUR	3 000
Cost per hire for 72, EUR	100 800
Salary budget for 72 for 6 months, EUR	1 296 000
Total investment for additional hiring, EUR	1 396 800

4. Having the additional workforce increases the amount in place; we can now calculate the Expected additional revenue that the company may receive in 2022, thanks to the minor change in the Talent Acquisition organisational structure. The formula is the following; see Picture 3.8. Expected additional revenue formula.

$$\text{Additional profit} = \text{Expected increase in closed vacancies} * \text{RPE}$$

Picture 3.8. Expected additional profit formula

Following the formula, we've got the desired additional revenue amount:
 $72 \times 30\,283 = 2\,180\,376$ EUR.

3. Process Management improvement

This part of the project is similar to the data management improvement, as the valuable part of the changes to be made are about the process audit, upgrade, elimination of bottlenecks, etc. We had an idea for the additional investment request - to buy a new tool allowing the Talent Acquisition team to manage multiple Hiring Managers and interviewers' calendars across all the locations and different time zones. Still, the decision to postpone the tool panel extension had been made at the beginning of such discussions.

So at the beginning of the year, we were using internal resources only, meaning that this part of the project would be delivered by the Talent Acquisition (TA Leads) and Engineering (Hiring Managers and assigning to the project technical interviewers). With such guidance, we can calculate the indirect investment for this part, which consists of the time spent on the project.

Table 3.7

Investments to Process Management Project

		Amount, EUR	Total investmets, project
Talent Acquisition	Cost per hour, average	30	90
	Quantity of hours per person dedicated to project	15	45
	Quantity of Talent Acquisition Leads, involved in the project	3	
	Total investments from the Talent Acquisition, EUR		4050
Engineering	Cost per hour, average	42	210
	Quantity of hours per person dedicated to project	5	25
	Quantity of Engineering Leads, involved in the project	5	
	Total investments from the Engineering, EUR		5250
TOTAL, EUR			9300

To summarise, total investments for the process management framework upgrade will cost the company 9 300 EUR, the 55% of this investment will be shared with Engineering Division.

ROI total

With all the previous calculations in place, it is now possible to make the final calculation for the roadmap of improvements in the Talent Acquisition area planned for 2022.

There are three steps:

1. We must calculate the total investment amount to deliver the entire roadmap.
2. To identify the final amount of expected profit that might be added to the company's revenue during 2022, grace to all the improvements from our activities.
3. Calculate ROI itself.

The first two numbers are gathered in the following table - Table 3.8. Investments and Revenues total.

Table 3.8

Investments and Profit Total

Project	Investments needed, EUR	Expected profit, EUR
Data Management	13 500	
Organisational structure	70 700	
Process Management	9 300	
Additional hiring	1 396 800	2 180 392
	1 490 300	2 180 392

Now, we have all the data to proceed with the ROI calculation.

$$(2\,180\,392 - 1\,490\,300)$$

$$\text{ROI} = \frac{\quad}{1\,490\,300} * 100\% = 46\%$$

$$1\,490\,300$$

The numbers show that the expected outcome has a huge potential to add value to the company's operational excellence. By the standards, an ROI with “+” is a sign of profitable investment; the more it is, the better. Here we can observe a significant amount that the two things could explain:

1. use of an internal workforce to deliver all the changes. Moreover, over half of that workforce was hired to do such transformational projects. Thus they will not be forced to make a decision to do the project instead of doing their direct work duties.

2. use of existing tools and applications the company already owns. No need for additional funding here, and the main idea is to expand the usage of different application features to the edge of capacity and profitability.

Change Management implementation framework

The entire project roadmap for 2022 is about substantial changes in three crucial pillars of the Talent Acquisition function stands. Therefore it is important to proceed with a well-shaped and strategic execution plan throughout all the project stages that cover all moves. We have investigated several approaches and decided to use John Kotter’s change management framework, see Picture 3.8. Change Management Framework by J. Kotter.



Picture 3.8. Change Management Framework by J. Kotter

We adapted every step in our roadmap to Kotter’s change management framework and added additional action points to our project management basket. Please see Table 3.8. Change Management Roadmap for Talent Acquisition.

