

МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ  
ВНЗ «УКРАЇНСЬКИЙ КАТОЛИЦЬКИЙ УНІВЕРСИТЕТ»

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Магістерська робота на тему:

Building a process of quality recruiting in IT company "United Software  
Solutions"

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## INTRODUCTION

### *Problem description*

Company “United Software Solutions” offers a transparent service that recruits Eastern European programming talents for specific needs of our customers, organizes the team’s operations, and then transfers ownership to them. This is called a Build-Operate-Transfer model, which differs drastically from the normal outsourcing agency contracts that people may be used to.

Recruiting is a key function for this business model, it requires a high-quality recruiting process to fulfill customer’s needs.

Currently recruiting process has no standards of interview and selection process. We also don’t know how satisfied are our customers with our provided resources, we only do know if they are happy with us or not. These problems need to be solved.

### *Market relevance:*

In the IT market of Ukraine now, the topic of recruiting quality is something I have not seen. Never have I found an article about this or heard some speakers at the conferences, who was describing what is the quality of recruiting. Usually, most of the recruitment development topics are about making this process as fast as possible and cheap as possible, but does it mean quality recruiting? That is what I am interested to clarify.

We are finishing our studying in LvBS in a period of a pandemic of the 2020 year and an economic crisis. And during this time the market is changing each week more from the “candidates-employers” focus to “employers-candidates” market focus. In this situation of the huge proposition, management will request from recruiters a new level of providing a quality service. That is why my topic is so relevant.

### *Research objects:*

- Creation of the first recruiting policy for United Software Solution
- The current state of quality recruiting process measurement at the market;
- Measured our current recruiting process based on the market, create a plan of process improvement;
- Developed improved recruiting process, documentation, and standards of recruiters' work, candidate screening.

*Research Goals:*

To build a high-quality recruiting process, for bringing value for businesses of our customers.

*By high quality recruiting process, we mean:*

- Defined profile of our target candidates by a quality collection of requirements;
- Flexible according to customer's needs;
- Quality screening process

*Defined results of the high-quality recruiting process are next:*

- Team members with 100% fit to customers requirement;
- Team members should pass a 3-month probation period
- High-performance team members
- Highly-engaged team members
- High retention rate at the project

*Connection with MA HR&OD*

The most useful knowledge, that I have used in this diploma work was from the next modules: "Staff Searching and Staff Selection", "Resource Management and Talent Planning", "Finances for HR", "HR analytics", "Business-processes modeling".

## PART I

### PROBLEM DESCRIPTION

#### *1.1 Company Description*

United Software Solutions offers a transparent service that recruits Eastern European programming talents for customers' specific needs, organizes the team's operations, and then transfers ownership to them (optional).

This is called an OwnDC model, which is totally different from the usual outsourcing agency contracts you may be used to.

OwnDC benefits:

- *Time and costs savings:* we help our customers start fast
- *High level of control:* our customers able to communicate with the team directly and to control the whole process
- *Flexibility:* scale customers teams easily and quickly
- *Smart expertise:* hand-picked tech professionals integrated into customer's business
- *Responsible & result-driven attitude within your team:* business success equals their personal success
- *The infrastructure is on us:* we organize the office, all the hardware and software, taxes, vacations, insurance, and other benefits
- *Buy-out option:* we put it on rails, customers own it

Do customers need to create a dedicated team of tech experts from scratch? We will recruit specialized talents for their project. If they already have a team and need to extend it? That's fine, we will find the missing high-performing engineer for them. We call ourselves the Matchmakers, as we provide a perfect match of a software engineer's talents and your project needs. The team we create for customers is highly committed and interested in the success of both sides. Customers have direct contact with each team member; after all, it's their team! We can arrange relocation

per request or organize onsite work for up to 90 days. That's how we differ from the classic outsourcing companies with their high attrition rates.

The company is very young, started in March 2019, and has already 50 team members. 10 companies including Virgin Mobile and Agility already hired their team members with our company.

*Strategical imperatives:*

*Vision:* United Software Solutions is a crew of professionals working together to bring extraordinary results to the business of our clients.

We build only top-notch teams of engineers that work directly with the clients, without any excessive bureaucracy and middlemen. We organize optimal working conditions trying to exceed the expectations of all our team members.

*The mission* is to create a team of professionals to realize your business idea or streamline your project.

Three 'T's serve as our values, those are *True, Trust, Transparency*.

We are honest and transparent with our partners and they trust us.

Since our founders come from large IT outsourcing companies, they specifically decided to organize their own business differently:

“Build your future, don't outsource it”.

The teams we build for our customers work independently on the project.

We organize the optimal working conditions: flexible work schedule, different activities and team building, medical insurance, premium sport & fitness, one month of paid vacation, and of course a cozy kitchen with different snacks, sweets, and drinks.

We believe in happiness in the workplace and try to make it real.

## *1.2 Problem Description*

This business is very young, only one year, and already 50 team members have joined the company. From the company start till October 2019, the company

was cooperating with remote recruiters and internal recommendations for hiring staff. There was no recruiting process till that moment, only the CEO and COO was handling all of the hirings.

Since November 2019 inhouse recruiter appeared, and very soon, due to the big load, CEO and COO approved to hire 1 more recruiter. So, before her joining in January 2020, a recruitment policy draft was created.

Since the company is actively growing, the “Go-go” stage by Adisis and customer number is growing, our reputation becomes very important. The main source of new customers is recommendations. So, it is very important to think about the quality of services that we are providing. That is how it appeared the idea to make a high-quality recruiting process.

Our company is cooperating mostly with 3 types of businesses from all around the globe: startups, product companies, big enterprise companies. Some of them have their recruiting process, some of them trust recruiting fully to us, and screen candidates only before hiring. For big companies with a set recruiting process, good screening can save a lot of time for them, for small companies without recruiting process, we take full responsibility for the full cycle of recruiting and hiring. Most of those companies are looking for people, who are hard-working, product-oriented, responsible, initiative, and a good team member, but all of them have a lot of special requirements. Building a flexible and quality recruiting process (searching, selection, interviewing, giving feedbacks) is the crucial task for United Software Solution.

The business problem is not only in building high-quality recruiting but also in planning for how this process should be changed in case of future company growth. This process also should be very flexible to the needs of each customer and his internal hiring process.

### *1.3 Project relevance*



For United Software Solution company, it is very important to set high-quality recruiting, because we are selling team members into customers teams. We are not selling a solution and not taking responsibility for the delivery.

A common IT market, I can assume that this project can be interested first of all to product and IT out staffing companies. Because for those types of businesses quality recruiting is the same crucial as it is for our company. As far as we have a lot of product companies as our customers, we can understand a profile of people needed for those types of companies, and this project about the recruiting process may help them. IT out staffing companies can realize the same recruiting process as we do, so this project can be valuable for them.

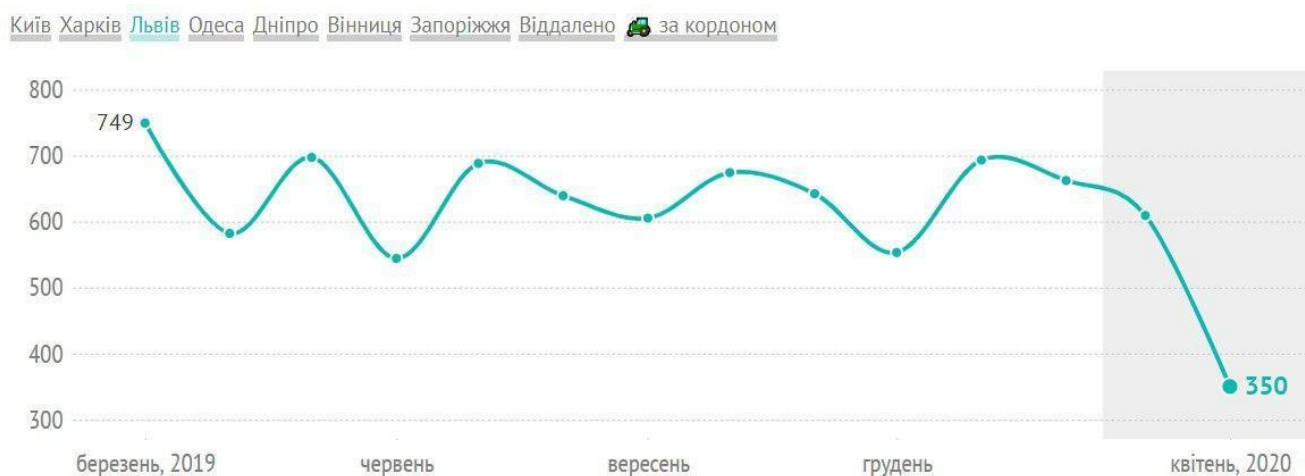
This project can easily be used in IT outsource companies or recruitment agencies in case of need.

Currently we are facing a situation of economic crisis due to pandemic. Each week new candidates appear on the market; the number of vacancies is decreasing. Sites for employment in IT markets like djinni.com are collecting their user statistics, so at picture 1 you can see how the situation is changing each week from the end of February till the start of April.

Week	Candidates online	Published vacancies	Unpublished vacancies	Vacancies replies	Candidates reviews
2020-02-24	17,508	2,193		8,109	110,696
2020-03-02	17,549	1,737		8,240	106,671
2020-03-09	17,596	1,623	1,026	8,512	103,498
2020-03-16	17,773	1,630	3,342	8,067	75,704
2020-03-23	18,321	1,366	3,380	9,294	83,226
2020-03-30	18,936	1,141	2,653	9,553	87,562
2020-04-06	18,650	1,694	2,771	10,269	86,553

Picture 1.1: Statistics of users' activity at the site: djinni.com

Another site for Ukrainian developers dou.com in their article [5] has published statistic of vacancies numbers that was published at their system during the last few months.



*Picture 1.2: Number of vacancies posted in Lviv during the term from March 2019 till April 2020*

Due to the fact that the economic crises “bottom” point is predicted for autumn 2020, and crisis end is predicted in the 2021 year, we can assume that situation will continue to change in employment. Vacancies numbers will continue to decrease, the number of candidates will increase. Same situation we can predict in the IT area due to the need for a budget cut from a lot of investors and customers companies. The competition in the market will get worse.

That is why we think that IT companies’ management will request from recruiters a new, better way for candidate selection and interviewing in order to get the “right person” in the right position. This new, quality recruiting can lead to cost reduction for a need of person replacement, quality hired person can bring much more value for companies.

From the abovementioned facts and predictions for the future, we can make a conclusion that the project of building a high-quality recruiting process is very relevant in the current situation. High-quality processes can bring additional value to your company in the situation of market competition.

## PART II

### STRATEGY OF BUSINESS PROBLEM SOLUTION

*The solution for achieving the project goals consist of:*

1) *Literature review*

Before the start of the project, I needed a theoretical base for the creation of quality recruiting market research and procedure. This stage consists of analysis articles and the most relevant information about recruiting quality.

The goal of this stage: to analyze literature and get knowledge about different ways of achieving the quality of recruiting in order to create the recruiting process.

2) *Creation of the first recruitment policy for United Software Solution*

After the theory analysis, I was ready to create the first version of the recruiting process for discussing it with management and agree on metrics for measurement recruiting quality.

The goal of this stage is to create some objective standards of recruiting and create the possibility to measure this process.

3) *Market research*

Since I received a task to create a recruiting process for our company, I had an idea to research other simple companies by business model for getting information on what criteria they measure for assuring in the quality of their recruiting.

The goal of this stage is to get information about how often and what KPIs and metrics other IT out staff and product companies in Ukraine are measuring for evaluation of their recruitment process. As a result, we will receive data about the situation on the market, which is very useful for our company. And based on this information, I can compare our company with the market, and make improvements to our recruiting process for achieving recruiting quality.

4) *Evaluation of our current recruiting process, development of improvements into the process*

After receiving the data about the current situation at the market, we can

compare our current recruiting process in order to clarify if our recruiting metrics for measurement recruitment quality are the same as at other companies, and plan improvements of our processes based on experience and needs specifically for our company.

The goal of this stage is to evaluate our recruitment process and create a plan of improvements for it. This plan should be unique for our company, based on our business model

As a plan of improvement was created, the last part of the project is to develop documentation, policies, and standards of work for achieving a better quality of recruiting.

The goal of this stage is to realize the recruiting process improvement plan in the company “United Software Solution” throughout the creation of documentation, policies & procedures, standards of work.

### *2.1 Literature research about recruiting quality*

After receiving the task of creating a quality recruiting process, the first question for the start of work for me was “what is quality of recruiting and how is it measured”. I have started research on the answer to that topic.

