

EVOLVING RECRUITMENT STRATEGIES

A study on recruitment best practices in high growth technology companies

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Abstract: Recruitment and revenue growth are strongly correlated in Swedish high-growth tech start-ups but these companies face a continuous challenge of finding and recruiting talent in sufficient quality and numbers. The thesis answers the question on how such companies manage to recruit the employees they need. Since few studies have been performed on these companies' recruitment strategies, the thesis builds on theory as well as on a qualitative and explorative analysis of 11 Swedish tech companies. The thesis proposes a model of nine best practices which applies across recently created start-ups as well as larger start-ups. Best practices include hiring a person in charge of recruitment as soon as the company starts to grow, keeping job descriptions broad, minimising the use of external recruitment agencies and establishing internal search teams instead. Successful Swedish tech start-ups innovate not only in technology and marketing but also in recruitment strategies, which should serve as an inspiration for other start-ups.

Key Words: Human resource management, recruitment, high growth, start-ups

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Foreword

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1. Introduction

1.1 Background

1.1.1 The importance of High Growth companies and their recent boom in Stockholm

The Nordic Region attracts significant investor attention with successful Swedish tech firms standing out. After Silicon Valley, Stockholm produces the highest number of unicorns¹ per capita than any other global city and Sweden as a whole comes second in the world on a per capita basis. The Nordic region represents 2% of global GDP but has accounted for almost 10% of the world's billion-dollar exits over the last decade, with more than half of these coming from Sweden. Unicorns with an origin in Sweden include Fingerprint Cards, King.com, Klarna, Mojang, Qliktech, Skype & Spotify and there are several unicorns in the making including Tobii, Truecaller and iZettle.

In Barrett and Mayson's *International handbook of entrepreneurship and HRM* (Human Resource Management) (2008), Heneman, Tansky, and Camp (2000) stress the importance of high growth companies for their respective countries. Of most importance according to Goswami, McMahan and Wright (2000) are entrepreneurial firms since they have the potential to become high-growth firms.

1.2 The importance of Recruitment

Recruitment is a critical aspect of Human Resources for any company. In a study by SHL Talent Management (which forms part of CEB Talent Measurement), failed recruitment and

¹ A Unicorn is a start-up company which has reached a value of more than USD1 billion, in other words a company characterised by very high growth. According to VentureBeat, there were 229 unicorns in the world as of January 2016. The largest unicorns include Uber, Xiaomi, Airbnb, Palantir, Snapchat, Dropbox and Pinterest. Unicorns appear in various regions of the world, but mainly in the USA, and especially in California where 101 unicorns are headquartered.

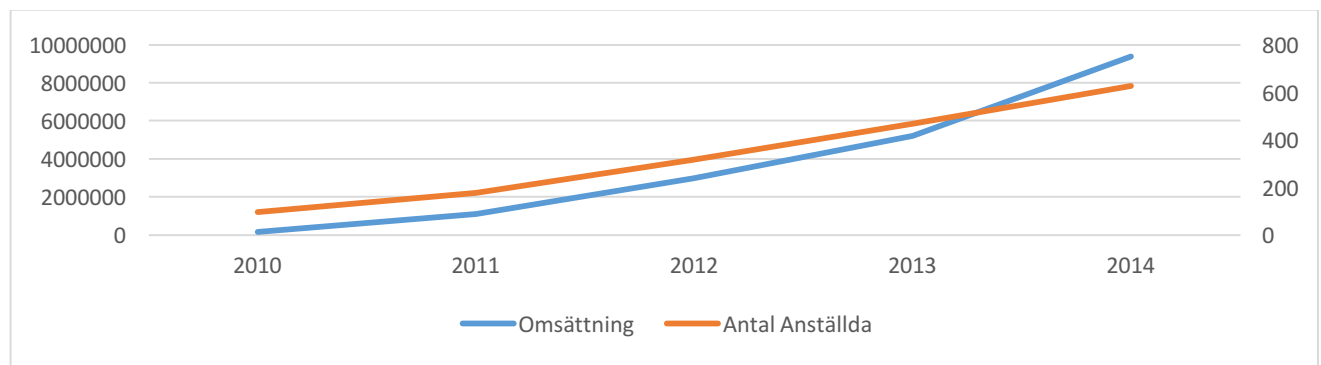
poor human resources development costs Swedish companies more than 10 billion SEK annually.

As can be seen in the below charts for Spotify, Klarna and iZettle which form part of 11 interviewed companies there is a very strong correlation between organisation growth and revenue growth (Retriever). A similarly strong correlation exists for the other 8 companies that were interviewed.

Spotify

Correlation factor: 0,985

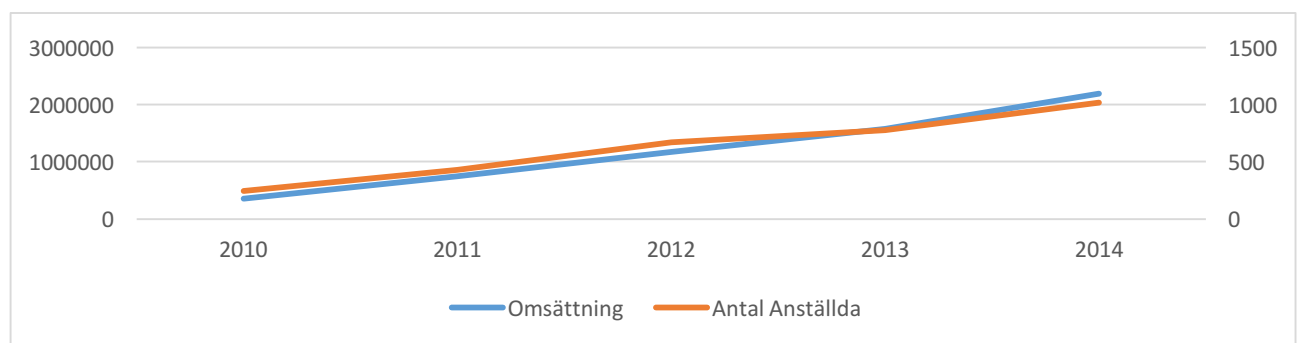
Graph 1: Spotify Revenue and Employees (2010-2014)



Klarna

Correlation factor: 0,994

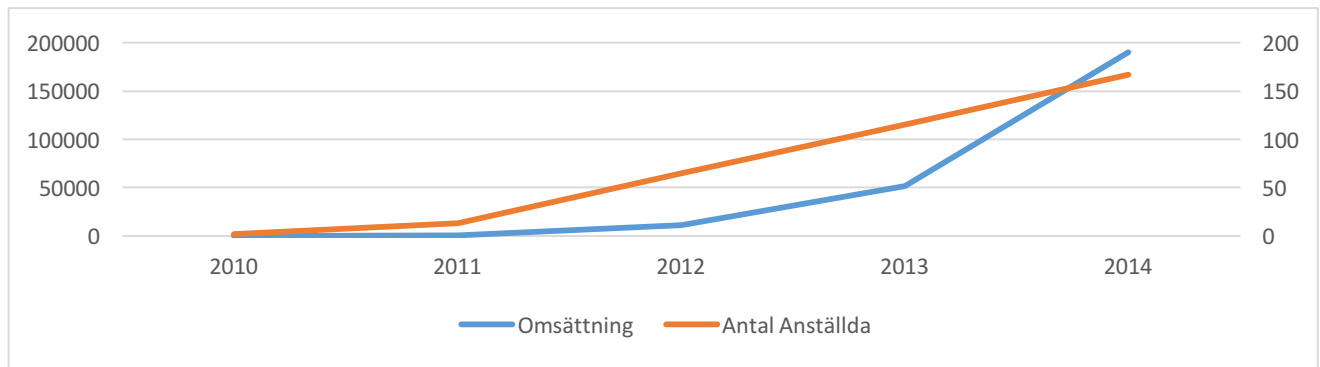
Graph 2: Klarna Revenue and Employees (2010-2014)



iZettle

Correlation factor: 0,894

Graph 3: iZettle Revenue and Employees (2010-2014)



Finding the right people to work at a company is one of the essential tasks of a company. The only unique, sustainable source of competitive advantage is the human capital (Gratton, 2000; Michaels et al., 2001). Maintaining and strengthening the company's human capital is one of the main strategic challenges facing the human resource (HR) professional, and recruitment and selection are key to achieving this goal (Banfield and Kay, 2008). Burrows (2004) explains that a company must have a firm grasp of human resource management and have an understanding for the whole process, and that a lack thereof could lead to unfortunate implications such as hiring the wrong people.