Table 3.8

Change Management Roadmap for Talent Acquisition

Change Management step	Evolution action points
------------------------	-------------------------

1	Create a sense of urgency	<ol style="list-style-type: none"> 1. We presented the roadmap to the HRD and CTO, and got their approval and support; 2. The roadmap with the timelines is created, the Gantt diagram is filled, and all tasks are assigned to the execution
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Continuation of table 3.8. Change Management Roadmap for Talent Acquisition

2	Build a guiding coalition	<ol style="list-style-type: none"> 1. We gathered feedback from the internal customers, got one-to-ones with the key stakeholders; 2. We shared our plans with key stakeholders and got assurance of their support; 3. The Talent Acquisition team was informed at the beginning of the year during the HRD town hall, we got positive feedback and support; 4. We got 5 people from the TA team ready to step in in different chunks of the projects and help with realisation.
3	Form strategic vision	<ol style="list-style-type: none"> 1. KPIs have been set; 2. Strong connection on the company KPIs and strategic plans was pointed out and shared with all participants; 3. Goals for every direction of the project have been well described and kept in company's Wiki space.
4	Enlist a volunteer army	<ol style="list-style-type: none"> 1. We decided to invite HRD, Sr HR Managers, Talent Acquisition Partners and Hiring Managers in working groups by their preferences and interests; this initiative gave us a lot of side insights and created a strong ground for implementation; 2. We had project milestones reporting calls, where all interested and involved were invited. People were well aware of what and how the project goes.
5	Enable actions by removing barriers	<ol style="list-style-type: none"> 1. We had additional discovery sessions with the TA team members, key stakeholders and Hiring Managers once the bottleneck appeared. Goal for such meetings - to find the best solution on the issue from one hand, and to share the responsibility for the solution chosen from another hand.
6	Generate short-term wins	<ol style="list-style-type: none"> 1. During the reporting sessions we shared the results, successful decisions and praised those whose actions made a difference. 2. We had a funny prize "Employee of the project" - a monthly reward with cinema tickets. The cost was very low, but such attention was very well received.
7	Sustain acceleration	Despite of one fifth part of the project goals was transferred to the next year (2023), we kept our focus to do our best with what we had.
8	Institute change	Here we are still in process of making this project done, but we definitely have a majority of our stakeholders as advocates of recruitment improvement project (based on NPS questionnaire data). More than 75% of Hiring Managers support changes that were provided. Which makes us believe in success of this change management adventure.

3.3. Current state / interim achievements as of today

The project roadmap was planned for the 2022 financial year (in Evolution, it is from January 01 to December 25). Now we are at the first part of the year 2023, so it is possible to analyse and assess the outcomes of the action points that have been taken.

This chapter will share the results, insights, challenges, and successes of each part of the project and the overall impression after a year of intense work with non-overcoming issues as they see at first sight.

Table 3.8. The end of the 2022 year overview of project delivery may be observed step-by-step roadmap goals achievements with a percent estimation of delivery completion. The most successful part of the project is the Data Management transformation, with 100% of goals archived. The Organisational structure upgrade and Process Management improvement projects are on 63% and 73% of delivery, respectively. The entire roadmap was assessed up to 79% of completion, 21% lower than expected. Still, the main reasons for the gap are due to interdepartmental dependencies in some parts of the realisation of the plans:

1. In Process Management, interview process redesign specifically, we are hugely dependent on Engineering involvement and resource capacity;
2. With German Talent Sourcers hiring, we depend on the Legal and Facility Departments responsible for establishing the new Hub in Germany.

Nevertheless, 21% of undelivered action points were not failed but were put on hold in the reported year and then transferred to the new 2023 roadmap for the Talent Acquisition Department.

In addition, throughout the delivery of the project, we faced several challenges, which ended up with additional action points included in the roadmap (Columns “Challenges faced” and “Additional solutions and improvements used”).

To assess the level of satisfaction and the outcome of introduced changes, we used personal feedback sessions and NPS questionnaires to understand the added value for all users and stakeholders.

- According to the NPS reports, the average level of satisfaction linked to our improvements is 89%, which shows a very positive trend and support for the entire

change management direction we chose. Colleagues who rated the projects lower than 8 (out of standard 10 grades in the NPS questionnaire) gave us additional feedback, mostly about trying to keep their comfort with the old frameworks (“It worked for me good, no need to stress me with the additional changes”), or wasn’t supportive of the after the merge and acquisition integration processes in general (Bulgarian team feedback).