From business.LinkedIn.com I have found the next most common metrics, proposed by them for small and middle-size businesses [2], see picture 2.1

#### *1) The application completion rate*

The application completion rate helps measure the success of your job application platform and process. It is based on the number of candidate interactions with your job application process and platform.

Why is this important? If you have a low application completion rate, this may mean your candidates are frustrated with your application process/platform resulting in an abandoned job application. By identifying the reason(s) applicants decide not to complete the application, you can work to optimize the process to increase successful application submissions.

2) *The candidate call back rate*

The candidate calls back rate helps measure the success of your recruiting efforts. It is based on the number of return phone calls from the candidates you had reached out to specifically asked for a return call/message. It takes the number of total candidates who replied back from your initial recruitment phone call and divides it by the number of total recruitment outreach calls you’ve conducted. The result gives you your candidate call back rate.

<p><b>1</b> <b>Application Completion Rate (%)</b> = <math>\frac{\text{\# of submitted job applications}}{\text{Total \# job applications started}}</math></p>	<p><b>7</b> <b>Quality of Hire</b> = <math>\frac{\text{Job Performance score} + \text{Ramp-up Time score} + \text{Engagement score} + \text{Cultural Fit score}}{\text{N (\# of indicators)}}</math></p>
<p><b>2</b> <b>Candidate Call Back Rate (%)</b> = <math>\frac{\text{\# candidate return phone calls}}{\text{Total \# of phone calls you made to candidates requesting a call back}}</math></p>	<p><b>8</b> <b>Retention Rate (%)</b> = <math>\frac{\text{\# of individual employees who remained employed for entire measurement period}}{\text{Total \# of employees at start of measurement period}}</math></p>
<p><b>3</b> <b>Candidates per Hire</b> = <math>\frac{\text{\# of candidates the hiring manager has interviewed before a position is filled}}{\text{\# of positions filled}}</math></p>	<p><b>9</b> <b>Satisfaction Rate (%)</b> =   <ul style="list-style-type: none"> <li>• Create a satisfaction survey</li> <li>• Provide a scale for each of the survey's questions for candidates to rate.</li> <li>• Calculate the results to generate a satisfaction rate.</li> </ul> </p>
<p><b>4</b> <b>Cost per Hire (\$)</b> = <math>\frac{\text{Total internal costs} + \text{total external costs (\\$)}}{\text{Total \# of hires}}</math></p>	<p><b>10</b> <b>Sourcing Channel Effectiveness</b> =             Count the number of candidates from the channel during a given timeframe and compare which channel is producing the most (quality / quantity) candidates.</p>
<p><b>5</b> <b>Employee Referrals</b> =             Track number of referrals during a certain time period or per open job requisition</p>	<p><b>11</b> <b>Time to Hire</b> =             Measure the time to hire from start to end of recruiting and hiring process.</p>
<p><b>6</b> <b>Fill Rate (%)</b> = <math>\frac{\text{Total jobs filled}}{\text{Total \# of jobs assigned}}</math></p>	<p><b>12</b> <b>Turnover Rate</b> = <math>\frac{\text{\# of employees who turned over during the measurement time period}}{\text{Total \# of total employees at start of measurement period}}</math></p>

*Picture 2.1 Recommended recruitment metrics for small and middle businesses*

Why is this important? Recruiting is a form of selling. You’re reaching out to candidates through phone calls and emails to entice them to consider working for you and your company. If you have a low candidate call back rate, this may mean your recruiting efforts (introduction or recruiting pitch) may not be compelling enough.

Test different recruiting pitches or outreach tools (e.g. email, InMail, phone, social media, etc.) to see if you are able to increase the low candidate call back rate.

### *3) The candidates per hire*

The candidates per hire metric helps measure the effectiveness of your recruitment efforts. It is based on the number of candidates the manager interviews before one is hired.

Why is this important? Hiring managers need to juggle and balance the time spent on their day-to-day job with interviewing candidates for open positions. By implementing a goal around keeping to 3-4 interviews per open requisition, it will help:

- Save your hiring manager's time interviewing
- Ensure the recruiter and hiring manager are aligned on what to look for
- Gauge the effectiveness of the recruiter and interviewing team (e.g. effective interviewing skills)

### *4) Cost per hire*

Cost per hire helps measure the total spend associated with recruiting to fill an open position. It is based on the total recruiting costs invested in finding and hiring candidates. It takes the total costs spent on recruiting for your open roles (e.g. recruiter fees, advertisements, etc.) and divides the total cost by the number of hires made from those recruitment efforts.

Why is this important? Talent acquisition leaders and company executives face a time (at some point) where they need to measure the return on investment. By calculating all of the costs associated with filling a job, leaders can determine the average amount spent to hire a new employee. This metric can then be used as a benchmark for future hires. This helps guide the amount of investment to recruit for specific jobs and help develop future hiring budgets/plans.

### *5) Employee referrals*

Employee referrals are when your employees refer candidates to be considered for job opportunities at the company.

Why is this important? Research shows getting a referral is a cheaper and faster way to hire, generally produces a better hire, and lowers the turnover rate at your company. This is why many SMBs are implementing employee referral programs to entice employees to refer people in their network.

Some impactful benefits for SMBs? You don't have to pay traditional recruiting costs to source them — such as posting an ad on a job board, agency fees, etc. — and, because they're faster to hire, it also means spending less on your internal labor costs. In terms of saving time, according to a study by JobVite, it takes 29 days on average to hire a referred candidate, compared to 39 days to hire a candidate through a job posting or 55 days to hire a candidate through a career site.

#### *6) The fill rate*

The fill rate takes the total jobs filled by the person, team, or recruitment channel and divides the number by the total jobs assigned to that person, team, or channel to fill.

Why is this important? This is an interesting metric to use to decide whether your SMB should recruit internally or use external agencies. For example, if you assign your internal recruitment team to fill five positions and then allocate five to an external staffing agency, you may find that your internal team filled four out of the five positions (80% fill rate) whereas the agency may have filled less. In this case, your internal recruitment team was more effective and has a better fill rate.

#### *7) Quality of hire*

Measuring the quality of hire helps you measure the value employees bring to your company. Quality of hire includes many metrics that can vary for different businesses. In some cases, it includes factors like retention, cultural fit, management abilities, etc. The first step to measuring the quality of hire is aligning with leadership to define the factors that make up a quality hire at your company. When evaluating a hire, their performance in each factor or indicator (e.g. job performance, ramp-up time, cultural fit, etc.) is scored on a scale of 1 (poor) to 100 (excellent).

Why is this important? Particularly for SMBs, hiring quality employees means less turnover, more productivity, better culture, and greater overall success for the company. By continuously measuring the quality of hire, you can keep a pulse on the health of your employee base and restructure your recruiting process as needed.

#### *8) Employee retention rate*

Employee retention rate measures the ability of an organization to retain its employees. It takes the number of employees who left their job during a certain time period and divides this number by the total number of employees during this same time period.

Why is this important? SMBs use retention rate to show the stability of their growing workforce. Combined with the turnover rate, you can also track the departures (voluntary or involuntary) of employees who joined and then left during the specific time period.

#### *9) Hiring Manager Satisfaction rate*

The satisfaction rate refers to the hiring manager's satisfaction of candidates interviewed. It can also include the satisfaction of the candidate's interview experience.

Why is this important? A simple way of measuring performance is by understanding how satisfied your hiring managers or candidates are with the recruiting experience. By collecting feedback, you'll be able to identify how you improve the process.

#### *10) Sourcing channel effectiveness*

Sourcing channel effectiveness measures how much each of your sourcing channels (e.g., job boards, recruitment ads, sourcing tools, professional social networks, etc.) are contributing to your pool of potential candidates.

Why is this important? For SMBs, wasting time is a huge pitfall. By measuring sourcing channel effectiveness, you can see the channels that are producing candidates and hires (quantity and/or quality) vs. those that aren't. This



data helps inform your decision to invest less in poor producing channels that may be wasting your time and money.

### *11) Time to hire*

Time to hire (or otherwise known as “time to fill”) is the amount of time it takes to hire a candidate for a role.

Why is this important? Time to hire gives the recruiting team and company insight into whether they are spending too much time recruiting which can equate to a higher cost per hire figures. It helps reveal time-consuming and the costliest variables associated with filling a position. For example, a higher time to hire may be the result of inefficient and ineffective recruitment practices. This would be an area where optimized strategies can be introduced to improve time to hire.

### *12) Turnover ratio.*

Turnover is a result of employees leaving their job from things like termination, resignation, job abandonment, etc.

Why is this important? Studies show that refilling open positions due to turnover can be much more expensive than focusing on filling new roles for a company. High turnover rates can prompt you to dig deeper to understand:

- Does a department or manager experience higher turnover than others?
- Is the high turnover due to voluntary or involuntary departures?
- Is turnover high at certain times of the year?

If to summaries, this list of metrics gives a full picture of recruiting quality.

I also tried to find recruiting metrics, that are measured in the Ukrainian IT market. I have found only a few articles about this topic.

As Hurma system blog (ATS system for HR and recruiters, popular at IT Ukraine market) in their article [3] they recommend to measure for recruiting effectiveness next metrics:

1. Cost per hire;
2. Time per hire;
3. Recruitment process effectiveness: = (Number of candidates who passed to

the next interview stage / General number of candidates) \* 100%

This metric helps us to see effectiveness change in every interview stage and give us the possibility to understand the reasons and influence this process

4. Number of vacancies closed by a recruiter;
5. Percentage of newcomers, who passed probation period.

This indicator is important because high staff turnover in the first months may indicate gaps in assessing staff competencies. To measure the share of laid-off employees, multiply the number of laid-offs by 100% and divide by the total number of employees hired. This number will be the percentage of those dismissed.

### *Summary after research about recruiting quality*

Other articles or data about recruiting metrics for the last year at the market of Ukraine or post-Soviet countries are too general and not giving enough understanding about this question. That is why I can see that this topic is very new and relevant for research at our market. From the information that I have found, I can conclude that in the Ukrainian market we are focused on quantitative metrics more than on quality metrics.

Based on data, presented by bisusiness.LinkedIn.com, I have created a session with TOP-management of our company in order to choose, what metrics are important for our company.

### *2.2 Creation of the first recruitment policy for United Software Solution*

In December 2019 we had a meeting with company TOP management in order to present my vision of the recruiting process. We have chosen a pretty clear vision of the process, and have chosen metrics for measuring our recruitment effectiveness.

So as a result of the meeting we agreed on the next process:

*Recruitment process structure:*

- Customer request collection
- Job Description creation
- Research
- Pre-screen
- Interview
- Feedback
- Pre-offer
- Offer
- Start
- Support during the probation period
- Quality of hire measurement

Customer request collection

*Explanation:* As soon as our potential customers are interested in working with United Software Solution, the CEO or the Sales Manager in cooperation with the recruiting department assigns a responsible recruiter, and arranges a call for collecting more details about the request.

Before the call, the recruiter & CEO or the Sales Manager discuss what information they know about the customer, what details for the vacancy description do they need.

During or after the call, Recruiter fills the checklist (it can be changed upon your needs).

After the checklist is filled, we create a vacancy at “Hurma” System

*The expected result on this stage:* A filled checklist with all needed information about the customer, recruiting stages on their side, information for vacancy description creation

*What are we measuring on this stage:* We only mark “date of opening”.

### Job description creation & promotion:

Based on the filled checklist after the call with the customer, the recruiter adds a vacancy description to the vacancy in the “Hurma” system, makes vacancy “public” with marking all our sources. More details here;

#### *Vacancy description structure:*

- Information about the customer company
- Information about the project (more details related to specific vacancy)
- Team structure: description of the inhouse team and customers team
- Important details: If this vacancy requires long business trips or other
- Responsibilities:
- Requirements: (soft skills, tech skills, leadership skills ((managerial) in case of need))
- What do we offer:
  - Working for the customer directly, ownership culture
  - 24 calendar days of vacation
  - 15 sick leaves
  - State holidays
  - Premium Level Health Insurance (You + Family) (after trial)
  - Premium Fitness SportLife membership (after trial)
  - Tuition & Certification
  - The ability to work from home or remotely (depending on responsibility and results, the better the results, the more freedom)
  - Flexible working hours without time trackers
  - Corporate Events
  - Office in the city center with an excellent kitchen and a full refrigerator.

#### *Stages of work with the vacancy, set in Hurma:*

After that, recruiter post vacancy on these sources with an appropriate link from Hurma:

Our website, more about “Career” at the website here;

- o DOU;
- o Djinni;
- o FB, group “Lviv Work IT”
- o LinkedIn
- o Recommendations

Important note: for every source “Hurma” system creates a different link for each source, please copy them accurately to each source in order to track which of them is more effective.