Greiner (1972) studied organizational growth and the different phases that such growth consists of. He described it as a pattern of evolution and revolution with a company going through periods of evolutionary growth followed by shorter transformational and painful revolutionary periods. Galbraith (1985) argues that all companies need not grow in this manner and that the key to managing these painful transitions is fixing organization and human resource planning. Heneman et al. (2000) also emphasize the importance of Human Resource Management (HRM) in the success of companies. Research by Neal et al. (2004) and Purcell (2003) shows that HRM has the potential to deliver strategically valuable outcomes. While it is difficult to establish clear-cut cause and effect relationships, certain outcomes can without doubt be connected to HRM (Legge, 1995). Most small firms are characterized by informal HRM (Cardon & Stevens (2004), Cassell et al., (2002), Heneman et

al., (2000)). Galbraith (1985) describes the process by which firm growth is accompanied by changes and the creation of formal HR departments.

High-growth companies are vital for an economy and society and recruitment is vital for these high growth firms. However, there is a lack of theoretical and empirical studies concerning high-growth companies and recruitment. Heneman et al. (2000) call for more research on HRM strategies in entrepreneurial firms. This thesis should contribute to management theory with regards to recruitment through its analysis of different strategies employed by entrepreneurial rapidly-growing companies.

1.3 Purpose

The objective of the thesis is to identify recruitment best practices across both theory and empirical data from eleven Swedish tech companies that have experienced and continue to experience rapid growth. The study focuses on Swedish tech start-ups as there is little research related to their recruiting practices, despite the Swedish tech scene being such a hot topic and recruitment being such an important contributor to tech companies' growth and success.

The thesis should provide a better understanding of the recruitment challenges faced by high-growth entrepreneurial companies in Sweden and act as a guide to start-ups on how to strategically plan their recruitment strategy based on both theory and the experience of other companies.

1.4 Research question

The following research question has been defined for the thesis:

How do high-growth Swedish tech companies manage to recruit the amount of employees that they need?

2. Theoretical Framework

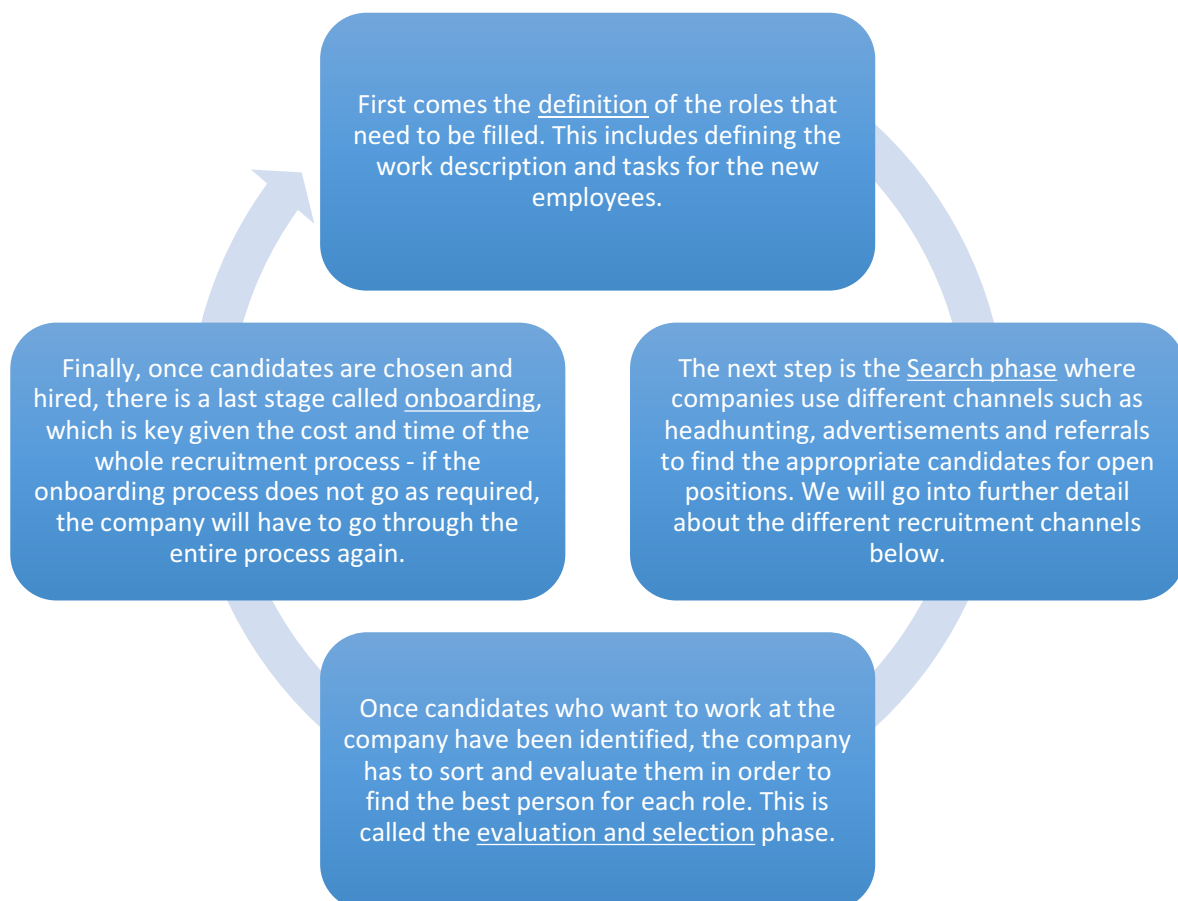
Mondy & Mondy (2013) divide Human Resource Management into five parts: Staffing, Human Resource Development, Compensation, Safety and Health, Employee and Labour Relations. Barrett et al.'s (2008) divide HRM into Selection and Recruitment, Formal Training and Performance Evaluation, and Remuneration and Compensation. The thesis focuses solely on Selection and Recruitment, or Staffing in Mondy and Mondy's model.

This chapter goes through the theoretical framework on high-growth tech firms' recruitment strategies. The framework is based on research literature on the topic of recruitment.

2.1 Recruitment Process

Recruitment can be divided into four categories according to Granberg (1994) and Heneman et al. (2008). See model below.

Figure 1: Granberg's four stages of Recruitment



The thesis encompasses the first three of the four phases and if/how tech companies' recruitment strategies have changed as the company has grown. Research by Rioux and Bernthal (1999) shows that the more effective a company's recruitment strategy is, the more likely it is for the company to employ better and more satisfied employees.

2.1.1 Role Definition

In their study Heneman et al (2008) explain that job descriptions are more loosely defined in visionary high growth companies with job duties shaped more by the employee than by a specific job description. However, job descriptions depend significantly on the level of employment (Banfield & Kay, 2012). Junior levels have more defined tasks, while senior levels are more concerned with overall responsibilities. We can conclude that tech jobs in the interviewed companies should be less clearly defined than more traditional jobs.

2.1.2 Advertising

Out of the recruitment channels for all companies advertising is the most widely used (Banfield and Kay, 2012) with online advertising as the most recent trend. Banfield and Kay (2012) suggest that companies are moving away from traditional methods of attracting applicants towards online advertising mainly because it tends to be cheaper than traditional advertising.