- To outline the one-to-one feedback received during all the stages, the most often used vocabulary was: “I support your actions” - over 70% of interlocutors included this meaning in conversation; then every second person (over 50% of contacted) used the phrase “finally you doing this”; and every third (over 30% of contacted) found time to share detailed feedback on the action plan with improvement suggestion from their side, which means of the high level of engagement.

Table 3.8

The end of the 2022 year overview of project delivery

Roadmap for 2022	Archieved, end of 2022, in %	What was done	Challenges faced	Additional solutions and improvements used
Data Management				
Transfer all the recruitment operations into ATS SmartRecruiters, for all Hubs	100%	1. Additional learning sessions with TA team, HR team, and Hiring Managers by request; 2. Due dates for transfer were set up Hub by Hub.	For Bulgaria it took 2 quarters (Q1-Q2), because they had another ATS they used to use	1. We created a separate roadmap for Bulgaria. 2. Introduced educational program for all BG users: HR, Talent Acquisition and Hiring Managers.
Create a SmartRecruiters framework for Hiring Managers	100%	1. The new framework for Hiring Managers was created; 2. The application was updated following new framework; 3. Hiring Managers were informed, and we had a learning session for those who required additional education; 4. The updated workaround was described and uploaded into Wiki, tutorial section.	The framework is in place, but not all the Hiring Managers use it to the extent needed, they try to skip steps if possible	in Q2 we introduced an upgrade in the framework - we made essential steps "obligatory to fill", which made impossible to hire someone without leaving comments of proper technical assessment

Continuation of table 3.8. The end of the 2022 year overview of project delivery

	100%	<ol style="list-style-type: none"> 1. Verify the current Hiring Plan in Excel up to the latest update; 2. Create the framework needed for creating vacancies as projects; 3. Work with business analytics and developers on project card update (to add necessary fields and data requisitions); 4. To transfer all the vacancy requests to Jira projects - 1 vacancy = 1 Jira requisition; 5. To regroup the vacancies by Due Date, Hub; 6. To create agile boards for the Talent Acquisition local teams based on the Jira Hiring Plan. 	The key stakeholder still prefers Excel as a source of truth.	It is possible to download the data from Jira to Excel in variety of report options. Still, all the Hiring Managers are 100% satisfied with the innovation
To create reporting section in Jira based on the Hiring Plan	100%	<p>Following reports were created:</p> <ol style="list-style-type: none"> 1. Vacancies status by Hub / Department / Hiring Manager / Technology; 2. Newcomers list by Hub / Department / Hiring Manager; 3. Closed vacancies per requested period by Hub / Department / Hiring Manager / Technology / Recruiter; 4. Number of open vacancies per Recruiter / Hiring Manager / Hub / Technology. 		Engineering was so impressed by the reporting and analytics section, so that they created their separate pages with their personal reports based on Hiring Plan data
Analytical reports framework for the stakeholders development and go live	100%	<ol style="list-style-type: none"> 1. The draft of the analytical report was created; 2. TA team was informed, the educational session was taken place; 3. First report was prepared in cooperation with TA Lead in Q3 2022; 4. Feedback session with Hiring Managers 	Throughout both quarters, when this report was presented, we keep receiving requests for additional data to be included in the report. So the final shape of the quarterly presentation is still in progress.	We created a workaround of how we receive such request on additional analytics, evaluate them (from the resources capacity and potential usability point of view), and keep working on the shape of the report. We expect to stop with upgrades in Q3 of 2023

		was organised; 5. The draft of the report was updated in Q4.		
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Continuation of table 3.8. The end of the 2022 year overview of project delivery