*The expected result on this stage:* Vacancy posted and promoted, 4 appropriate CV for customer screening.

*What are we measuring on this stage:* Sources effectiveness, number of replies per week.

### Researching

We already have a clear vision of the person we need, so we start searching through LinkedIn, Github, Stackoverflow for appropriate candidates.

*The expected result on this stage:* Candidates CVs

Currently, we are oriented on the next statistics for closing 1 vacancy:

120 contacted persons -> 6 appropriate candidates for interview (without candidates who replied our vacancy) -> 3 candidates for tech interview -> 1 hire;

We expect 1 recruiter to close 3 vacancies per month,

So, it means to have 360 candidates contacted,

$360 / (20 \text{ or } 21 \text{ working days per month}) = 18\text{-}20$  contacted persons per day.

*What are we measuring on this stage:* Response rate, number of CV after researching per week.

### Pre-screen

*Goals of this stage:* Get acquainted with the candidate, give him information about us and the customer.

#### Candidate check:

- o English: at least Upper-Intermediate, cause all of our team members are working with the customer directly;
- o Motivation: why is he searching for new positions;
- o Salary expectation;
- o Time to start after receiving the offer;
- o Soft skills: “product mindset”, our customers are small-large enterprises or product companies, and all of them need to have a person, who is oriented on their product idea.

Notes after or during the pre-screen and maximum of information about the candidate should be added in his/her “Hurma” profile. Only after successful pre-screen, candidate CV can be sent to customers.

*In case of failed pre-screen:* Sending feedback to candidates in 1-5 business days. In case of saving a candidate for the future positions we are saving him into the “Pool” vacancy with “Reserve” status in “Hurma”. In case if after the HR interview recruiter decide that we will not come back to this candidate (due to bad feedbacks from colleagues or previous employers) he/she should mark the status of this candidate as a “blacklist”.

#### *The expected result on this stage:*

- o Filled candidate profile at “Hurma System”
- o Checked all described above criteria
- o 6 candidates passed pre-screen, and their CV’s send to customers representative

*What are we measuring on this stage:* number of candidates CV, who passed pre-screen and was sent to the customer review

## Interview

Stages of the interview are specified with the customer during the stage of the customer request collection and added to the “Hurma” system into the “Vacancy” description.

All candidates should be informed about the stages of the interview process during the pre-screen stage.

Candidates should join interviews from our office or remotely with video.

In order to prepare the future candidate for stages of the interview, a recruiter should be present at the interview, and write down questions of tech interview.

Usually, at the customer side there are at least 2 stages of the interview:

- o Cultural fit interview (asking questions about background, teamwork, soft skills)
- o Technical interviews (focused on checking tech skills)

There can be a few rounds of tech interview: one based on general tech skills, second based on work tasks. Sometimes there can be also a tech task.

*In case of the failed interview:* Sending feedback to candidates in 1-5 business days. After the interview, saving the candidate for the future positions by saving him into the “Pool” vacancy with “Reserve” status in “Hurma”.

*The expected result on this stage:* At least 3 candidates, who passed customer interview stages

*What are we measuring on this stage:* Number of candidates, who passed all interview stages

## Conditional Job Offer

We prepare a conditional offer for a final candidate based on the basic offer template after the successful passing of all interview stages and positive feedback from customers to assure our strong desire to work with him/her.

The goal of this stage is to keep the candidate hot before the final approvals from customers.

In the conditional offer, we are naming all conditions of our future cooperation.

After the candidate receives the conditional offer, we need to ask if everything is clear and answer his questions.

In the case of the conditional offer acceptance, the candidate should write a reply to the conditional offer mail.

*In case of conditional offer rejection:* First of all, the recruiter has to contact the candidate asap, and discuss the reasons of rejection. In case after this contact candidate will not accept the offer, saving a candidate for the future positions we are saving him into the “Pool” vacancy with “Reserve” status in “Hurma” and after that – coming back to stage “research”.

*The expected result on this stage:* Candidate informed about proposed conditions and timing of the decision making.

*What are we measuring on this stage:* Nothing

### Offer

After an agreement with the customer regarding the hiring candidate was achieved, we are ready to create the final offer.

At this stage, we use the basic offer template and create a copy with the name and surname of the candidate and writing all conditions from the pre-offer.

At this stage, the candidate already knows the details of cooperation with us and with the customer.

*In case of offer reject:* First of all, the recruiter has to contact the candidate asap, and discuss the reasons of rejection. In case after this contact candidate will not accept the offer, saving a candidate for the future position by saving him into the “Pool” vacancy with “Reserve” status in “Hurma” and after that – coming back to stage “research”.

*The expected result on this stage:* final candidate accepted the offer



*What are we measuring on this stage:* time for vacancy closing, cost per hire, number of candidates for closing 1 vacancy

### Start

After the offer is accepted, the date of the start is agreed, we are not simply waiting for the candidate. We need to agree on the technic which is needed for his job, pass his name, surname, email to HR.

The recruiter also needs to connect HR and candidates (new team members) via skype, telegram, or other for their further communication.

The calendar event for the first day for new team members should be created by the recruiter.

In the invitation, there should be added: HR, CFO, office manager, new team member.

Customer representatives should also be informed (or reminded) about the start of a newcomer, the agenda of meetings on the first day should be provided by customers.

*In case of start fail:* In case our experience with the candidate was good, saving a candidate for the future positions by saving him into the “Pool” vacancy with “Reserve” status in “Hurma” and after that – coming back to stage “vacancy creation”. In case our experience of work with the candidate was bad, we are changing status in his profile to “blacklist”, and starting recruiting again from the “vacancy post” stage.

*The expected result on this stage:* Candidate is supported from the stage “offer accepted” till the start.

*What are we measuring on this stage:* Time to hire (different from “time to close”, cause in here we add notice period in days)

### Important details

After the candidate was chosen by customers, there is a stage, when legal issues of the hiring process and conditions of the contract should be discussed, on this stage sales manager/CEO is responsible for this issue.

After we have information about all numbers of candidates, processes per each vacancy, we are counting the conversion on each recruiting stage till the hiring.

General cost per hire, time per hire, conversion at recruiting stages metrics are tracked every month and discussed once per quarter.

*Metrics we are tracking now*

Management of “United Software Solution” and recruiting department agreed on the next important metrics that are described below and why are they important for us now:

- 1) *Source effectiveness*: Because we want to know what source for what kind of vacancies works better for investing money into the right source. Currently the company is not even a middle-size business, we need to take care of our budget and spend money only for sources with better results.
- 2) *Number of replies per week*: For us important to know how effectively our job descriptions work and in case they do not work, improve them;
- 3) *Response rate*: The percentage of candidates who responded to our recruiters’ requests is important for us because it gives us the possibility for better planning of recruitment strategy of work with different vacancies.
- 4) *Number of CVs after researching per week*. Important for us due to the need or reporting to our customers, make predictions during the presales stage, and planning of work with similar vacancies.
- 5) *The number of candidates’ CVs, who passed pre-screen and was sent to the customer review*: Same important for reporting to customers, make predictions during the presales stage, and the planning of work with similar vacancies.
- 6) *The number of candidates who passed all interview stages*: Important as the previous two metrics for reporting, planning of work, and presales stage.

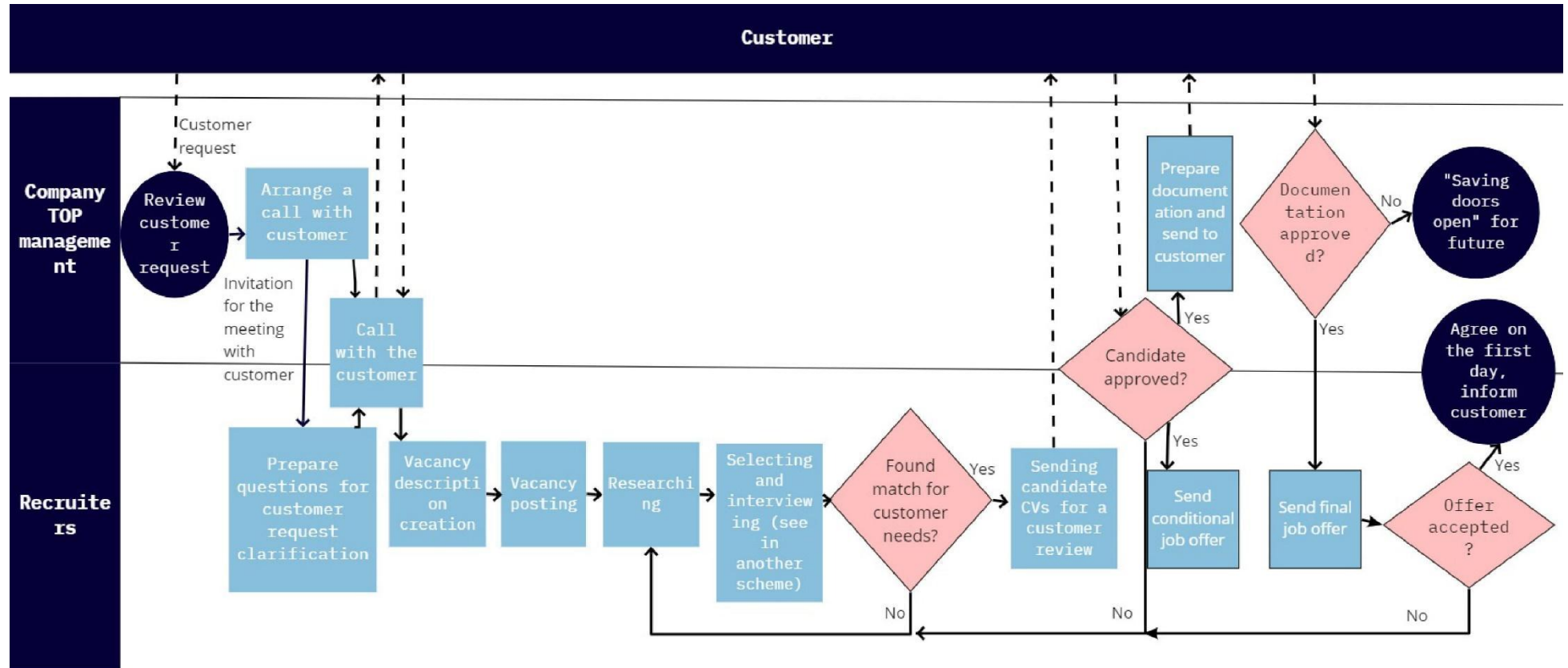
- 7) *Time for vacancy closing*: Very important for estimating during what time can we find appropriate candidates and process them till offer from customers.
- 8) *Cost per hire*: As was mentioned above, our company is taking care of budgets, and cost per hire is an important metric for planning budgets.
- 9) *The number of candidates for closing 1 vacancy*; Important for planning recruiting work with different vacancies.
- 10) *Time to hire*; Different from time for vacancy close because includes notice period for waiting of a person to start. This is more common metrics for presale and customers estimation.
- 11) *Conversion at each of recruiting stages*; The percentage of candidates at each of the recruiting stages is important for creation recruitment strategy during the work with different customers and vacancies.

We have chosen these metrics because we want to build a trustful relationship with our customers based on facts, not assumptions. We want to be able to plan the recruiting, be able to estimate this process, and control it.