2.1.3 Headhunting / External recruitment agencies

With regards to external recruitment agencies, also called "headhunters", Banfield and Kay (2012) explain that this source can be effective, but that both costs and quality can vary significantly and that employee retention can become an issue when using external recruitment agencies. They go on to say that this channel can be very targeted and efficient but that it can come at a high price. A benefit of external recruiters is their ability to also track down passive candidates (i.e. potential candidates who are not actively looking for a job). Mondy and Mondy (2013) point out that external recruitment agencies can be of

varying quality and should be carefully selected by the niche that the specific recruitment agency is specialized in.

2.1.4 Referrals

Most job positions are filled through employee recommendations, also known as referrals (Bohlander and Snell (2013). The benefits of using referrals according to Banfield and Kay (2012) are their inexpensiveness while still maintaining efficiency and quality. Shuit (2006) also points out that the quality originating from this sort of recruitment is normally higher and the applicants if hired tend to stay longer in the company (Fernandez et al, 2000). Mondy & Mondy (2013) explain that this can be due to the fact that applicants arriving through referrals are pre-screened by the person providing the referral.

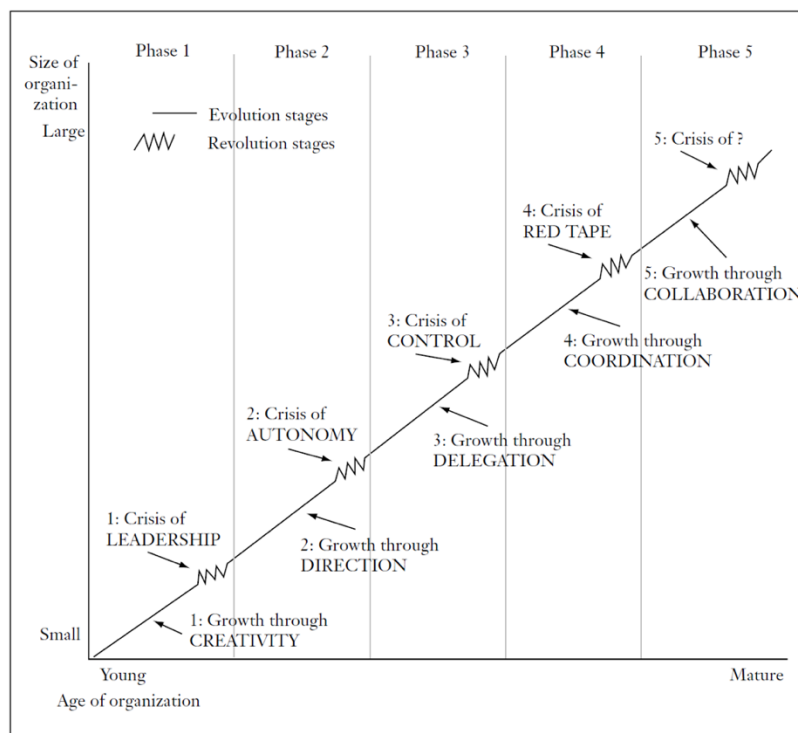
Rob Fuggeta (2012) makes an observation with regards to the rewards system, explaining that the referral loses some genuineness when a financial reward is applied.

2.2 Company growth – Different stages in HRM

Companies grow and have different challenges at different points of their development. Human Resource Management and Recruitment strategies need to adapt to these steps in the process in order to be effective for the company.

In the 1st chapter we were introduced to Greiner's theories on evolutionary growth patterns in companies. The below figure shows Greiner's growth model which explains how most companies have a period of growth, followed by a crisis which they have to fix. If they manage to resolve the crisis, the company can keep on growing until it hits the next problem which it needs to solve.

Figure 2: Greiner's Growth Model



Greiner explains that in the first stage a company grows through creativity. The main focus in this phase is building a working product and finding the right market. Once the company has found its market and started operating, the next step is making the operation more efficient and this is why a crisis of leadership can arise as the more creative entrepreneur and founder of the company typically cannot handle business aspects as well as creative aspects. In this case there should be a delegation of leadership responsibility to other managers leading to a new growth period through direction. The next crisis becomes a crisis of autonomy when the company has become too large for only a few managers to decide everything and the company needs delegation in order to grow.

Galbraith (1985) has built on Greiner's model of organizational growth with regards to HR. Galbraith explains that every start-up begins with a handful of people and an informal organization managed by face-to-face interaction. Companies in this phase are characterized by the informal communication among employees. As size increases, as a number of sites and divisions are created, formalization and impersonality increases and the functional organization inevitably arises.

A first stage concerns creativity and “invention”; a second stage is where the business side of the concept starts kicking in; followed by a third step where efficiency becomes even more important once the business model has been proven to work. This thesis studies companies in the transition between stage 2 and stage 3 given that the majority of the interviewed companies are in the early stages of company growth and have experienced or are in the process of experiencing these challenges. The findings show that companies go from informality to formality as they pass a certain early stage.

Galbraith explains that there is a rapid addition of new people and new functions and that everything has to be synchronized (engineering, manufacturing, sales and service) in order for the company to sustainably grow. Not many tech companies have the sort of growth described by Galbraith (adding 1,000 people in 1-2 years). However, one can expand the concept of a start-up phase to encompass companies that hire hundreds of people, instead of thousands. The same structural and organizational dilemma remains true for these companies, albeit at a slightly lower scale.

2.3 Human Resource Management in small but high growth firms

2.3.1 Impact of firm size on effectiveness of recruitment practices

Mondy and Mondy (2013) note that smaller companies tend to find more candidates through network recruiting and referrals. This is supported by extensive research on the subject (Kotey and Sheridan, 2004; Saari et al., 1988; Wilkinson, 1999; Aldrich and Auster, 1986). Williamson and Robinson (2012) observe that formal recruitment practices, such as using external recruitment agencies, provide an advantage for smaller firms due to their ability to expand the number and diversity of applicants. However, due to smaller firms' limited financial resources and the fact that formal practices (such as headhunting) are more expensive to implement, smaller firms are less likely to use this method and more likely to use referrals (Kotey and Sheridan, 2004). As the company grows the benefits of using formal methods also increase. This is linked to ‘employer branding’; the more well-known a

company is, the more applications it will receive through formal networks (Williamson et al., 2002).

2.3.2 Impact of high growth on effectiveness of recruitment practices

With specific relevance to this thesis, Barrett and Mayson (2006) have researched small high-growth companies and how HR in the companies deals with problems linked with rapid growth. Their observations include hiring specialists instead of generalists, and having a more well-defined company structure to facilitate giving roles and defining tasks. Barrett and Mayson explain that companies “*should establish formal HRM practices in order to help cope with the increase in complexity resulting from greater numbers of employees if growth is to be sustained*”.

Rutherford et al. (2003) confirm this research by showing that rapidly-growing companies should consider formalising processes and developing operational and managerial systems as well as other types of organisational infrastructure which may reduce dependence on the owner-manager. While dependence may not be entirely eliminated, formalisation and the development of systems can provide a platform from which sustainable growth can occur.

In the empirical section, we will analyse the similarities and differences between the interviewed companies’ recruitment strategies as well as their evolution in order to create a model of best practices for recruitment in high-growth companies.

3. Method

3.1 Research Method

The objective of the thesis is to identify recruitment best practices from theory and/or empirical data on the recruitment strategies of eleven Swedish tech companies that have experienced and continue to experience rapid growth. A tech company is defined as a company that has a technological product or whose core business is based on technology.

Given that the interviewed companies do not publicly share information on their HRM and recruitment strategies, there were two ways of obtaining the information for the thesis: through qualitative interviews or a quantitative method such as a survey.

Bell (2006) points out the benefits of an explorative method when researching areas that have not been extensively studied before. Yin (2014) points out that a qualitative method is preferable for a study analysing a relatively new topic. Considering the lack of research on recruitment processes in high-growth Swedish tech companies and of their evolution over time, it appears that an explorative and qualitative research method is suitable for this study. The qualitative method allows for a deeper understanding of the complex phenomena that are being analysed and existing research and studies are used to compare the empirical findings.