Data Management roadmap goals achieved, %	100%			
Process Management				
Introduction of a Key Account Management framework (KAM)	100%	<ol style="list-style-type: none"> The draft of the KAM framework was created The draft is presented to HRD, and we got an approval The KAM framework was presented to the Hiring Managers, we collected feedback, and discussed all possible bottlenecks The Key Account Managers were appointed for each Engineering Department Starting from Q3 the KAM workaround and communication framework went live 	It took 2 months to meet all the Hiring Managers and to realign with them about workflow and communication changes. The feedback was the following: 70% of HM accepted the new rules, and follows, 20% asked for a more simple workaround due to low quantity of vacancies they need to be closed, and 5% were not favorable to the changes	<ol style="list-style-type: none"> After 1st half of the year we revised the framework, and created two options: simple (with fewer steps), and extended With "oldfashion" Hiring Managers we were forced to ask for CTOs support in communication
Interviewing process revision and improvements	25%	<p>The ground work was done (all that require Talent Acquisition capacity):</p> <ol style="list-style-type: none"> the interviewing process is analysed; Bottlenecks are identified; List of improvements developed. 	due to the lack of time and resources from the Engineering side, the project was put on hold	<ol style="list-style-type: none"> The project is transferred to the 2023 roadmap Additional tools for interview scheduling and technical assessment should be considered - a separate project for 2023
Process Management roadmap goals achieved, %	63%			
Organisational Structure				
New organisational structure of the HR Division with separate management line for the	75%	<ol style="list-style-type: none"> The draft of the new HR Division org chart was prepared by HRD and Senior TA Lead; Approved with the Global HRD and CTO; 	In several countries, due to the historical background, the TA team will keep staying under the local Sr HRM	The new chart of HR Division is in place, and approved by all stakeholders. The implementation for 8 Hubs 100% completed till the end of the year. For Sweden, Latvia, and Bulgaria - separate roadmap is created and agreed

Talent Acquisition			supervision till the middle of 2023	
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Continuation of table 3.8. The end of the 2022 year overview of project delivery

To hire 7 Talent Sourcers	71%	1. The priority Hubs for hiring were defined: Poland, Bulgaria, Portugal - those Hubs with the heaviest hiring plan for 2022 2. The responsible Tas for search were appointed, the vacancies were posted, the selection process was done; 3. We hired 5 out of 7 planned Sourcers. 4. All 5 successfully passed probation period.	2 vacancies were put on hold, as they were appointed for the new Hub launch - in Berlin, Germany, and we stuck on the legal entity registration - it took longer than was expected.	2 German roles were transferred to the 2023 Hiring Plan.
Organisational structure roadmap goals achieved, %	73%			
Total project roadmap goals achievement, %	79%			

The following important indicators to assess and discuss - are the project KPIs. Please see Table 3.9. KPIs delivery map, end of 2022.

We managed to meet the goal for the Talent Acquisition turnover - 100% of success (now it is 25% as was ambitiously planned). There are three key reasons for such a good result: 1. Changes in the TA organisational chart gave people an understanding of the rising importance of their job, the clear career path, and the fewer levels of management all together increased the level of their engagement (according

to the eNPS questionnaire we observe increase for 10 percent points), and, as a consequence, decreased the turnover rate. 2. With the Talent Sourcers role and the new Data Management framework introduction, we managed to decrease the amount of manual work by up to 2 hours per person per week (for 50%, and this indicator keeps falling). 3. In 2022, we gradually finished the Bulgarian hub integration process, and most dismissals that affected the turnover rate happened in 2021, so in 2022, we organically got fewer resignations due to cultural fir mismatch than in 2021.

Time to hire KPI improved significantly - 17% from the initial amount but didn't reach the level planned (57% still to go for the goal). This is very much connected with the process improvement part of the roadmap, which was delivered for 63% in 2022, and postponed its delivery to 2023 following the management decision. 17% of improvement was reached due to the Talent Sourcer work, as we managed to increase the initial pipeline up to 25% and the response rate up to 18% (according to SmartRecruiters analytics).

Quality of hire has 70% success from the planned amount, with a very good improvement in the New hire attrition rate (we have dropped from 18% to 7%) and a moderate drop in the Net Hiring Score (57% of what was planned to reach). Still, with the Net Hiring Score, we managed to pass the 80% mark, which gives us a good signal of positive trend grace to all changes made. Thus, we expect to reach the Quality of hire goal in the first half of 2023.

Table 3.9

KPIs delivery map, end of 2022

KPI		Value	Starting point (end of 2021 report)	Goal (end of 2022 report)	Result, end of 2022	Success level, in %
Quality of hire	New hire attrition rate	per cent	18	5	7	82%
	Net Hiring Score	per cent	78	85	82	57%
Time to hire	Average	calendar days	60	45	50	57%
Turnover	Talent Acquisition Department	per cent	42	25	25	100%
Average level of success						74%

Last but not least, the ROI calculations for the end of 2022. We have updated numbers for the company's profit (Public reports for investors, end of 2022 results);

thus, the column profit has been updated, and some minor changes in investments, as not all the projects and hires planned were delivered for 100%, thus we had to spend less money for it. Please see Table 3.10. Investments and profit calculations for the end of 2022.