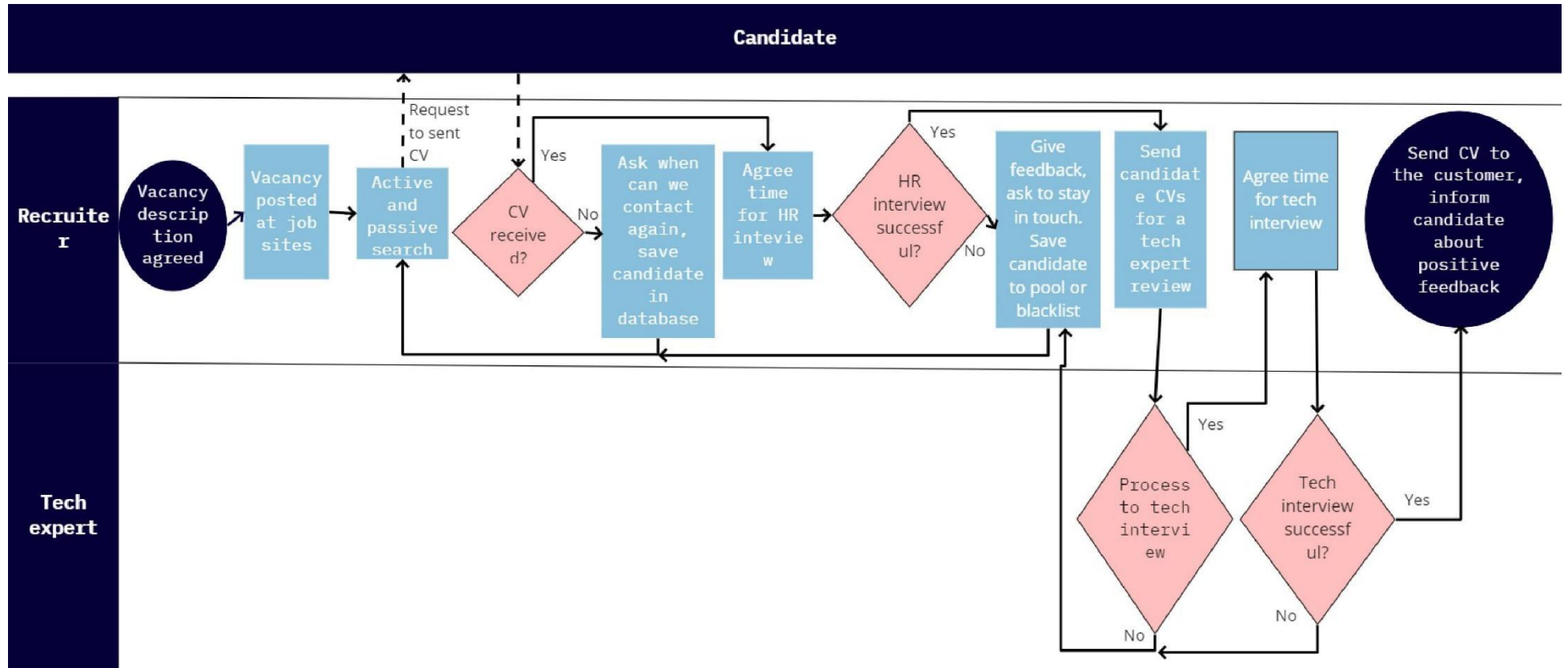
At the same time, we want to have some norm for recruiting work in order to see the recruiter's effectiveness.

Another important problem that can be solved by tracking these metrics is cost controlling for recruiting, which is very important for a company at this stage for proper budgeting.

At picture 2.2 and 2.3 you can see the visual structure of our current recruiting, selection and interviewing process described above.



Picture 2.2 Structure of the recruiting process at United Software Solutions



Picture 2.3 Selection and interviewing process at United Software Solutions

### *Summary after the creation of the first recruitment policy for United Software Solution*

During the half-year history of company United Software Solution, this process is a great start to track recruiting, measure its effectiveness and budget, control recruiters' work.

With company TOP management we agreed on the main structure of this process, created some standards of work for recruiters, agreed on what metrics we are tracking.

As a result of this stage, we have created a document with the described process.

From this process it is obvious that currently our process is focused on quantitative metrics, but not a quality one. The reason is that management has an interest in those metrics due to the common practice of our market, so my task is to show the value of quality recruiting.

### *2.3 Market research*

The next important stage was to research the market of IT companies, that are similar to our business model.

We have considered a product and out staff IT companies as needed target audience. Product companies are hiring people with a mindset similar to what we usually need, out staff companies are having requests from the same companies as our company (usually enterprise or product companies).

IT outsource companies are not considered as out target audience due to the fact that they are selling IT solutions for outside companies, not staff, so they are not interested in the quality of their recruiting services. Recruitment agencies that are focused on IT companies are receiving money right after person hiring, so they are not interested in a person to finish the probation period, or what is the duration of the employee journey in the company. That is why agencies are also not our target

audience.

Based on literature research described earlier, we have decided to choose the next metrics for research of the IT market:

- Cost per hire
- Quality of hire
- employee performance
- cultural fit (include hiring manager satisfaction rate)
- Employee retention rate
- Time to hire
- Percentage of people who passed probation rate

We have added not only quality metrics but also quantitative ones because it is interesting to see a connection between them.

Not included:

- The application completion rate: not included due to a huge variety of application systems on the market, so each company is choosing system based on their own needs;
- The candidate call back rate: not included due to different level of candidate call back rate depending on the specific position that recruiter is working with;
- The candidates per hire: not included because different positions are having a different number of candidates per position;
- Employee referrals: is not interesting for my research due to the specific of our business, where every customer product company that we are working with have their own referral rate;
- The fill rate: not interesting for my particular research because the goal of the research is not to measure particular recruiters' effectiveness;
- Sourcing channel effectiveness: is not interesting, because at each company sourcing channel effectiveness is different for each position, and the goal of the research is not to measure source effectiveness;

- Turnover ratio: based on information from [brighthr.com](http://brighthr.com) [4] this metric is opposite to retention rate, so we can get this information from data about retention.

The questionnaire was created based on chosen recruiting metrics (please see Appendix A). At the start, I have asked the type of companies and the number of headcounts in order to see the difference in measurement of recruitment in big, middle, and large companies.

The main hypotheses of my research are next:

- 1) The bigger companies are more focused on measuring recruitment quality than smaller companies;
- 2) There is no connection between quantitative metrics (cost per hire, time per hire) and quality metrics (quality of hire, employee engagement, cultural fit)

During 3 weeks of duration (start of March till the end of March) 69 companies have participated in the research. 33% represent small businesses with headcount up to 100 team members, 52% represent medium businesses with a headcount from 101 to 500 team members, 14% represent large companies with headcount more than 501 team members. 25 IT out staff companies, 44 IT product companies.

#### Descriptive statistics about researched recruiting metrics

In picture 2.2 you can see what percentage of companies are measuring or not measuring researched recruiting metrics.

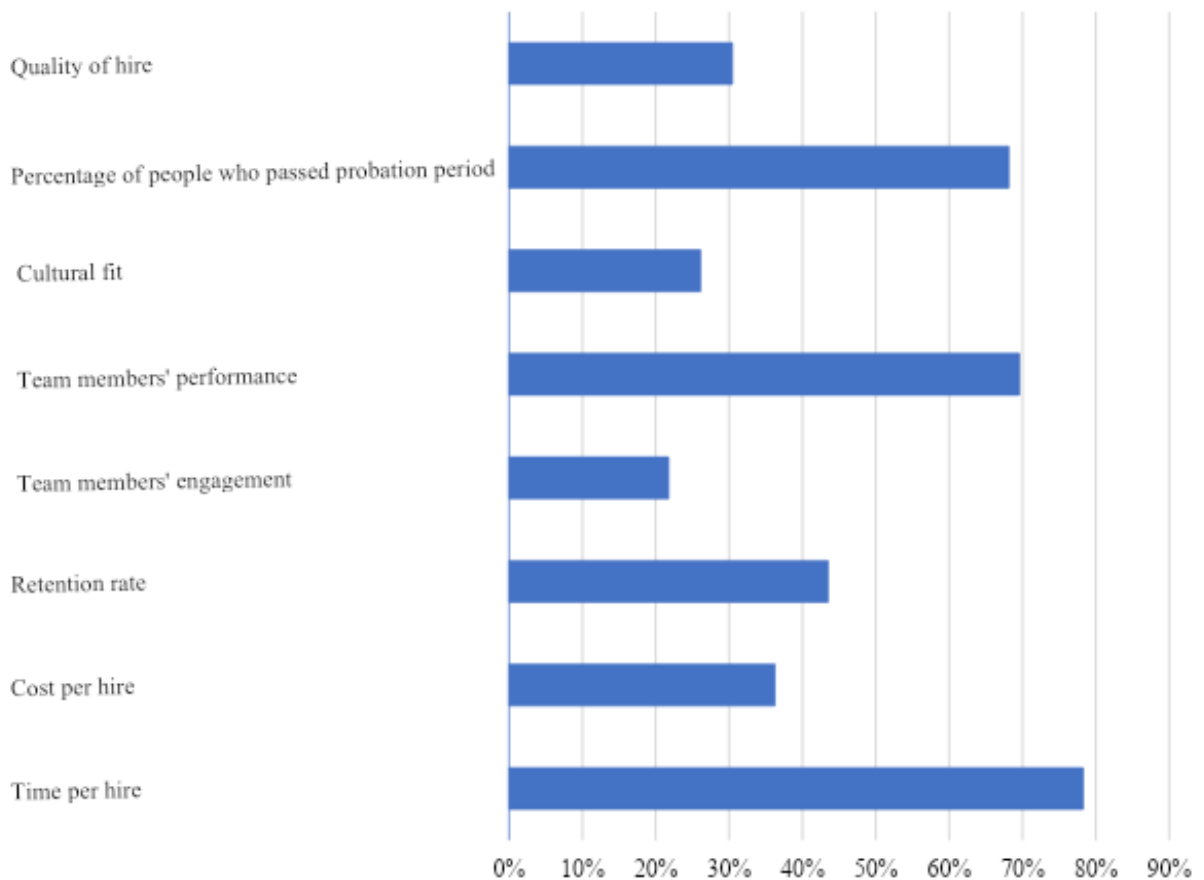
From this graphic we may see the next finding of my research:

- 78% of companies are measuring time per hire, and 22% of companies are not measuring this metric;
- 36% are measuring cost per hire, and 64% of researched companies are not measuring this metric;



- 43% of researched companies are measuring retention rate, others are not measuring this metric;

#### Percentage of companies that are measuring recruitment metrics



*Picture 2.4 Graphic of measurement of recruiting metrics by researched companies*

- Only 22% of companies are measuring team members engagement, another 78% answered that they don't measure this metric;
- 70% of companies are measuring, and the rest of the companies are not measuring team members performance;
- 26% are measuring and 74% are not measuring cultural fit;
- 68% of companies are measuring and 32% of researched companies are not measuring the percentage of newcomers, who passed probation period;
- 30% of companies are measuring quality of hire, and 70% are not measuring this metric.

We can make a conclusion that the most popular metrics, collected by researched IT product and out staff companies are: “time per hire”, “team members performance”, and “percentage of people who passed probation period”. Few companies are measuring metrics: “team members engagement”, “cultural fit”, “quality of hire”.

For comparison I have found from site ideal.com (HR site that provides information about the North America market) with information about researched metrics, collected by the companies in the North America region [1]:

- 50% – Time to hire
- 41% – Cost per hire
- 38% – Retention
- 36% – Quality of hire

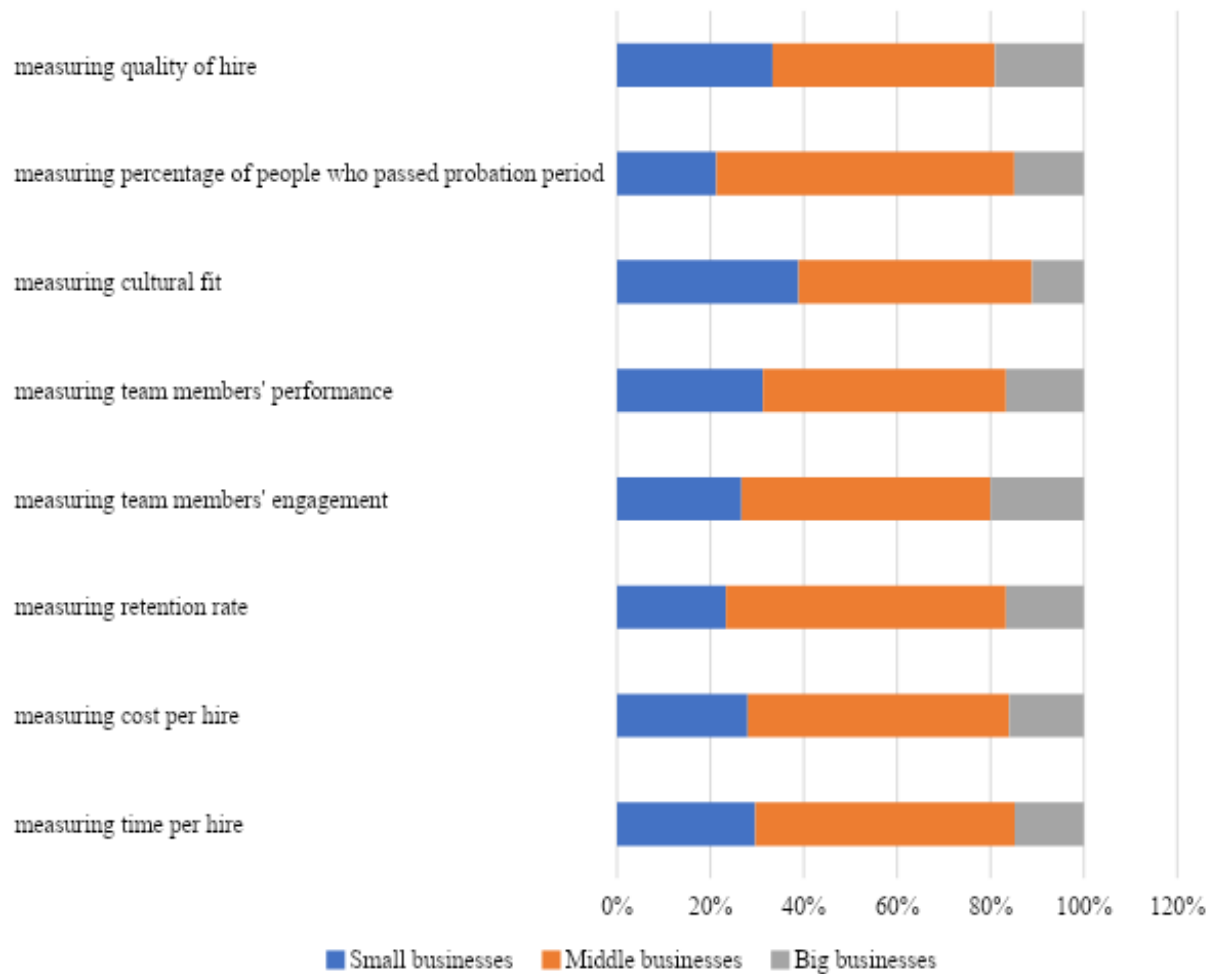
As we can see from this information, Ukrainian companies are paying more attention to “cost per hire”, but less attention to metrics “time per hire”, and “quality of hire. Not a big difference in the percentage of companies, who are measuring retention rate.