As there is no secondary data source available that can be used to validate the collected data and that the interviews can give a subjective view of the company's recruitment strategy, the gathered data needs to be critically analysed and questioned (Bryman, 2002). The empirical data collected through the interviews is thereafter divided into different motifs and topics, in order to simplify the analysis of the data.

3.2 Approach

A deductive reasoning means taking a hypothesis from existing theory and conducting an empirical test of that hypothesis. An inductive reasoning implies coming to broad

conclusions based on empirical evidence (Bell, 2006). A middle-way, called abductive reasoning, means making use of incomplete theory and data, and adapting one when learning something new in the other, and vice versa.

An abductive reasoning has been chosen for the thesis as there is limited research on the recruiting processes of Swedish high-growth start-ups. The study is built on existing research on the topic of recruitment with the data gathered from the qualitative interviews.

Qualitative interviews enable the contribution to and expansion of existing theories, rather than validating already established theories (Bonoma, 1985). The qualitative method is focused on describing processes and patterns and on how they evolve over time (Bryman and Bell, 2013). All the above factors are why qualitative interviews were selected as the method for the thesis.

3.3 Design

The thesis was executed as a qualitative case study of eleven companies where data was gathered from interviews with recruiting managers, HR managers, CEOs as well as a consultant from a recruitment agency.

A common criticism of qualitative research is their potential lack of objectivity, which is why semi-structured interviews were performed. Bernard (2006) explains that semi-structured interviews provide reliable, comparable and qualitative data and that they also help the interviewer to keep control of the conversation and discussion topic while allowing the interviewer and the respondent to follow new leads. Bryman and Bell (2013) show that this sort of interview allows interviewers to ask deeper follow-up questions if they are not satisfied with the initial answer.

The guide that was used to conduct the interviews is included in the appendix. The questions were based on existing theory on the subject in order to obtain as much information as possible out of the interviews. The interviews covered the topic of recruitment, and included questions about the company culture in order to gain a better understanding of the subject.

3.4 Selection of companies

20 companies were contacted and asked if they were willing to be a part of the study. The criteria for selecting these companies were as follows:

- have a strong coupling to a technology-based product
- be based in Sweden or with an origin in Sweden
- experience rapid growth, defined as a compound annual revenue growth rate since 2010 of more than 20%²

Both established companies and small companies with less than 50 employees were interviewed. Small companies tend to focus on their product and/or service and on meeting only basic HR requirements and are not expected to have established an HR department (see Theoretical Framework).

Some companies such as Tictail and iZettle are small in comparison to Klarna and Spotify, but provide us with insights into the earlier stages (phase one and two of the Greiner growth model) of the establishment of formal recruiting divisions in start-ups.

The decision to also interview smaller companies was made when there was a realisation that several interviewees lacked information vital for the study with regards to the evolution of the company's HR and recruitment strategy. In addition, the number of relatively large tech start-ups in Sweden is quite small and by expanding the number of interviewed companies the empirical data could be significantly improved.

3.5 Selection of interviewees

With the research question focusing on recruitment, the target interviewees were the head of recruitment at the company who should have the best knowledge of the company's recruitment strategy. In most cases, the interviews were with the head of recruitment or

² Note that revenue information is not available for Cryex and Anima, who are too recently founded for this criterion to be relevant.

with one of company's recruiters. However, interviews were also conducted with HR managers (in DICE) and CEOs (of King.com and Cryex).

The list of interviews as well as more information on the respondents can be found in the appendix (see 8.1).

An interview was also conducted with an external recruitment consultant in order to get the perspective of external recruitment agencies.

3.6 Method for the analysis

The transcription of the interviews was done at most one day after each interview, allowing for a continuous analysis and a better understanding of the recruitment processes and strategies in tech start-ups. The relevant data for the research question was sorted into common themes across the companies, and later analyzed especially with regards to existing theory on the topic (See Theoretical Framework above).

3.7 Credibility and Authenticity

There is a degree of subjectivity in a qualitative study and it is likely that the study has been affected by the interviewee's and the interviewer's subjectivity. There is also a risk that the interviewee might try to take into account the answers they think that the interviewer wants to get out of him/her and thus change his/her answers accordingly. There is a possibility that the study being conducted by a business school student could have influenced the respondents. Although the questions were designed not to be leading questions there is also a possibility that the interviewer could have asked questions that were perceived as leading which could also have had an impact on the results.

Validity and reliability are two factors that are typically taken into account to measure the quality of a study. The definition of validity according to Kvale (1995) is how well one has measured that which one wants to measure. Reliability has tried to be achieved during

interviews by making sure that the interviewee understands the purpose of the interview as well as understands all the questions that he/she is asked. However, the study can lack in reliability due to ever changing social context³ (Bryman, 2002). Nevertheless, Bryman points out that validity and reliability are better for judging a quantitative study and that credibility and authenticity are more appropriate for judging a qualitative study.

3.7.1 Credibility

This study is credible in the sense that the dates of all interviews are shared in the attachment, transparently documenting where the information comes from without impeaching on the anonymity of certain subjects. Transcriptions were obtained by recording all the interviews, enabling the interviews to be quoted. The most relevant quotes are used in the empirical evidence section of the thesis to support the data. When collecting and writing down the empirical evidence, close attention was paid to stick to the exact words of the interviews in order to avoid using personal interpretations that might have been made during the interviews. This has been done in order to keep the empirical evidence and data as scientific and credible as possible.

3.7.2 Authenticity

In order to make sure that the essay is authentic, particular attention has been paid to make sure to differentiate between factual data provided by the interviewee, and conjectures formed by the interviewee and by asking the respondent to stick to what they know and avoid guesswork.

3.8 Ethical considerations

Bryman and Bell (2013) point out that there are a several ethical considerations that must be accounted for when performing a qualitative study. These ethical rules have been taken into consideration in the method of the thesis.

³ Social context: "refers to the immediate physical and social setting in which people live or in which something happens or develops" (Bryman, 2002)

The first of these rules is the information requirement which means that the interviewer must explain the point of the study to the respondent. A second rule is not to provide misleading or inaccurate information to the interviewee. A third rule is that the participation shall be voluntary. Fourth, the information shall only be used for this research. And lastly, the respondents shall be kept anonymous if they so desire.

All these rules have been followed in the thesis. With regards to the respondent's anonymity it been respected in the cases where he/she wished to be anonymous. All interviewees except one had no issue with their name or company name being used.

4. Empirical Evidence

In this section, I present the empirical evidence collected in the 12 interviews of 11 Swedish tech companies. This evidence in combination with the theoretical framework allows me to answer the research question of how Swedish high-growth tech companies manage to recruit the amount of employees that they need.

4.1 Companies

Company descriptions, information on the companies' growth and other data points can be found in the Appendix (See 8.2).

4.2 Recruitment Strategy and Processes

Advertisements, referrals and headhunting are the three main channels available for recruiters to find suitable candidates.

There are significant differences between the interviewed companies' use of advertisements as a recruitment channel. Advertisements are used by some companies to drive awareness. According to DICE *"we advertise to increase awareness and we have campaigns for employer branding"*. However, most companies point out that advertisements do not attract the best quality applicants who are precisely the persons that the companies want to recruit. As company X stated *"Through advertisements and applications, there isn't [much] quality, with too many applications for every candidate we employ"*. Referrals on the other hand, are used by almost all the companies and are much appreciated as they provide strong, technically skilled candidates that also are a good cultural fit. King *"we use referrals as much as we can"*, Tictail *"When you work in HR or recruitment you have to prioritize [...] If you don't have the time to do everything, you focus on referrals because they have such a good hit rate."*, Company X *"Referrals are really good, people that work here are familiar with what is needed"*. Klarna describes its referral system as *"priceless"*, and King says that they *"rely on"* referrals. Kambi would not say that referrals are the best channel, but that

“candidates that come here [via referrals] already know a lot about us. They are already excited when they come here and we don’t have to sell the company as much.”