Table 3.10

Investments and profit calculations for the end of 2022

Project	Investments, EUR	Profit, EUR
Data Management	13 500	
Organisational structure	50 500	
Process Management	2 940	
Additional hiring	1 319 200	2 550 828
	1 386 140	2 550 828

Now, we have all the data to proceed with the ROI calculation.

$$(2\,550\,828 - 1\,386\,140)$$

$$\text{ROI} = \frac{\quad}{1\,386\,140} * 100\% = 84\%$$

This gives us 38% better ROI than the planned one, with 79% of the delivered roadmap and 74% of KPIs reached. The nicer ROI comes from

1. The less money spent: 21% of the roadmap is transferred to the 2023 roadmap with its investments falling into the 2023 budget).
2. We also hired fewer additional employees (68 instead of the planned 72) due to -2 Talent Sourcer's lack of capacity.
3. In addition, the company's profit in 2022 is 72% better than in 2021.

Next steps.

With the end of 2022, nothing stops in the improvement processes and the idea to build the efficient and best class delivery Talent Acquisition organisation. We still have several action points for the 2022 project, transferred to the 2023 financial year, such as

1. Process Management: Interviewing process revision.

2. Organisational Structure: Keep hiring Talent Sourcer (+2 in Germany).

In addition, several additional action points were born from the execution process, either through the stakeholders' feedback or by the execution team's experience and new horizons discovery. So, we understood that in 2023 it would be important to keep working under all three directions for improvements (Data, Process, Organization), but to extend action points to the next level:

Data:

1. We have to technically merge two existing ATS: SmartRecruiters (owner Talent Acquisition department), and Sage (HR Department owns it), in terms to be able to:

- have one smooth process which covers the entire candidate-employee journey;
- unify the reporting frameworks, as recruitment reporting is just a part of the HRM system of the entire company, and can't stand alone with the high level of digitalisation.

2. To automate Quarterly analytical reports, as this is still manual work.

Organisation:

1. To build Talent Sourcers organisation, to create a clear career path and options for this skill development in Evolution. This would affect the Talent Acquisition turnover and Quality of Hire.

Process:

1. To consider new applications for interview scheduling and technical assessment should add to the recruitment toolset. This would positively impact Time to hire, Quality of Hire, Hiring Plan delivery, and turnover both in Talent Acquisition and Engineering.

SUMMARY

The key idea of the thesis was to show, using the example of one specific IT product company, how to build a recruiting organization as efficiently as possible, which will be correctly embedded in the context of the entire organization, and whose results will support and positively influence the strategic goals of the whole company.

The initial assumptions for the project were as follows:

There is a rare chance to build a recruiting function from scratch. As a rule, you must work with an established organization, historical heritage, and partial working processes. In this work, we describe just such a scenario.

Any function in any organization is not entirely autonomous but often, in principle, is tightly integrated into the overall infrastructure and cross-functional processes. Therefore, all analysis, revision, and assessment of the current state, as well as planning for changes, is necessary, considering all significant elements of the entire ecosystem. In our case, the Talent Acquisition function is part of a higher-level HR structure and is an internal supplier for the Engineering Division. We were forced to do all the design and implementation actions in close cooperation with representatives of these two organizations.

To effectively build or continuously improve the work of the Talent Acquisition function, it is essential to work consistently in several directions:

Create a well-structured and clear architecture of the TA department. To build an architecture that will fully respond and be effective in the current business model of the entire company. And also the one that will allow us to fully cope with the tasks set for the function today and the company's strategic plans tomorrow.

Develop or reinvent the processes that directly affect the efficiency of task completion, as well as ensure effective communication throughout the function's ecosystem. In our case, an additional important request in the process management of the TA Department is to provide the ability to quickly and efficiently respond to scaling of work volumes and apply smoothly in new locations (whether it is a newly created hub or a company that is under integration process into our organization as a result of a merge and acquisition).

Establish or improve a performance management and reporting system. Data on how the function implements the fulfilment of its goals and KPIs is the basis for the decision-making of the organization's management both at the level of the control of the recruitment department and at the level of HR management in general and for the primary internal customer of our services - Engineering. Understandability, accessibility, reliability and predictability are the main principles that guided us in working on this part of the project.