In picture 2.3 you can see graphic, informing us about what percentage of researched companies with different sizes are measuring recruiting metrics.

*Time per hire:* Among all companies that are not measuring time per hire, 47% of them (almost a half) are representatives of small businesses. 56% of those who are measuring time per hire are representing middle-size businesses, and 15% of all companies who are measuring time per hire are from big size companies. That means that majority of researched companies at the common IT market are measuring time per hire at the stage when they are already the middle size business.

*Cost per hire:* As we can see from research data, 36% of all companies who are not measuring cost per hire are small size businesses, 50% are from middle-size businesses. But 56% of all who are collecting data about the cost per hire is representing middle size companies, and 16% of companies are representing big companies.

Percentage of companies with different size, who are measuring recruiting metrics



Picture 2.5 Graphic of measurement of recruiting metrics by researched companies of different size

*Retention rate:* 41% of all companies that are not measuring retention rate are small size businesses, 46% of those who don't measure retention rate are from middle size companies. Among companies that are measuring retention rate, there are 60% of middle size businesses and 17% of big size businesses.

*Team members engagement:* From all of the companies who are not measuring the engagement of their team members, there are 35% of small size and 52% of middle size companies. 53% of middle size companies and 20% of big size companies are measuring team members' engagement.

*Team members performance:* 38% among all researched who are not measuring this metric are small-size companies, 52% are representing middle size companies. On the other hand, 52% of researched responders who are measuring team members` performance are from middle size companies, and 17% are representing big companies.

*Cultural fit:* An interesting finding of my research was that 53% of middle companies and 16% of big companies (majority) are not measuring the cultural fit of their team members. But among those who do measure this metric, there are 39% of small businesses and 50% of middle size businesses. That means that cultural fit is very important for small or middle size companies, which means that they are paying a lot of attention to recruit the right people onboard. Companies with bigger size are paying less attention to this metric.

*Percentage of newcomers who passed probation period:* After data analysis we can see the result that 59% of companies who are not measuring this metric are small size companies. Among those businesses who are measuring the percentage of those who passed probation period there are 64% of middle size companies, and 15% of big size companies.

*Quality of hire:* From all of the companies who are no measuring quality of hire, there are 33% representatives of small businesses, and 54% of middle size businesses. 33% of those who are measuring the quality of hire are representing small companies, 48% are representing middle size companies, and 19% of responders are representing big companies.

In appendix B you may see detailed tables with all information about the percentage of measurement recruiting metrics by companies with different sizes. From this information we can conclude that majority of small size businesses are not measuring recruiting metrics, more important recruitment processes measurement is for middle size and big companies. The exception is the cultural fit metric, that appears to be very important for the small companies, and less important for middle size and big companies. We can make a conclusion based on data analysis that our

assumption that recruitment quality measurement is valuable for bigger companies is partly correct. As we understood, not only recruitment quality but also quantitative metrics are measured in the majority of middle size and big companies.

#### Details of data analysis about each of the researched metrics

All detailed data analysis results tables about the connection among different research metrics you may find in appendix C.

#### *Time per hire:*

I have asked companies during what term are they filling in their positions. In the questionnaire there were the next options:

- Trainee or Junior level Positions- less than 1 week, Middle - less than 2 weeks, Senior - Less than 4 weeks, Higher - less than 6 weeks;
- Trainee or Junior level Positions - 1-2 weeks, Middle - 2-3 weeks, Senior - 4-5 weeks, Higher - 6-8 weeks;
- Trainee or Junior level Positions - 2-3 weeks, Middle - 4-6 weeks, Senior - 6-8 weeks, Higher - more than 8 weeks;
- We are not measuring time per vacancy close

As the result of this question-answer I have found out that there are only 4 companies that spend less time than mentioned terms, so I have created next categories for the analysis of those who are measuring “time per hire”:

- 1) Trainee or Junior level Positions – less than 2 weeks, Middle – less than 3 weeks, Senior – less than 5 weeks, Higher - 6-8 weeks;
- 2) Trainee or Junior level Positions – more than 2 weeks, Middle - more than 3 weeks, Senior - more than 5 weeks, Higher - more than 8 weeks;

One of the most interesting findings of my research is that majority of companies who are spending less time on staff hiring are small size or middle size businesses. Majority of middle size or big size companies are spending more time on hiring staff.

This data can be explained due to the fact that smaller businesses are trying to find and make a decision about hiring faster, and bigger size companies are having more stages of the recruiting process, so it takes more time for them to close vacancies.

### *Cost per hire*

For finding out how much money do different companies spending for their hiring, I have asked what is average monthly cost per hire indicator, and gave the next options in the questionnaire:

- Less than 500\$;
- 501-800\$;
- 800-1000\$;
- 1001-1250\$;
- More than 1500\$;
- We are not measuring the cost per hire.

Due to the fact that there were very few answers in each of the groups, I have divided answers of companies that are measuring cost per hire into the next categories:

- 1) Less than 1000\$;
- 2) More than 1000\$.

As a result of data analysis, I have found out that most of the companies that are spending less than 1000\$ for hiring are small size or middle size businesses. And most of the companies that spend more than 1000\$ are representatives of middle size or big size companies.

Taking into consideration the abovementioned result about time per hire metric seems logical that cost per hire is higher at bigger companies.

### *Retention rate*

We were trying to discover the norms of retention rate percentage by giving possibilities to choose from next options:

- More than 95%;
- 90% - 94%;
- 85% - 89%;
- 80%-84%;
- 75%-79%;
- 70-74%;
- Less than 69%;
- We are not measuring the retention rate.

For receiving more statistically relevant analysis I have divided those companies that measure retention rate to the next categories:

- 1) More than 85%;
- 2) 80%-84%;
- 3) Less than 79%.

A very impressive finding was that the retention rate is higher in bigger companies. The research data have proved that the majority of companies who have retention rate less than 79% are small size businesses, most of the companies with retention rate 80-84% are representing small and middle-size businesses, and most of the companies with retention rate more than 85% are middle size or big companies.

I can make a conclusion that more people are staying in big companies. My assumption is that those big companies have a better possibility to retain their team members (by offering higher salaries, the possibility to move to another project, ...), at the same time small companies in a lot of cases can't allow people retention.

After comparing the researched company's data about the retention rate with quality of hire results, we can make a conclusion that there is a connection between those two metrics. We can see the tendency that companies with bigger quality of hire have a higher level of retention rate.

- 75% of companies with quality of hire more than 91% have retention rate on the level of more than 85%;
- 50% of companies with quality of hire 81-90% have retention rate on the level: 80-84%, another 50% of companies with the same quality of hire level have retention rate less than 79%;
- 50% of companies with quality of hire at the level “61 – 80%” have a retention rate of less than 79%;

Due to the fact that high quality of hire means engaged, highly performed, well-fitted team members, it is obvious that retention rate will be higher in case if the higher quality of hire.

#### *Team members' engagement*

In the questionnaire responders had the next options for mentioning team members' engagement percentage in their companies:

- More than 91%;
- 81-90%;
- 71-80%;
- 61-70%;
- 51-60%;
- We are not measuring team members' engagement;

After comparing data about companies' size and data about team members' engagement percentage we received next results: companies with engagement metric on the level less than 80% are small size and middle-size businesses, majority of companies with engagement metrics on the level more than 81% are middle size or big size companies.

These results can be explained by the fact that bigger companies are more stable, and have a bigger variety of projects, responsibilities, and possibilities to realize team members' skills and potential, meanwhile small businesses don't have this variety of possibilities.



### *Percentage of people who passed the probation period*

I have asked in the questionnaire what percentage of team members are passing the probation period in researched companies.

Options from the questionnaire:

- More than 95%;
- 90% - 94%;
- 85% - 89%;
- 75%-79%;
- We are not measuring percentage of newcomers who passed the probation period.

Due to the fact that there was a small number of answers with 75%-79%, I have created the next categories of responses regarding this metric:

- 1) More than 95%;
- 2) 90% - 94%;
- 3) 75%-89%;

After the data analysis of question answers, I have found that small companies have a bigger percent of team members, who passed the probation period. The majority of companies with more than 95% of team members who passed probation are small or middle size businesses. 73% of businesses who has 90-94% probation passing percent are representing middle size organizations. Most companies that have 75-89% of people who passes the probation period are the middle size and big size businesses.

It is a very interesting fact that small companies have a bigger percent of probation period passing. The explanation may lay in the limit of budgets at small companies for people replacement, meanwhile, big companies can afford additional expenses.

### *Quality of hire*

One of the most important metrics for evaluation recruiting quality is “quality of hire”. In my research we were asking what are the percentage of quality of hire in different companies. I gave the next options in our questionnaire:

- More than 91%;
- 81-90%;
- 71-80%;
- 61-70%;
- Less than 60%;
- We are not measuring quality of hire index

Since among companies who are measuring the quality of hire there was no answers “less than 60%” and a small number of companies with answers “61-70%”, I have united all answers into next categories:

- 1) More than 91%;
- 2) 81-90%;
- 3) Less than 80%.

I have received the next results: the majority of researched middle and small companies are having the quality of hire on the level “more than 91%” or “less than 80%”, and the majority of small businesses have the quality of hire on the level “81-90%”. As a result of data analysis, I can make a conclusion that there is no connection between company size and quality of hire.

I was curious to research the connection between “quality of hire” and quantitative metrics “cost per hire”, “time per hire”. Interesting results were found by compering “time per hire” with “quality of hire”: 75% of companies who are having the quality of hire more than 91% are spending less time on hiring people than companies with lower levels of quality of hire. Compering “cost per hire” with “quality of hire” show some tendency that companies with bigger cost per hire have a lower level of quality of hire.

The main explanation of these statistics may lay in the percentage of people who pass the probation period. Cause at the big size companies this percentage is

lower, so it takes more time and costs to replace people, which lead to lower quality of hire index. I can make a conclusion, the person can faster be onboarded into a small company, that pays attention to cultural fit so the bigger chances for a person to pass probation period and stay, cause the cost of a mistake is high for this type of business. Meanwhile, bigger companies are spending much more time and money for vacancy close, have a lower percentage of people who pass the probation period and have a lower quality of hire in the result.

*Other important findings:*

Besides the described researched metrics, there are few more than researched companies are measuring:

- Candidate satisfaction by recruiting process;
- Managers feedbacks
- Number of closed positions by a recruiter (2 companies)
- Sourcing channel effectiveness (3 companies)
- Offer acceptance rate
- Candidate pipeline (2 companies)
- Quality of interactions with candidates

I was wondering how often recruiting metrics are measured, and I have found out next results: 18 companies (26%) are measuring metrics once per month, 17 companies (25%) are measuring recruiting metrics once per quarter, and 5 companies responded that they are measuring metrics once per year. 24 of the researched companies (35%) are measuring recruiting metrics by request.