However, implementing a referral system is not always straightforward. For smaller companies a formal referral system will take some time to implement because it requires a minimum of structure, processes and rules to work. This does not mean that referral systems are not in place, but that they are informal. In fact, networking is a central part of recruiting, including for the smaller start-ups.

The third channel for recruitment is *headhunting*. Most of the interviewed companies use external help but opinions diverge on the value of external recruitment agencies. iZettle is working quite aggressively with headhunting. According to iZettle, *“recruitment in the tech industry forces you to work proactively rather than just waiting for applications”*. Spotify explained that *“we do use external parties in some cases. When we feel that we need to improve capacity. Maybe there is a market that we don’t know well enough and we need help to understand it.”* Kambi, *“A little bit before I started working here, most applications came through external recruitment agencies”*. Klarna stated that *“there are many different reasons why we do it. It could be that we have a workload that is too big [...] but in many cases it is about very niched competences when it is actually more efficient for us to take in external help”*. Company X explained that *“the average time for sourcing for every interview and candidate is approximately 12 hours [...] and so I don’t have the resources to find all the candidates by myself”*. Smaller companies like Anima and Tictail do not use external recruitment agencies because *“we can do a much better job in-house than by using consultants”*.

Headhunting is thus a good tool for proactive recruiting, finding candidates who are not actively looking for a new job, as well as for searching for very specific competences.

An interesting observation is that all of interviewed companies believed that their current recruitment strategy is optimal for their company. iZettle said that *“this is, the most optimal (strategy). It is about being thorough but quick too”*. Klarna believed that *“we are very efficient at what we do. If we compare to other fast growth companies in Sweden, we are a*

smaller team working with recruitment and we are growing faster than the others". However, Klarna pointed out that *"it works for us, but I don't think it would work very well for others"*, based on the reasoning that companies are fundamentally different.

Another interesting observation is that all these companies also believe that their strategy would probably only work for their own company. As Klarna stated *"every company is involved in fundamentally different areas"*. The companies are in different stages of growth with different numbers of employees. Although their current strategies might be considered optimal today, there has previously been a significant portion of trial and error work followed by an optimization of the recruitment strategy as the firms have grown, as described in the following section.

4.3 Evolution of Recruitment Strategy

All the interviewed companies have evolved their recruitment process with the exception of the smallest companies like Cryex and Anima which are too recently-founded to have seen any noticeable change. Spotify lacked an HR department and recruiters in its early stages, *"with around 100 employees"*. *"I don't think that there was an official strategy at that time (prior to 100 employees)"* and when a recruiter was hired in Spotify, he/she had to deal with other HR tasks as well. HR strategies have been put in place only *"during the last two years"*.

Structure is a necessary part of a company's recruitment strategy as it matures and grows into a larger company. Tictail, *"We had a quite aggressive recruitment period last spring and last autumn [...] I'm happy that we are slowing down because we need to take a break, we need to make sure teams are efficient, we need to make sure they work together and that they do the right things"*, *"Once these things are in place we can double the amount of employees again [...]"* *"but it is important to do these things in the right order"*. NetEnt agreed mentioning that *"when a small company starts to grow, different requirements are needed [like] having a well thought-out structure, a plan for how one should receive people"*. iZettle also agreed that more structure is needed when a company grows. iZettle, *"due to the fact that we are growing, we will have to have a certain type of structure that wasn't needed when we were smaller"*.

Some of the interviewees could observe a development of their respective company's recruitment processes compared with those in the early stages of the company. Spotify explained that *"the development of the recruitment process went from firing from the hip, then using a lot of help from external recruitment agencies, to taking care of things on our own"*. As Spotify grew, processes became more complex but also more efficient. Klarna said as well that they *"definitely have a different recruitment process compared to when [they] started"*.

Companies like Spotify and iZettle said that they are also working on improving their recruitment processes. Spotify, *"We are trying to make it slimmer and more efficient"*. iZettle has developed a more rigorous screening session in order not to waste anybody's time. iZettle, *"it is good to check off certain things immediately. Because if they (the candidates) have too high of a salary requirement then we want to know as quickly as possible so that we can avoid going through the entire process and then not being able to come to an agreement."*

The empirical evidence shows that companies are continuously updating their recruitment strategies to make them slimmer and more efficient, but with a long-term view in mind. To be able to establish these new strategies companies establish more structure in HR and recruitment.

4.4 Candidate Attributes

Most of the companies showed a strong desire to recruit the best people. It is important to define what companies mean by 'best'. 'Best' is these tech firms' way of describing technically talented persons, but also persons with a flexible mindset who can work in a start-up environment. King's CEO Riccardo explained that *"only the right people in the right place can make the company grow"*. King, *"Our overall approach is obviously to find in the highest level the best people as quickly as we can"*, *"only the best people working at the company"*. Kambi, *"We have a goal to recruit the best."* DICE explains that *"there is a quality*

focused culture". DICE said that "if there is a basic talent and competence that is good enough then the organization makes room for that kind of person."

Tech companies require engineers, system developers, programmers and in general technically skilled IT/tech specialists. NetEnt explained that it is extremely difficult to find people in IT and all the interviewed companies mirrored Company X's thoughts on the subject: *"Supply is very limited. There are some talented ones, but everybody wants them. Competition is very tough."* iZettle believed that it depends a bit on the type of company you are and what division you work in. *"It is hardest on the tech side. That's where competition is the fiercest"*. NetEnt believes that *"there is definitely [talent] in Sweden, but they are so courted that these people sit with 10 alternatives and it's very very difficult to reach them."*

King explained that not only is the supply of tech people quite low, but it is also very hard to reach out to these people by traditional means such as LinkedIn. *"Tech people are not as visible as most other roles. For most other roles you find candidates on LinkedIn, you can send them an in-mail and off you go. But manytech people don't bother with LinkedIn and they block out any type of advance from anybody. So the only real way of getting good tech people is through referrals."*

The larger interviewed companies have an international view on recruitment since they have been forced to recruit talent internationally. Spotify stated that they cannot fill all their positions only using talent in Sweden, NetEnt also found it hard to find all the necessary people in Sweden and those they do find in Sweden are not necessarily Swedish. NetEnt, *"We find a few people here in Stockholm. Many especially who don't speak Swedish and that can't find a job because they can't speak the language."* When asked if there was enough competence in Sweden, Spotify answered, *"Not in Sweden, not for all roles"*. Kambi, *"We offer relocation packages to those that come from other parts of the world [...] We're an international firm"*. NetEnt *"works very internationally too, actively looking for international collaborations, recruitment partners, and always on the lookout for countries where there are highly educated people that could be prepared to move"*. Klarna says that *"it does not matter where in the world these people are. The most important thing is to get them here. That is why we have such a good sourcing team [...], backed by a human services team where*

we have a dedicated person working with relocation.” King, like Klarna, also works with relocation in order to attract more international talent to their offices in Stockholm, Barcelona, and London.

The smaller interviewed companies like iZettle and Cryex have until now found the necessary talent that they need in Sweden. iZettle, *“So far, we don’t need to recruit internationally. Recruiting in Sweden is enough.”* But Anima and Tictail both explained that even small companies like themselves have actually already started recruiting internationally.

The interviewed companies look for the most technically talented people as well as people with the right fit for a start-up and high-growth firm, who are able to work in a flexible environment. The companies find it difficult to find all the persons they need in Sweden and the majority of the larger companies also look for talent abroad. Smaller companies have smaller recruitment needs and are more satisfied with the talent pool in Sweden.

4.5 Inspiration from other companies

NetEnt said that *“There’s a constant coverage of the competition”*. Company X revealed that *“We keep our ears open on how others work, what is working well, and less well, and what one can draw lessons from”*. DICE stated, *“of course we are interested by what our industry colleagues are doing, both here and internationally.”* Klarna explained that companies always need to be on their toes and ready to adapt to change.