All organizational changes, regardless of their scale, must meet, first, the overall strategy of the company; secondly, to be economically justified; and third, to have clear performance criteria. We wanted to understand exactly how our actions will bring added value to the company and colleagues, what milestones will make it clear to us that we are moving in the right direction, and how our actions will improve what somehow worked before us.

Also, it is vital to consider that such projects for the organization are evaluated as change management in the current still working state. Psychologically, most employees and management perceived any changes with suspicion and resistance, even with severe internal demand and financial confirmation of their necessity and irreversibility. Therefore, it is necessary to approach change management systematically and comprehensively. We used Kotter's eight steps methodology, which proved to be a very effective way of working with the company landscape, communications, and the logic of prioritizing and action planning.

We incorporated all of the above assumptions into the basic logic of our work, which gave us a unique opportunity to make significant progress in improving the work of the Talent Acquisition function at Evolution.

Based on the project's results, which were planned for the business year 2022, we achieved our goals by 79%. We assess this result as positive but still aim for the full completion of everything planned in mid-2023.

The following has been successfully implemented:

The Talent Acquisition function has taken its rightful place in the organization; a separate organizational structure has been created with its management, independent budget, OKRs & KPIs. This upgrade allowed us to significantly reduce the turnover (from 42% to 25%) and increase employee engagement (from 62% to 72%) in TA Department.

Also, an additional role was created in the organization - Talent Sourcer and five employees were hired as part of this initiative. With this change in our recruitment and evaluation process, we increased function performance by 13% and hired 68 more people during the year.

A system has been created, and indicators of efficiency, operational monitoring and reporting have been entirely digitized. Trust in recruitment data has increased from 66% to 92% (according to a company internal audit survey). Engineering notes a significant change in the quality of their decision-making on planning their headcount growth in the context of projects, technologies and different locations. Recruitment has improved its transparency and predictability for stakeholders and digitized the assessment of the effectiveness of recruiters' work and operational activities to achieve the goals of the function. The company began to monitor and evaluate 12 more performance indicators than it was possible to do before the implementation of this part of the project.

An audit of the cooperation processes between the recruitment department and engineering was carried out, the primary bottlenecks were identified, and a plan for further work was drawn up. The Key Account Management framework was

successfully implemented, directly affecting the Time to hire (5% of improvement) and Quality of hire (7% of progress) indicators.

Not all initiatives were successfully implemented, unfortunately. For example, we decided to postpone the audit and review of the technical interview process for the next business year (2023) due to a lack of resources from friendly Engineering. On the other hand, during the preliminary work on the project, this initiative was extended with two additional project objectives and is already planned for next year as a separate work direction.

In conclusion, it is essential to emphasize that in the process of implementing the project, we managed to integrate into the workaround a significant number of tools that we discovered over the past two years at Ukrainian Catholic University Business School. Which, of course, is the foundation and success of the learning program. We sincerely appreciate that.

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40.

APPENDIXES

Appendix A

Job Description of the Talent Sourcer

role: Talent Sourcer (Engineering)

type of work: Full-time, Indefinite

Location: Warsaw, Poland

Summary of the Position:

As our Talent Sourcer, you can use your skills and experience to support our team of experienced Talent Acquisition Partners to grow our new Engineering Hub in Lisbon. Working closely with the TA Partners team, you will be responsible for achieving ambitious goals by actively sourcing candidates across various countries and maintaining a solid pipeline.

Main Responsibilities:

1. Proactively source engineering candidates nationally and internationally using a broad range of channels and techniques, including mapping the Market across countries and regions to uncover the best available talent
2. Manage initial outreach to candidates by sending engaging messages and relevant job insights before submitting their details to the Talent Acquisition Partner
3. Advertise all engineering roles in the ATS and across the various job boards and social media platforms