For evaluation of team members' performance, the common ways of measurement are 360 evaluation (used by 19 companies), tech interviews (used by 17 companies), and competence interview (used by 8 companies). For ensuring cultural fit, the most common way is an interview (cultural or value-based).

*The implication of this research*

Who can benefit from my research? Recruiters, talent acquisitions, HR managers, HR generalists, TOP management, sales department, or any part of the business that connected with the recruiting process of any IT company may utilize results and findings of my diploma research. This research can serve as a basis for other similar research of recruitment quality and can be easily used and repeated for the needs of a concrete IT company.

This research data was collected in Ukraine, but colleagues all around the world can use this research idea to conduct their research. It would be fantastic to see the difference in recruitment quality data in different countries.

IT HR and recruiting schools and trainers can share this knowledge with future generations.

This study is also valid in the current situation in the IT market. The crisis situation may lead to more available candidates in the job market, recruitment quality will be very important for selecting the best people for the right place. In this research colleagues can find insights, that can become very important in their everyday job and give them additional value among competitors.

#### *Conclusions after the market research:*

After the market research, it is obvious that the majority of small size businesses are not measuring recruiting metrics, more important recruitment processes measurement is for middle size and big companies. The exception is the cultural fit metric, that appears to be very important for the small companies, and less important for middle size and big companies. We can make a conclusion based on data analysis that our assumption that recruitment quality measurement is valuable for bigger companies is partly correct. As we understood, not only recruitment quality but also quantitative metrics are measured in the majority of middle size and big companies.

We can see the tendency of connection between quantitative recruiting metrics and quality metrics. In our researched group we can see that companies with

less time per hire have a bigger percentage of quality of hire. But in general, the connection is not so big, and in international literature experts also can't see the connection between quantitative and quality metrics.

In general, we can see the proof that most of the researched companies are focusing on collecting quantitative metrics like: "cost per hire", "time per hire", "retention rate", because they are easy for collecting, they can answer for the question "how much money do we spend". And less of companies understand the real value of recruiting quality metrics like: "cultural fit", "team members' engagement", "performance", "quality of hire", and in fact, there are no standards of their measurement, because they are collected based on concrete company needs.

As a matter of fact, quality metrics can have even more value than quantitative metrics. In case you collect and influence your team members' cultural fit, engagement, performance, quality of hire you are able to see their connection with turnover ratio, and profit per team member. That means that you can easily count the return of investments into recruitment quality.

This research is implicated in the current situation in the IT market. Due to the crisis situation, when there will be more and more candidates in the market, recruitment quality will be very important for selecting the best people for the right place. In this research colleagues can find insights, that can become very important in their everyday job and give them additional value among competitors.

#### *2.4 Evaluation of our current recruiting process, development of improvements into the process*

After the market research, it is clear that the need for the collection of quality recruiting metrics is very high. After analyzing our recruiting process with management, we concluded that we need to start collecting not only quantitative metrics but also pay attention to a quality side.

The important goal for the nearest future for United Software Solution is to build marketing, so it is important for us to take care of our reputation and to build

our brand. We don't want to be a simple provider of recruiting services, we want to be sure that our customers are satisfied with our hires and that we are doing our job in the best way. So, focus on the quality of hire can bring additional value to our customers, and give us an advantage over competitors. And it can be an additional important point for our sales and marketing strategy.

Another important goal of our company is active growth. And the focus on recruiting quality will reduce turnover, it will mean a lot for us because the time will be spent not on the staff replacement, but for hiring new people.

As a result of our internal strategical meeting with management regarding recruitment process improvement, we decided to start tracking next quality metrics for our team members: cultural fit, performance, engagement, quality of hire and quality of hire index. These metrics will be tracked based on a questionnaire, filled by the hiring manager from the customer side, and a team member after 6 months of his/her start. After receiving an answer, we count the average percentage of each metric, and we will be ready to count "quality of hire".

We have also considered comparing these metrics with the percentage of a fit after each stage of interviews in order to see the effectiveness of recruiting:

- HR interview results (% of fit) with cultural fit percentage;
- Tech interview results (% of fit by tech skills) with performance percentage;

We came up with improvement (addition) to the past version of the recruiting process.

#### Quality of hire measurement

At the end of the 6-month term at the project, customers will already be able to evaluate the real influence of the person on the project.

This metric is calculated as: (% of customer fit, % of team member engagement, % of performance activity) / 3.

When a team member has worked for a 6-month period at the project, the recruiter (as an account manager) is sending the customer representatives (those who

work with team members) a questionnaire for the evaluation team member, and we send a questionnaire for team member self-assessment. The questions are formed for discovering the percentage of cultural fit, percentage of performance, and percentage of engagement.

The questionnaire will be added shortly.

*The expected result on this stage:* Questionnaire sent after 6 months of work of each team member. Quality of hire counted

*What are we measuring on this stage:*

- o Quality of hire measured for all team members, compared cultural fit and performance with interview results;
- o Quality of hire Index measured for all projects.

Why is it important for us? As we can see in the source [7] published by “At the same time, replacing employees who are performing poorly costs not just time and money, but also hurts the company with lost productivity and morale”. Due to the fact that our company has a fixed price revenue per each hired developer, we are more interested in the influence of quality of hire to our turnover ratio, and the possibility to hire new people but not replace old ones.

In table 2.1 you can find the plan that was created for the invention “quality of hire” into the recruitment process of United Software Solution company.

During June-July, I plan to prepare an *article with the topic “How to choose the recruiting metrics and what is their value”*. This article will be published at DOU.UA, at recruiters’ chats, HR IT Club FB page, LvBS website, and FB page in order to share research results and advice for setting the recruiting process, because market research can be very useful for other colleagues.

- The success of this stage: published article;
- Deadline: till the 31 of July 2020;
- Responsible: Roksolana Kozevych.

Table 2.1

*Plan of invention quality of hire metrics*

<i>Dates</i>	<i>Details</i>
06-07.2020	Prepare an article about choosing recruiting metrics and research results
06.2020	Creation of quality of hire questionnaires for team members and customers.
07.2020	Prepare a communication plan for informing customers and informing team members, presentation creation.
08-09.2020	Research on quality of hire among current team members.
10.2020	Analyze the quality of hire.
11.2020-...	Continuous measurement of quality of hire for new team members
12.2020-...	Analyzing the quality of hire once per quarter as others recruiting metrics

After realizing the value of the project, United Software Solutions management and recruiters decided to start with *creating the questionnaire for customers and team members*.

- The success of this stage: approved by managers questionnaires;
- Deadline: till the 30 of June 2020;
- Responsible: Talent Acquisition Manager.

The important preparation part is the *creation of a communication plan* for team members and customers. This part is planned for July 2020 and should be finished on 31 of July. As this stage, we plan to have created a presentation for team members, create email text and calls structure description for informing customers

- The success of this stage: approved by managers presentation for team members, approved materials for informing customers;
- Deadline: till the 31 of July 2020;
- Responsible: Talent Acquisition Manager, Management



After all of the materials will be ready and everyone will be informed we will be ready to make *research among our team members and customers* in order to define our quality of hire.

- The success of this stage: collected filled questionnaires from team members and customers;
- Deadline: till the 30 of September 2020;
- Responsible: Talent Acquisition Manager, Management

The next important stage of this project is *research results data analysis*. We need to evaluate the current state of recruiting processes results with quality of hire, and define improvement plans for the future.

- The success of this stage: defined quality of hire for each of our team members and customers projects;
- Deadline: till the 30 of September 2020;
- Responsible: Talent Acquisition Manager.

*Continuous measurement of quality of hire for new team members* is an important stage for setting a process of constant tracking of quality of hire in United Software Solutions.

- The success of this stage: defined quality of hire for each of our team members and customers projects;
- Deadline: till the 30 of September 2020;
- Responsible: Talent Acquisition Manager, Management.

After metrics are collected, we will review this data and *analyze the quality of hire on a quarterly basis*. We will also analyze how the quality of hire correlates with turnover ratio.

- The success of this stage: each quarter quality of hire is combined with turnover, interview results, discusses with management
- Deadline: No deadline;
- Responsible: Talent Acquisition Manager, Management.

In the future, we can continue improving our recruitment process and cooperation with our customers by defining some cross-functional metrics with their management in order to achieve even better results. This sort of cooperation can give our customers an individual approach, flexibility, and new standards of recruiting as a service.

In table 2.2 you can see a matrix of project stakeholders. TOP management and Talent Acquisition Managers have a big value of this project and are the main stakeholders. Customers are having medium influence and Team Members have a small influence on the project, but the project can have a big value for them too.

Table 2.2

*Matrix of project stakeholders*

TOP-management	Customers	Candidates / Team members	Talent Acquisition Specialists
<ul style="list-style-type: none"> <li>• <b>Problem? :</b> Assuring of delivering quality recourses to customers</li> <li>• <b>Job done at this moment? :</b> Discussed project plan, created the coalition</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Problem? :</b> Need for quality candidates</li> <li>• <b>Job done at this moment? :</b> 45 team members was hired in 9 months</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Problem? :</b> Need of being realized as a successful professional, need of feedback</li> <li>• <b>Job done at this moment? :</b> None</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Problem? :</b> In need of standards of work with customers and candidates</li> <li>• <b>Job done at this moment? :</b> Draft of the recruiting process was created</li> </ul>

For involving TOP management, we have created a coalition, during the meeting we have discussed their role at this project and cooperation with customers and team members, and their understanding of project value. For involving customers and team members communication plan will be created till the end of July 2020.

*Conclusion after the evaluation and improvement stage:*

In this stage, we have evaluated the recruitment process at United Software Solution and made improvements in the measurement quality of our recruitment. We

have understood the value of measurement recruitment quality metrics, and have developed an improvement plan for our company.

Especially important is to check how the quality of hire will influence our turnover ratio, and to give us additional profit possibilities. In future this project can grow further to cross-functional metrics with customer management, which can lead to the development of recruitment as a service.

## PART III

### COST OF THE PROJECT AND BUSINESS VALUE

#### *3.1 Needed resources & cost of the project*

We have estimated my work on the project as 200 hours and multiplied this number with an hourly rate. The same math was used for counting time and money spent by company management and team members. For hourly rate data we were using an average rate of managers and coworkers.

For counting operational expenses, we have found our cost per square meter per month, divided this number into hourly payment, and multiplied received results with a sum of hours, spend by me, management, and team members.

*Table 3.1*

#### *Needed time and money resources for project realization*

	<b><i>Cost of my work (\$)</i></b>	<b><i>Cost of time, spent by managers (\$)</i></b>	<b><i>Cost of time, spent by team members (\$)</i></b>	<b><i>Operational expenses</i></b>	<b><i>Additional cost (10 % of project cost)</i></b>
<i>Estimated hours</i>	<i>200 hours</i>	<i>45 hours</i>	<i>60 hours</i>		
<i>Estimated Costs</i>	<i>\$2,000.00</i>	<i>\$794.12</i>	<i>\$882.35</i>	<i>\$21.2</i>	<i>\$369.77</i>
<i>General cost</i>	<i>\$4,067.44</i>				

We have also counted the additional expenses needed for project support. We have estimated the hours for project support for 5 years. We have included operational expenses, the hourly rates of recruiters, managers, team members, and potential change of hourly rates. We have considered that we will need a different number of hours, spend by recruiters, team members, and managers in case of different scenarios.

For having better predictions of support expenses, we have created 3 scenarios. In the case of higher headcount and less turnover (“positive scenario”), we will have more costs due to a higher number of spent hours. In the case of a realistic scenario, we will have an optimal level of growth, optimal change of turnover rate, and optimal level of costs for project support. In the case of a negative scenario, there will be not active company growth, not a big change of turnover level, and fewer hours spent on project support, so minimal money spends from our side.

In table 3.2 you can find the optimal or “realistic” scenario for project support costs. Project support costs in case of other scenarios can be found in Appendix D.

*Table 3.2*

*Estimated project support cost in case of realistic scenario*

<b>Project support cost</b>										
Year	Hours, spent by the recruiter	Cost of recruiter time for support	Hours, spent by management	Cost of time, spent by managers (\$)	Hours, spent by team members	Cost of time, spent by team members (\$)	Operational expenses	Additional cost (10 % of project cost)	Estimated cost	PV
2021	20	\$ 800	10	\$ 194	75	\$ 1,103	\$ 31	\$ 213	\$ 2,341	\$1,950.61
2022	25	\$ 1,100	12	\$ 261	110	\$ 1,812	\$ 43	\$ 322	\$ 3,538	\$2,456.80
2023	30	\$ 1,440	15	\$ 353	150	\$ 2,735	\$ 57	\$ 459	\$ 5,044	\$ 2,919.07
2024	35	\$ 1,820	17	\$ 430	200	\$ 4,118	\$ 74	\$ 644	\$ 7,086	\$ 3,417.22
2025	40	\$ 2,240	20	\$ 553	260	\$ 5,812	\$ 94	\$ 870	\$ 9,569	\$ 3,845.45

*3.2 Business value of the project*

In previous parts of my work, I have explained that our company receives a fixed price income for each of the team members we are hiring for our customers. That is why the revenue per team member's value of high-quality hiring can be counted only by our customers. We can only suggest to them the formula for how to

count this data: multiply the revenue per employee by the variable profit margin and you will get the average profit contribution expected for each new employee. This can be adjusted for salary by dividing the average profit per employee by the average compensation.