The interviewed companies all inspire themselves from, or at least compare themselves to, their industry colleagues on a regular basis. The companies also adapt their strategies to their specific structure and needs. However, when asked if the recruiters believe that processes are similar between companies they all tended to agree. This can be due to the companies’ similarity in terms of industry and size, but perhaps also to a possible lack of innovation in recruitment strategies.

4.6 Work Descriptions

A challenge encountered with work descriptions was that only a few of the interviewees had been in the company long enough to observe a change in work descriptions.

There were nevertheless some interesting takeaways from the interviews with regards to work descriptions. One of these is how flexible roles are at these rapid growth companies. iZettle explained that their *“work descriptions are quite flexible. In this sort of company, they have to be.”* DICE explains that *“There are very rigid requirement for knowledge that one needs to have but the role can be a bit more flexible”*. Kambi also explains that *“we try to be quite open, but there is knowledge that you have to have as well as tools and systems that you need to know, and that’s a requirement”*.

Klarna stated that we *“can’t be too picky with such a low supply of talent”*. Klarna explained that *“[(for) some roles we want to remain more open because we don’t want to make it too niched if we think that it can attract people from broader backgrounds”*. In some cases Klarna stated that they know exactly what they need and can afford to be very specific with their qualifications and role definition.

DICE’s strategy with regards to work descriptions – having a high barrier of technical requirements – has not changed much through the years as the company has grown and developed. Spotify and NetEnt however have observed changes in their work descriptions. Spotify, *“I would say that they (the job descriptions) become more limited when the company grows.”* NetEnt agreed that *“people become more specialized in their roles, but at the same time the flow of information about these job descriptions and roles should still be valid/working”*. If the communication isn’t working problems can arise, *“when there a fewer people then there are some responsibilities that can be shared among several people. When the company is larger and grows then some things can be left unattended.”*

The smaller companies tend to have more flexible work descriptions. As companies grow larger, these work descriptions get more well-defined and unadaptable but some of the larger companies still try to keep the work descriptions broad.

4.7 Stages in the company's development and employer branding

All interviewed companies share their fast growth in common (except for Cryex and Anima which are too recently-founded to have experienced any substantial growth).

This section highlights common problems and observations when asked about stages in the company's development and how this has impacted recruitment. An analysis on the impact of brand awareness on recruitment is also included.

With regards to employer branding Spotify is a company that has *"succeeded in establishing a strong brand – in some markets. On others [Spotify] is nearly unknown except to industry people and the like"*. One reason Spotify's brand is so well known, according to them, is that it is *"easier if one has a brand that is associated with something. The sexiness of the product is important."* Spotify is also operating in the Business-To-Consumer market, addressing the whole population of each geographical market that they target. NetEnt, which is also growing very quickly, believes there is a *"challenge to reach out with employer branding when the company works with Business-to-Business which implies that we don't become so well known to the wider public. We also work within casinos which is also an industry that not everybody can relate to."* King has experienced issues with both their brand and the industry brand, but explained that their brand has improved enormously through significant investments through career sites and events.

NetEnt are forced to find other ways of building their employer brand in order to gain more interest from potential future employees. In comparison Spotify, with their strong consumer brand, and even iZettle, that also has a strong brand, receive plenty of applications without a comparable effort. iZettle's recruiter said that *"We have such a strong brand and are such a hot company that we are lucky enough to get so many applications via advertisements. It is very nice"*. However, even companies such as Company X that have a *"quite strong brand, and good processes"* are struggling with recruitment which implies that there is more to recruitment than just employer branding.

A larger size and more defined processes can be unattractive for prospective candidates. King explained that *“There are people who don’t want to work for a company this size any more”*. King has tried to keep a start-up/small company feeling by dividing the company into smaller offices around Europe with smaller teams, instead of placing everyone under the same roof. *“We’re opening new locations so that we’re spreading people, so we’re not all in one big building for instance. That helps people feel to an extent that they’re still part of a smallish company.”* King also mentioned that being a big company with the sort of impact a big company has on its customers is very attractive for prospective talents. DICE has also encountered the above mentioned problem with regards to its size. It has more processes than *“indie game companies”* but less processes than larger tech companies. iZettle is still a smaller company and has managed to attract talent from larger Swedish companies because it has less processes, less bureaucracy and less middle managers. Tictail thinks that it is actually very hard for a company to keep the same dynamic and entrepreneurial culture as a company grows with several cultural aspects of a smaller start-up disappearing as it grows into a larger company.

To summarise this section the interviewed companies work hard on their employer brand, which includes targeted work to keep a “start-up” culture in the company. This is increasingly difficult as a company grows and becomes more formal in its ways of working, rules and processes. Some of the interviewed companies try to prevent this by creating smaller teams and splitting up larger sites and teams into smaller sites and teams.

4.8 Summary of the empirical evidence

There is a belief within all of the interviewed companies that they all have a recruitment strategy and processes in place which are optimal for the specific company. The fact that all of these companies have been very successful in terms of company growth supports their statement. However, this path to success has not been smooth as the companies have gone through stages of trial and error to find out what works and does not work, and have adapted their recruitment strategies.

Many themes and ways of working are in common between the companies. First of all, using a mix of recruitment channels but with a preference for referrals and advertisements. Secondly, international recruitment is used to extend the search for the best candidates in the larger start-ups. Reaching out to tech people is difficult and referrals are one of the best ways to contact them, but sometimes a lack of internal bandwidth makes it easier to outsource some parts of recruiting. Recruiting is very competitive for high-growth tech start-ups, and recruiters and HR managers keep a vigilant eye on peers and competitors which leads to similar recruitment strategies and processes across several start-ups. One of these strategies is to have broader work descriptions but with more specific requirements and qualifications. Lastly, as companies grow, there is more structure and organization, which leads to faster processes and more effective recruiting, but which also leads to more impersonality and a potential loss of the start-up culture. Companies have to work hard to maintain a start-up brand image in order to continue to attract the best candidates.

5. Analysis

In this chapter we establish a model for recruitment in high-growth Swedish tech companies, and compare this model to both the empirical evidence and to the theoretical framework.

The model provides an answer to how Swedish high-growth tech companies manage to recruit the amount of employees that they need.

5.1 Model for Recruitment in Swedish High-growth Tech Companies

A model for recruitment in Swedish high-growth tech companies has been formed in the thesis which explains how start-ups should act with regards to recruitment in order to achieve sustainable growth. The core elements of this model and their respective benefit are described in this section.

The model is based on best practices from either the theoretical framework and/or the empirical evidence. In some cases, the model is fully aligned with both theory and the empirical evidence, in others only with the empirical evidence across most interviewed companies and in a few cases only with the empirical evidence in some of the interviewed companies.

The model is based on the fact that start-ups see significant value in defining a recruitment strategy as a part of their overall Human Resource Management strategy. Recruitment is clearly one of the most important HR tasks across the early stages of start-up companies.

One of the first steps in such a strategy is to hire an HR specialist with recruitment experience and responsibility, or possibly even a full-time recruitment specialist. This person needs to have recruitment experience from other start-ups in order to define a tailored recruitment strategy for the company. Usually tech entrepreneurs do not have HR or recruitment competence and need guidance with regards to HR in order to apply best practices and avoid unnecessary mistakes.

Companies should adjust their recruitment strategy and processes so that it is the best fit for the company based on the company's positioning, objectives and strategy. Inspiration from other companies is a very good idea but a copy & paste is typically not a viable option given the specific requirements of each company. Another important aspect for the company is to keep the recruitment strategy flexible in order to adapt the ways of working whenever this is required.

As the company grows, the HR department needs to incorporate more formality and structure. All interviewed companies confirm that they have to become more formal / less informal as they grow.