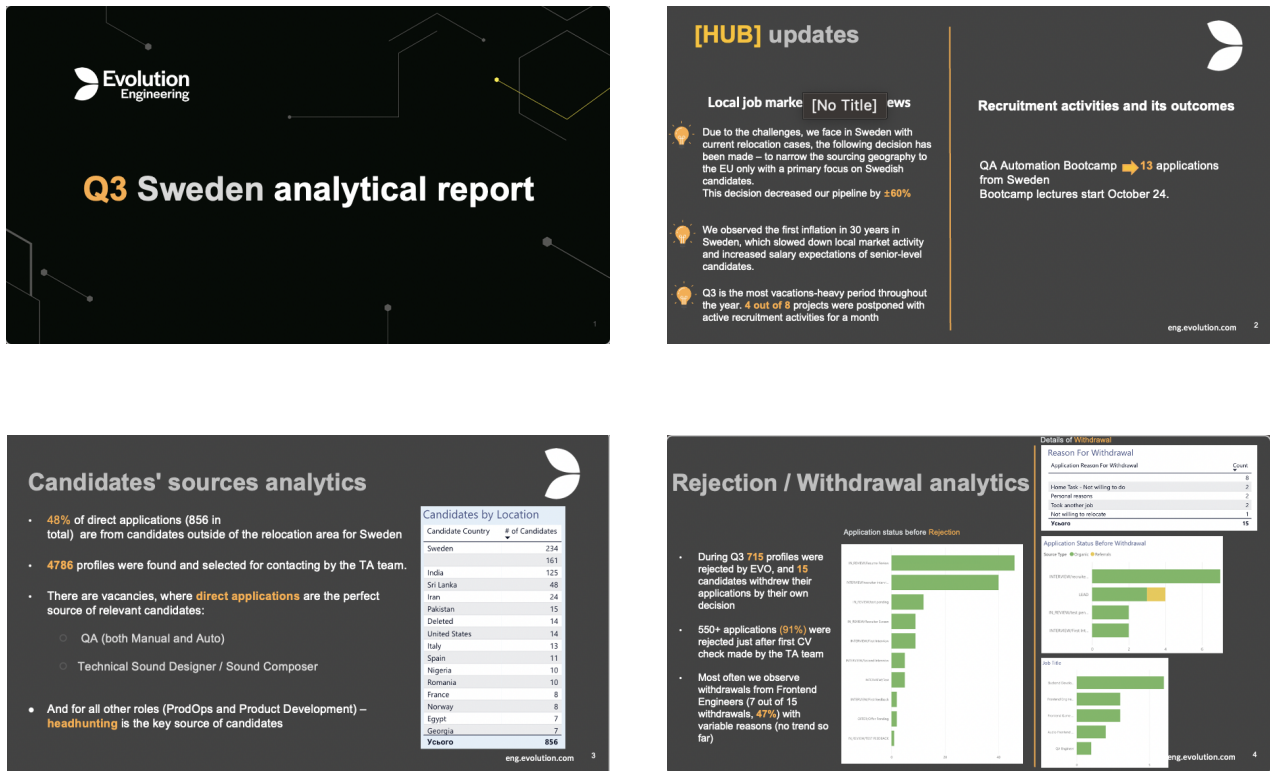
4. Use social media channels to push talent marketing content to the relevant tech communities and create talent pipelines for current and future hires
5. Acquire comprehensive knowledge, through competitor and market analysis, of where Evolution can find the best talent in the allocated geographic areas
6. Identify and engage passive candidates through creative sourcing techniques and ensure they are aware of Evolution as an employer of choice
7. Monitor and action incoming candidate queries, as well as review applications and manage the candidate shortlisting process on allocated roles
8. Organise interviews for candidates with the Talent Acquisition Partners and with hiring managers as required
9. Manage initial interview feedback to candidates as well as register the information in the ATS, ensuring the database is kept up to date
10. Support the delivery of projects as required, as well as plan, develop and assess sourcing approaches to increase own and team productivity and efficiency
11. Keeping track of all relevant sourcing metrics
12. Act as Talent brand champion for Evolution

Experience & Qualifications Required:

- Previous experience sourcing for engineering and data roles
- Knowledge of resourcing methodologies would be considered an asset
- Strong communication skills in English and Polish are a must, as well as a strong understanding of the value of excellent candidate experience
- Proactive and super organised, with outstanding time management skills
- Knowledge of social media marketing and digital networking
- Experience working with applicant tracking systems
- Driven and determined with a commitment to achieving results
- Team player with a high sense of responsibility
- Flexible and adaptable

The duties and responsibilities described in this job description are a partial list. As such, additional tasks may be assigned to the employee occasionally; The job scope may also be subject to change as necessitated by business demand.

Appendix B



Picture B.1. Sweden Quarterly Analytical Report for Stakeholders