For United Software Solution company, the value of the project can be counted based on reducing turnover ratio and increasing retention rate. In the matter of fact, I haven't found any data with numbers how exactly high quality of hire influences retention rate. That is why I will use data from my market research to find this connection. Please see detailed information in table 3.3

From the data provided after research, we can assume that the change in the quality of hire for 10% can increase the retention level by 5%. So, if we will do our best to increase the quality of hire each year, we can count our profit.

Table 3.3

*Connection found between “quality of hire” and “retention rate”*

Count of Q12_new Quality of hire index	Column Labels				
Row Labels	More than 91%	81-90%	61-80%	Grand Total	% of companies who are measuring “retention rate”
More than 85%	75%	0%	50%	33%	14%
80%-84%	0%	50%	0%	25%	12%
Less than 79%	25%	50%	50%	42%	17%
Grand Total	100%	100%	100%	100%	
% of companies who are measuring “quality of hire”	12%	13%	6%		

As for now, the number of our team members is 50. During the whole period of company existence, 5 team members were fired or left. So,  $45/50 \times 100\% = 90\%$ . In case we will increase the quality of hire for 8%, it will bring us a 4% increment of our retention rate, which will lead to 2 persons with no need to be replaced and 2 new additional team members can be added to our team.

If we are talking about our plans to grow up to 100 team members at the end of this year, using the same math we will be able not to replace 4 old team members, and bring 4 additional team members on board. If the dynamic of growth will realize, we can make predictions of cost savings and additional possibilities for income.

We have also considered 3 scenarios. In the case of high temps of growth and turnover decrement each year, we have developed a “positive scenario”. In case of normal (as planned) growth temps and realistic level of turnover decrement, we have created a “neutral” or “realistic” scenario. “Negative” case scenario was created for a case of low temps of growth and low level of turnover ratio decrement.

The positive scenario is possible in case of good sales and marketing work if customers will show a big interest in hiring Ukrainian tech staff for their budget savings, and in case of increment of quality of hire as a result of this project, which will lead to turnover decrement. The realistic scenario is possible in case of customer stable interest in hiring on the same level as current, in case of quality of hire improvement and turnover ratio decrement. The negative scenario will come true in case of customer requests level decrease due to the crisis, as a result, the growth of headcount will be not so active, but even in this case we will need to increase the quality of hire and decrease turnover rate.

We were counting savings by subtraction current turnover ratio from planned turnover ratio, multiplied this number for a planned headcount and cost per hire. We also have included a discount rate for understanding the present value of money during the 6 years. By this logic we could count how much money will we save by this project. In tables 3.4, 3.5, and 3.6 you can see the savings in case of different scenarios.

In the case of a positive scenario, we are considering the growth predictions of up to 500 people in 6 years, and we are planning to achieve a turnover rate at a level of 5%, because this percent considered to be a natural turnover ratio. If realistic scenario will come true, we expect to achieve headcount of 260 people till the end of the 2025 year and turnover rate of 6%. In the case of the negative scenario, we are

planning to have a headcount of 100 people and a 7% turnover ratio at the end of the 2025 year. We are also taking into consideration the potential cost per hire growth.

Table 3.4

*The saving prediction for “United Software Solutions” in case of the negative scenario*

Saving prediction					
Year	Number of team members	Turnover ratio	Average Cost per hire	Savings vs Initial Turnover ratio 10% FV	Savings vs Initial Turnover ratio 10% PV
2020	50	10%			
2021	55	9%	1450	\$797.50	\$664.58
2022	60	8%	1500	\$1,800.00	\$1,250.00
2023	78	7%	1550	\$3,627.00	\$2,098.96
2024	90	7%	1650	\$4,455.00	\$2,148.44
2025	100	7%	1800	\$5,400.00	\$2,170.14

Table 3.5

*The saving prediction for “United Software Solutions” in case of the realistic scenario*

Savings prediction					
Year	Number of team members	Turnover ratio	Average Cost per hire	Savings vs Initial Turnover ratio 10% FV	Savings vs Initial Turnover ratio 10% PV
2020	50	10%			



2021	75	8%	1450	\$2,175.00	\$1,812.50
2022	110	7%	1500	\$4,950.00	\$3,437.50
2023	150	7%	1550	\$9,300.00	\$5,381.94
2024	200	6%	1650	\$13,200.00	\$6,365.74
2025	260	6%	1800	\$23,400.00	\$9,403.94

If a positive scenario will come true general savings after 6 years of project realization will be \$52,930.27. If realistic scenario will come true, we will save \$23,175.35. In the case of a negative scenario, we will save \$8,332.12 after 6 years of project duration.

Table 3.6

*The savings prediction for “United Software Solutions” in case of a positive scenario*

Saving prediction					
Year	Number of team members	Turnover ratio	Average Cost per hire	Savings vs Initial Turnover ratio 10% FV	Savings vs Initial Turnover ratio 10% PV
2020	50	10%			
2021	100	8%	1450	\$2,900.00	\$2,416.67
2022	175	6%	1500	\$10,500.00	\$7,291.67
2023	250	5%	1550	\$19,375.00	\$11,212.38
2024	350	5%	1650	\$28,875.00	\$13,925.06
2025	500	5%	1800	\$45,000.00	\$18,084.49

For counting additional income that our company can receive as a result of this project, we were using the next math: subtraction current turnover ratio from

planned turnover ratio, multiplied this number for a planned headcount, net income from each person per month, and multiplied for 12 months. By this logic we could define what additional income we can receive per year due to the change of turnover ratio. We have included a discount rate and counted the present value of money for 6 years.

We have created additional income prediction for the positive, realistic, and negative scenario, in table 3.7, 3.8, 3.9 you can see those predictions. In the case of a positive scenario, we will be able to receive \$154,790.12 of additional income till the end of the 2025 year. If realistic scenario will come true, we will receive an additional \$68,080.25 based on turnover decrement. In the case of a negative scenario, we can receive an additional income of \$24,737.04 in 6 years of our project.

Table 3.7

*The additional income prediction in case of a negative scenario*

<b>Potential profit per year prediction</b>					
Year	Number of team members	Turnover ratio	Profit per PPL	Additional Profit vs Initial Turnover ratio 10% FV	Additional Profit vs Initial Turnover ratio 10% PV
2020	50	10%	\$ 400.00		
2021	55	9%	\$ 400.00	\$ 2,640.00	\$2,200.00
2022	60	8%	\$ 400.00	\$ 5,760.00	\$4,000.00
2023	78	7%	\$ 400.00	\$ 11,232.00	\$6,500.00
2024	90	7%	\$ 400.00	\$ 12,960.00	\$6,250.00
2025	100	7%	\$ 400.00	\$ 14,400.00	\$5,787.04

Table 3.8

*The additional income prediction in case of a realistic scenario*

<b>Potential profit per year prediction</b>
---

Year	Number of team members	Turnover ratio	Profit per PPL	Additional Profit vs Initial Turnover ratio 10%	Additional Profit vs Initial Turnover ratio 10%
				FV	PV
2020	50	10%	\$ 400.00		
2021	75	8%	\$ 400.00	\$ 7,200.00	\$6,000.00
2022	110	7%	\$ 400.00	\$ 15,840.00	\$11,000.00
2023	150	7%	\$ 400.00	\$ 21,600.00	\$12,500.00
2024	200	6%	\$ 400.00	\$ 38,400.00	\$18,518.52
2025	260	6%	\$ 400.00	\$ 49,920.00	\$20,061.73

Return of investment (ROI) was counted in case of different scenarios:

- If the positive scenario will come true, annualized ROI of the project will be 33%, which is very good in case of discount rate 20%;
- If realistic scenario will come true, annualized ROI of the project will be 26%, which is also good;
- In the case of a negative scenario, annualized ROI will be 16%.

Table 3.9

*The additional income prediction in case of a positive scenario*

<b>Potential profit per year prediction</b>					
Year	Number of team members	Turnover ratio	Profit per PPL	Additional Profit vs Initial Turnover ratio 10%	Additional Profit vs Initial Turnover ratio 10%
				FV	PV
2020	50	10%	\$ 400.00		
2021	100	8%	\$ 400.00	\$ 9,600.00	\$8,000.00

2022	175	6%	\$ 400.00	\$ 33,600.00	\$23,333.3 3
2023	250	5%	\$ 400.00	\$ 60,000.00	\$34,722.2 2
2024	350	5%	\$ 400.00	\$ 84,000.00	\$40,509.2 6
2025	500	5%	\$ 400.00	\$120,000.00	\$48,225.3 1

*Conclusion after the cost of the project and project business value part*

We have created 3 scenarios for counting the cost of the project and income as a result of this project. The positive scenario will be realized in the case of big headcount growth, improvement of quality of hire will lead to 5% less turnover from the current rate in 6 years. The realistic scenario will be realized in the case of headcount growth in teams as it is right now, improvement of quality of hire will lead to 4% less turnover in 6 years. The negative scenario can be possible in case of less growth of headcount, and improvement of quality of hire will lead to 3% less turnover.

Costs and potential income were counted and based on these numbers we have counted return of investments in case of three scenarios. In case of positive scenario annualized ROI will be 33%, in case of realistic scenario annualized ROI will be 26%, in case of negative scenario annualized ROI will be 16%. These results give us an understanding that this project is profitable for our company.

## CONCLUSIONS

For United Software Solution company, it is very important to set high-quality recruiting, because we are hiring team members into customers teams. We are not selling a solution and not taking responsibility for the delivery.

In the current crisis situation on the market, where the number of candidates increases, IT companies' management will request from recruiters a new, better way for candidate selection and interviewing in order to get the "right person" for the right position. This new, quality recruiting can lead to cost reduction for a need of person replacement, quality hired person can bring much more value for companies.

As a result of this diploma project, the "United Software Solutions" has achieved a set of research objects.

- ✓ The first version of the recruitment process was created with the mentioned stages, metrics, and expected results at each stage. With company TOP management we agreed on the main structure of this process, created some standards of work for recruiters, agreed on what metrics we are tracking.

- ✓ In February-March of 2020, market research among product and out staff companies was realized. Based on this research we have defined the current state of recruiting metrics at these companies.

- o We can see the tendency of connection between quantitative recruiting metrics and quality metrics. In our researched group we can see that companies with less time per hire have a bigger percentage of quality of hire. But in general, the connection is not so big, and in international literature experts also can't see the connection between quantitative and quality metrics.
- o In general, we can see the proof that most of the researched companies are focusing on collecting quantitative metrics like: "cost per hire", "time per hire", "retention rate", because they are easy for collecting, they can answer for the question "how much money do we spend". And less of companies understand the real value of recruiting quality

metrics like: “cultural fit”, “team members` engagement”, “performance”, “quality of hire”, and in fact, there are no standards of their measurement, because they are collected based on concrete company needs.

✓ Based on data analysis after research, we have defined the need for measurement quality of hire, because we have seen the connection between the quality of hire and turnover ratio.

✓ As a result, a clear plan of recruitment process improvement was created. This stage is still in progress will include documentation and standards creation.

We have researched and understood the value of a high-quality recruiting process, and started setting this process in our company. The main value for our company is that the high quality of hire reduces turnover ratio, and value for our customers is that high quality recruiting can influence profit per employee. And for sure this topic needs to be researched more deeply.

After counting the profit of improving the quality of hire in our company, we can say for sure that this project is profitable and bring additional money. In case of positive scenario annualized ROI will be 33%, in case of realistic scenario annualized ROI will be 26%, in case of negative scenario annualized ROI will be 16%. For sure it depends on turnover ratio, temps of growth, sales work, and a lot of other factors. But in case of using the same project in other companies, it can be profitable as well, because we proved that recruiting quality can bring additional value to the business.

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## APPENDIX A

## Questionnaire for recruitment quality market research

Dear colleagues,

I am making research among IT out-staff and product companies of Ukraine in order to find the answer to the questions about the criteria (KPI's or metrics) for measurement of the recruiting process quality.