However, this really should not go against one of the best selling points to potential candidates which is the start-up work culture defined by independence, empowerment and a relative lack of rules and processes. Start-ups should strive to keep these characteristics, even when they grow much larger. Talent acquisition is already hard due to the lack of supply, so there is no point in making it even harder by making the company more traditional.

The start-up feeling is strongly linked to the companies' respective employer brand which represents a significant part in the model. Companies must take good care of their employer brand and of how to improve it. A company can develop the employer brand by organizing events and communications. King.com is an inspiring example – they recently released a video showing their new Stockholm office, demonstrating both the office and how the company's ways of working resemble a start-up. And yet, King.com with their 1,400 employees is a listed company and one of the leading tech companies in the world.

So, although we stated that companies are moving towards formality and structure, they should try to avoid impersonality at all cost. Once more, we can look to King.com's practices. King has made sure to continuously split growing teams into smaller and independent teams (or "studios" as King call them).

With regards to the specific recruitment channels to be used, there are arguments for and against all of them. The model shows that the preferable way of working is a mix of different channels. Advertising is vital due to the importance of employer branding. But referrals are an effective and cheaper way of finding candidates. Balancing cost and benefits, external recruitment does not seem to be the best channel for smaller companies but in some cases larger firms can really benefit from external recruitment services.

As a start-up grows larger, a best practice is to establish a search team within the company. Klarna is a good example with their small but highly capable internal sourcing and even relocation team. A key strength of this approach consists of the internal search teams' capability in understanding and qualifying the requirements of open positions.

It is essential to look abroad for talent which is something practiced by all larger start-ups. They should not and cannot limit themselves to only one country when they want to attract the best people.

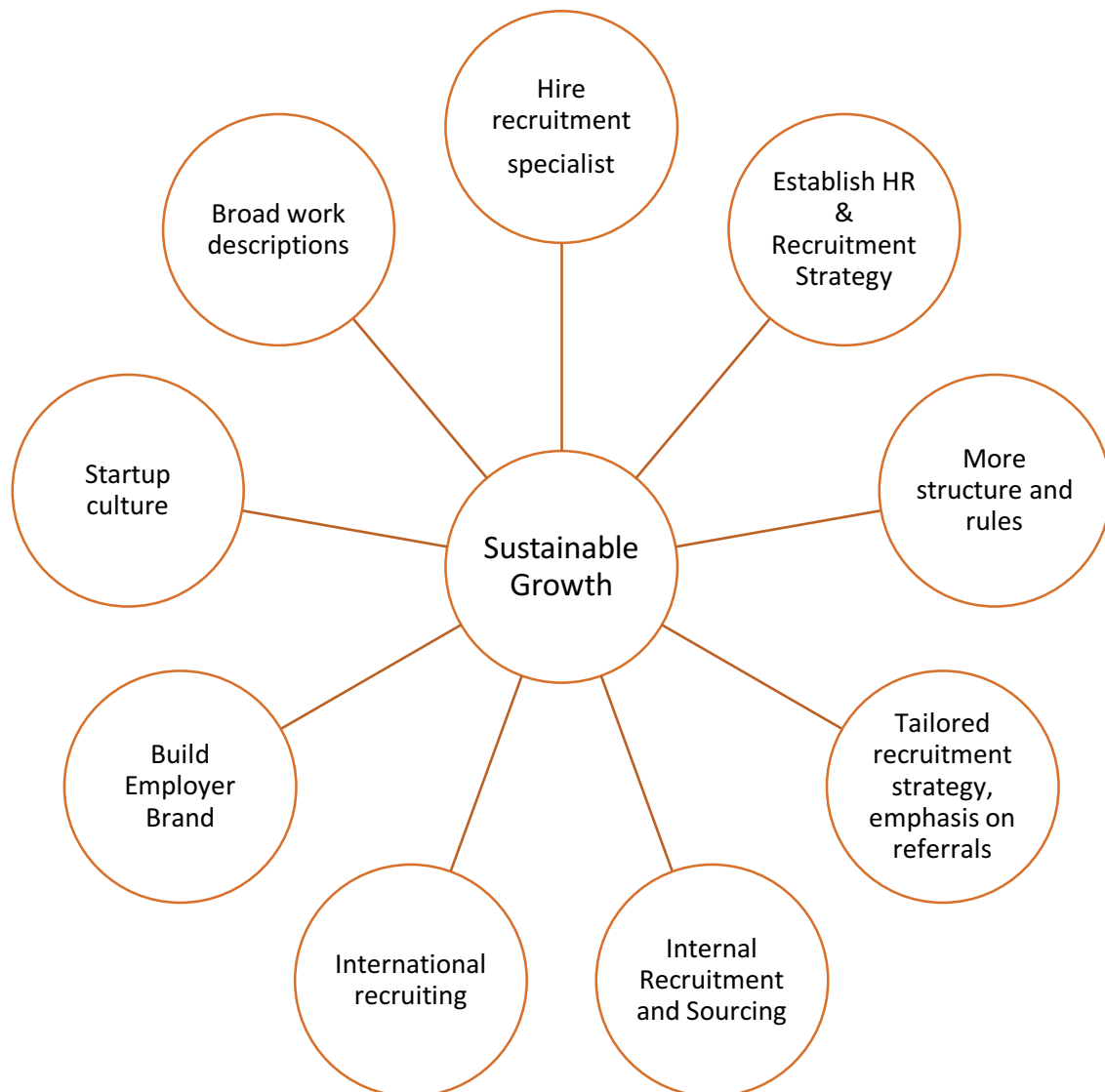
And finally an aspect that should be avoided is making work descriptions too specific. To attract the best candidates, both the empirical evidence and theory infer that companies should use broader job descriptions specifying the most essential technical skills.

The model encompasses a mix of all these nine factors. A high growth firm should:

1. Establish an HR division, including somebody responsible for recruitment early.
2. Establish an HR and recruitment strategy, specifically adapted to the company and evolve it in line with the company's development. Get inspiration from other start-ups.
3. Avoid bureaucracy while still establishing structure and rules. This can be accomplished by keeping teams and offices small, instead of a large in one hub.
4. Use a mix of the recruitment channels, but mostly referrals complemented by advertisements. Referrals should not be compensated.
5. Avoid outsourcing recruitment to agencies as a smaller company and instead establish search teams within the company.

6. Look for talent internationally. Hire the best people, regardless of whether they are abroad or at home.
7. Advertise to build the employer brand. Advertising is more effective as an employer brand tool than for recruitment.
8. Try to keep a 'start-up culture' within the company.
9. Use broad work descriptions to attract more talent.

Figure 3: Model for sustainable growth



5.2 Comparison of the model to theory and the empirical evidence

This section compares the above model with the empirical evidence and the theoretical framework.

5.2.1 Hire a recruitment specialist

Galbraith (1985) explains that every start-up begins with a handful of people and an informal organization managed by face-to-face interaction, and as the company grows, changes take place and formal HR departments are created. According to Heneman et al (2008) and Barrett and Mayson (2008), high-growth companies are forced to change the way they work with HR and recruitment as they grow.

All the interviewed companies with more than 100 employees have established a formal HR department. HR and Recruitment specialists are hired once the company has started to grow quickly and the company cannot avoid having them any longer.

In addition to theory and contrary to most of the empirical evidence, the model recommends accelerating the decision to hire a person with recruitment competence and experience from other start-ups. With recruitment being so critical to a start-up, and start-ups with a recruitment manager on board being so clearly in control and reaping the benefits from a customised recruitment strategy, smaller start-ups would benefit greatly from bringing a recruitment specialist on-board earlier. Tictail appears to be the only company across all interviewed companies that took this decision very early.

5.2.2 Establish HR & Recruitment Strategy

As described in the chapter on the theoretical framework, Rutherford et al. (2003) as well as Barrett and Mayson (2006) recommend companies to establish HR and Recruitment strategies in order to achieve sustainable growth.

The empirical evidence confirms the theory, with practically all companies except the smallest start-ups having defined a clear recruitment strategy.