Kindly ask you to take 5 minutes of your time to answer this survey. As a result, you will receive a report with the information regarding the measurement of the recruiting process used by other companies.

This questionnaire is anonymous and will only include general questions, so please use real information about your company. Your answers are very important for creating a real statistic of the benchmark.

Please note that current research will be opened from 11 till 28 of February  
Please, feel free to ask me in case of any questions:

skype: roksolana.kozevych telegram: @Roxy\_Lyana,

FB: [h ttps://www.facebook.com/roksolana.kozevych](https://www.facebook.com/roksolana.kozevych),

LD: [h ttps://www.Linkedin.com/in/roksolana-kozevych-322aa36b/](https://www.Linkedin.com/in/roksolana-kozevych-322aa36b/)

Thank you in advance, Best regards, Roksolana Kozevych

1. Type of the business \*.

- IT product business  
 IT out-staff business

2. Number of team members \*

- 0-20  
 21-50  
 51-100  
 101-200

*Addition of Appendix A*

- 201-500
- 501-1000
- more than 1000

3. What KPI's or metrics are you measuring in order to assure your recruiting process quality? (Please mark all that applied at your company\*)

- Time per hire
- Cost per hire
- Retention rate
- Engagement of new team members
- Performance of new team members
- Cultural fit of new team members
- Percentage of newcomers who passed the probation
- Quality of hire
- We are not measuring any of these metrics
- Other: \_\_\_\_\_

4. How often do you measure KPI's or metrics of the recruiting process? \*

- Monthly
- Quarterly
- Yearly
- Per request
- Other: \_\_\_\_\_

5. If at your company you are measuring the time for vacancy closing (till the moment of offer acceptance), what is the average indicator at your company during the previous year? \*

*Addition of Appendix A*

- Trainee or Junior level Positions- less than 1 week, Middle - less than 2 weeks, Senior - Less than 4 weeks, Higher - less than 6 weeks.
- Trainee or Junior level Positions - 1-2 weeks, Middle - 2-3 weeks, Senior - 4-5 weeks, Higher - 6-8 weeks;
- Trainee or Junior level Positions - 2-3 weeks, Middle - 4-6 weeks, Senior - 6-8 weeks, Higher - more than 8 weeks;
- We are not measuring time per vacancy;
- Other: \_\_\_\_\_

6. If at your company you are measuring cost per hire, what is an average monthly indicator at your company? \*

- Less than 500\$
- 800-1000\$
- 1001-1250\$
- 1251-1500\$
- More than 1500\$
- We are not measuring cost per hire
- Other: \_\_\_\_

7. If at your company you are measuring the retention rate, what is the indicator at your company during the last year?

- More than 95%
- 90% - 94%
- 85% - 89%
- 80%-84%
- 75%-79%
- 70-74%

*Addition of Appendix A*

- Less than 69%
- We are not measuring retention rate
- Other: \_\_\_\_\_

8. If at your company you are measuring the team members' engagement, what is the average index of at your company during the last year?

- More than 91%
- 81-90%
- 71-80%
- 61-70%
- 51-60%
- 41-50%
- Less than 40%
- We are not measuring engagement

9. If at your company you are measuring team members' performance, what methods do you use for measuring?

- 360 evaluation
- Tech interview
- Competence interview
- OKR or MBO
- We are not measuring performance
- Other: \_\_\_\_

10. What methods do you use to ensure your team members' cultural fit?

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*Addition of Appendix A*

11. If at your company you are measuring the percentage of newcomers who passed the probation period, what is the average percentage at your company during the last year?

- More than 90%
- 80% - 89%
- 75%-79%
- Less than 75%
- We are not measuring the percentage of newcomers who passed the

probation period

- Other: \_\_\_\_\_

12. If at your company you are measuring the quality of hire, what is the average index of quality of hire at your company during the last year?

- More than 91%
- 81-90%
- 71-80%
- 61-70%
- 51-60%
- 41-50%
- Less than 40%
- We are not measuring quality of hire

## APPENDIX B

Information about the percentage of measurement recruiting metrics by  
companies with different size

Table B.1

*Percentage of time per hire measurement by companies of different size*

Count of Q2_ New Number of team members	Column Labels		
Company Size	not measuring time per hire	measuring time per hire	Grand Total
small business	47%	30%	33%
middle business	40%	56%	52%
big business	13%	15%	14%
Grand Total	100%	100%	100%
	22%	78%	

Table B.2

*Percentage of cost per hire measurement by companies of different size*

Count of Q2 Number of team members	Column Labels		
Company Size	not measuring cost per hire	measuring cost per hire	Grand Total
small business	36%	28%	33%
middle business	50%	56%	52%
big business	14%	16%	14%
Grand Total	100%	100%	100%
	64%	36%	

Table B.3

*Percentage of retention rate measurement by companies of different size*

Count of Q2 Number of team members	Column Labels		
Company Size	not measuring retention rate	measuring the retention rate	Grand Total
small business	41%	23%	33%
middle business	46%	60%	52%
big business	13%	17%	14%
Grand Total	100%	100%	100%
	57%	43%	

*Addition of Appendix B*

Table B.4

*Percentage of team members` engagement measurement by different size companies*

Count of Q2_ New Number of team members	Column Labels		
Company Size	not measuring engagement	measuring engagement	Grand Total
small business	35%	27%	33%
middle business	52%	53%	52%
big business	13%	20%	14%
Grand Total	100%	100%	100%
	78%	22%	

Table B.5

*Percentage of team members` performance measurement by different size companies*

Count of Q2_ New Number of team members	Column Labels		
Company Size	not measuring performance	measuring performance	Grand Total
small business	38%	31%	33%
middle business	52%	52%	52%
big business	10%	17%	14%
Grand Total	100%	100%	100%
	70%	30%	

Table B.6

*Percentage of team members` cultural fit measurement by different size companies*

Count of Q2_ New Number of team members	Column Labels		
Company Size	not measuring cultural fit	measuring cultural fit	Grand Total
small business	31%	39%	33%
middle business	53%	50%	52%
big business	16%	11%	14%
Grand Total	100%	100%	100%
	74%	26%	

*Addition of Appendix B*

Table B.7



*Percentage of measurement team members` who passed the probation period by different size companies*

Count of Q2_ New Number of team members	Column Labels		
Company Size	not measuring the percentage of newcomers who passed probation	measuring the percentage of newcomers who passed probation	Grand Total
small business	59%	21%	33%
middle business	27%	64%	52%
big business	14%	15%	14%
Grand Total	100%	100%	100%
	32%	68%	

Table B.8

*Percentage of measurement quality of hire by different size companies*

Count of Q2 Number of team members	Column Labels		
Company Size	not measuring quality of hire	measuring quality of hire	Grand Total
small business	33%	33%	33%
middle business	54%	48%	52%
big business	13%	19%	14%
Grand Total	100%	100%	100%
	70%	30%	

## APPENDIX C

Data analysis results about each of researched metrics

Table C.1

*Time per hire indicators in companies of different size*

Count of Q5_new the average time for vacancy closing during the previous year	Column Labels		
Company Size	Trainee or Junior level Positions- less than 2 weeks, Middle - less than 4 weeks, Senior - Less than 6 weeks, Higher - less than 8 weeks	Trainee or Junior level Positions - 2-3 weeks, Middle - 4-6 weeks, Senior - 6-8 weeks, Higher - more than 8 weeks	Grand Total
small business	45%	19%	30%
middle business	45%	63%	56%
big business	9%	19%	15%
Grand Total	100%	100%	100%
% of companies who are measuring this metric	32%	46%	78%

Table C.2

*Cost per hire indicators in companies of different size*

Count of Q6_new Average monthly indicator of cost per hire	Column Labels		
Company Size	Less than 1000\$	More than 1000\$	Grand Total
small business	29%	27%	28%
middle business	64%	45%	56%
big business	7%	27%	16%
Grand Total	100%	100%	100%
% of companies who are measuring this metric	20%	16%	36%

## Addition of Appendix C

Table C.3

*Retention rate indicators in companies of different size*

Count of Q7_new the retention rate during the last year	Column Labels			
Company Size	More than 85%	80%-84%	Less than 79%	Grand Total
small business	10%	38%	25%	23%
middle business	60%	63%	58%	60%
big business	30%	0%	17%	17%
Grand Total	100%	100%	100%	100%
% of companies who are measuring this metric	14%	12%	17%	43%

Table C.4

*Team members' engagement indicators in companies of different size*

Count of team members' engagement	Column Labels		
Company Size	More than 81%	Less than 80%	Grand Total
small business	22%	33%	27%
middle business	44%	67%	53%
big business	33%	0%	20%
Grand Total	100%	100%	100%
% of companies who are measuring this metric	13%	9%	22%

Table C.5

*The percentage of people who passed the probation period in companies of different size*

Count of Q11_new the percentage of passing the probation period	Column Labels			
Company Size	More than 95%	90% - 94%	75%-89%	Grand Total
small business	27%	18%	10%	21%
middle business	58%	73%	70%	64%
big business	15%	9%	20%	15%
Grand Total	100%	100%	100%	100%
% of companies who are measuring this metric	38%	16%	14%	58%

## Addition of Appendix C

Table C.6

*The difference in time per hire in companies with different quality of hire indicators*

Time per hire\ Quality of hire indicators	More than 91% /	81-90%	61-80%	Grand Total
Trainee or Junior level Positions- less than 2 weeks, Middle - less than 4 weeks, Senior - Less than 6 weeks, Higher - less than 8 weeks	75%	44%	33%	55%
Trainee or Junior level Positions - 2-3 weeks, Middle - 4-6 weeks, Senior - 6-8 weeks, Higher - more than 8 weeks	25%	56%	67%	45%
Grand Total	100%	100%	100%	100%
% of companies who are measuring the quality of hire	12%	13%	6%	31%

Table C.7

*The difference in cost per hire in companies with different quality of hire indicators*

Cost per hire\ Quality of hire indicators	More than 91%	81-90%	61-80%	Grand Total
Less than 1000\$	50%	57%	0%	50%
More than 1000\$	50%	43%	100%	50%
Grand Total	100%	100%	100%	100%
% of companies who are measuring the quality of hire	12%	13%	6%	31%

Table C.8

*The difference in the percentage of probation passing in companies with different quality of hire indicators*

Percentage of probation passing\ Quality of hire	More than 91%	81-90%	61-80%	Grand Total
More than 95%	100%	38%	75%	65%
90% - 94%	0%	50%	0%	24%
75%-89%	0%	13%	25%	12%
Grand Total	100%	100%	100%	100%
% of companies who are measuring the quality of hire	12%	13%	6%	31%

## APPENDIX D

## Project support expenses

Table D.1

*Project support costs in case of a positive scenario*

Year	Hours, spent by the recruiter	Cost of recruiter time for support	Hours, spent by management	Cost of time, spent by managers	Hours, spent by team members	Cost of time, spent by team members	Operational expenses	Addition al cost (10 % of project cost)	Estima ted cost
2021	20	\$ 800	10	\$ 194	100	\$ 1,471	\$ 38	\$ 261	\$ 2,874
2022	30	\$ 1,320	15	\$ 326	175	\$ 2,882	\$ 71	\$ 479	\$ 5,269
2023	40	\$ 1,920	20	\$ 471	250	\$ 4,559	\$ 109	\$ 733	\$ 8,062
2024	50	\$ 2,600	25	\$ 632	350	\$ 7,206	\$ 163	\$ 1,098	\$ 12,073
2025	60	\$ 3,360	30	\$ 829	500	\$ 11,176	\$ 260	\$ 1,616	\$ 17,772
Total									\$ 46,050

Table D.2

*Project support costs in case of a negative scenario*

Year	Hours, spent by the recruiter	Cost of recruiter time for support	Hours, spent by management	Cost of time, spent by managers	Hours, spent by team members	Cost of time, spent by team members	Operational expenses	Addition al cost (10 % of project cost)	Estimat ed cost
2021	20	\$ 800	10	\$ 194	55	\$ 809	\$ 25	\$ 183	\$ 2,011
2022	25	\$ 1,100	12	\$ 261	60	\$ 988	\$ 29	\$ 238	\$ 2,616
2023	30	\$ 1,440	15	\$ 353	78	\$ 1,422	\$ 36	\$ 325	\$ 3,577
2024	35	\$ 1,820	17	\$ 430	90	\$ 1,853	\$ 42	\$ 414	\$ 4,559
2025	40	\$ 2,240	20	\$ 553	100	\$ 2,235	\$ 47	\$ 508	\$ 5,583
Total									\$ 18,345