The model is therefore fully in line with both the theory and the empirical evidence on this point.

5.2.3 Tailored recruitment strategy, but with an emphasis on referrals

The model also highlights the importance of having a tailored recruitment strategy. In this case the model is based on both the empirical evidence and the theoretical framework. Companies should change their recruitment strategy in order to tailor it to the company's evolving profile in terms of the company's industry, their business area, as well as 'in time', tailored to the stage they are in, growth-wise.

Several studies (Cleveland et al., 1989; Jackson et al., 1989; Saari et al 1988) found that HR strategies vary as a function of industry, business strategy, technology and organizational structure, and suggest that HR strategies need to be tailored to the strategy, structure, process and people in the organization (Lawler III, 1996; Heneman et al, 2008). Research by Cleveland, Jackson, Saari et al. suggests that several aspects of companies' HR strategies vary as a function of the organizational structure.

The empirical evidence is in line with these studies. The interviewed companies believe that their recruitment strategy works only for them *"because every company is different"* as stated by Company X. Klarna explains that there are very unique things that Klarna does which makes it harder or easier for them to implement and supervise certain recruitment processes that appear to be working very well at another company. What the companies define as an optimal strategy would not be optimal for other companies. The interviewees also explained that their respective company is always changing.

In the case of referrals, the model advocates the use of referrals as a recruitment channel for high-growth companies. The model is in this case based on the praise referrals have received from both theory and the interviewed companies. Referrals are highlighted as one of the

best ways of working for all sorts of companies, but perhaps more importantly for smaller firms that do not have many other choices.

Theory states that referrals are very useful for any kind of company (Bohlander and Snell, 2013; Mondy and Mondy, 2013), largely due to the fact that the quality of referrals is much higher than other channels and also reduces employee turnover (Shuit, 2006; Mondy and Mondy, 2013).

The empirical evidence shows us that the quality of employee-referred applicants is high. Many firms actively prioritize referred applicants because of the apparent fact that referred employees tend to have a better cultural and technical fit to the profile required by the company. However, referrals are not the way most job positions are filled. For companies with a stronger employer brand, advertisements draw a large numbers of applications, and for companies with a need for very specific technical expertise – which applies to the majority of the interviewed firms - headhunting plays an important role.

In summary, the model conforms to theory and the empirical evidence with regards to the need of a tailored recruitment strategy as well as the quality of referrals.

5.2.4 Build Employer Brand

Concerning the employer brand, the model bases itself on a mix of theory and best practices, but is more inspired by the empirical evidence. Of particular significance are companies such as Kambi that have shown the importance of advertising for employer branding.

The employer brand is particularly important since it influences all recruitment channels. If a brand is less well known, it will be harder for a recruitment agency to match prospective candidates with the firm since candidates typically want to work with a brand that they know. More work on the employer brand has to be done within B2B firms or firms that operate in less-known markets, such as the casino industry, while on the other hand,

companies working in B2C markets, like Spotify, do not need to sell themselves to candidates as much.

On this point, the model goes beyond theory which recommends advertising mainly for recruitment, and instead inspires itself from the best practices of the empirical evidence to use advertising to develop the Employer Brand.

5.2.5 Internal Recruitment and Sourcing

There is a trend in the empirical evidence whereby Swedish tech companies make less use of external recruiters and instead develop in-house search teams.

Theory explains that the quality of agencies can vary and that it is vital to find an agency that fits the company's needs the best. But the situation is actually worse than that according to the empirical evidence.

All of the interviewed companies that use external recruitment agencies explain that the quality is usually subpar. Applications are only useful in some rare cases where companies have worked closely with a recruitment agency for a longer period of time and established good communication and relationships with the agency. External agencies have a hard time finding the right fit for the company, and in particular in recruiting tech people. In an industry where the technical competency of a candidate plays such a major role, it is not surprising that external recruiters have such a difficulty understanding exactly what their clients need. The model recommends using external recruitment agencies as a complement for larger companies but not for smaller companies which should use better channels.

External agencies can be put in contrast with in-house search and recruitment teams which naturally get to know the company and the teams really well and whose only task is to recruit in the tech sector. Klarna is one of the companies that has built a strong in-house teams to handle recruiting - the team even includes a relocation expert. The model strongly recommends the approach of building an internal recruitment early on in a company's development. The model does not disregard theory and actually makes a concession that in

some cases (larger, more established companies with a long relation with external agencies) external recruitment can be very beneficial.

5.2.6 International recruitment

One of the model's key parts is international recruiting. There is a great value in looking for talent internationally for Swedish companies. This belief is based on the empirical evidence that Sweden has a limited supply of talent and firms must adapt to their situation. With international recruitment there is the added bonus of diversity which is also something pursued by all the interviewed companies.

The empirical data identifies another point that is not included in the theoretical framework. The interviewed companies all said that they want people who are a good cultural and personality fit to the company, but a recurring theme is that they want to find the best people and talent. Kambi for example talks about recruiting "world class" people. There is a significant demand for these technically talented people and they are in a relatively low supply. Recruiting internationally is seen as a must for larger Swedish tech companies.

On this point, the model goes beyond theory and inspires itself from the best practices of the empirical evidence.

5.2.7 More structure and rules

With regards to formality and structure the model argues that companies need to establish structure and rules as they grow. This is particularly important for high-growth firms. The importance of structure is highlighted by both the theory and the empirical evidence and so this factor in the model is due to a mix of both.

The theory concludes that more formalization is needed for sustainable growth (Barrett and Mayson, 2006; Galbraith, 1985; Greiner, 1972). Rutherford, Buller, and McMullen (2003) explain that formalization and the development of systems provide a platform in which sustainable growth can occur.

The empirical evidence confirms that there is a move towards both formality and structure as smaller start-ups grow larger. As the number of employees grows, the structure with a bare minimum of rules, regulations and processes becomes more detailed and defined. iZettle, Klarna, and even smaller companies like Tictail, point out that they have to work with more structured processes in order to be able to grow in a controlled and sustainable way. Tictail talked of pausing their recruitment in order to give them time to establish more structure, and re-starting recruitments thereafter. Spotify became more bureaucratic as it grew and especially after its external recruitment of middle management which led to some staff leaving companies like Spotify or Klarna to work for smaller firms such as iZettle, who thereby profit from their relative lack of processes and structure. Some of the larger companies address this challenge of size and impersonality by creating smaller teams and spreading themselves over the additional sites.

The model is aligned to both theory and the empirical evidence with regards to both the importance of structure and formality as a vital part of a company's growth and of maintaining an informal culture in the company to attract more talent. The key here is managing to balance the informal, start-up culture, with some formality and structure.

5.2.8 Start-up culture

The model suggests that high-growth firms should strive to keep a start-up culture within the company because it is a great way, together with a strong and well-known employer brand, to attract more people.

Theory does not pay much attention to the importance of maintaining a start-up culture.

The best practices of some of the interviewed companies show that trying to sustain the start-up culture is an integral part of the companies' strategies. The interviewed tech companies all express a desire for a social, open working environment. Tictail, Company X, and Cryex are good examples of companies with an informal organization where employees work closely together in loose and informal networks. Some companies, such as King, work

hard to keep a culture with more likeness to a start-up than to a large public company. In King HR actively works to ensure that the “start-up” feeling remains, i.e. the feeling of having an informal organization and only working in a small team.

This part of the model is thus based on best practices of the firms.

5.2.9 Broad work descriptions

Although work descriptions become more specific as a company grows according to most of the empirical evidence, firms should strive to keep work descriptions as broad and flexible as possible. The theoretical framework explains that job descriptions are less defined in high-growth companies.

Heneman et al (2008) explain that job descriptions are less defined in visionary high growth companies. The empirical evidence shows that in some larger companies, such as Spotify and NetEnt, job descriptions which once were broadly defined are now significantly more well-defined and specific. In the smaller companies job descriptions are mostly very flexible, motivated by their increased ability to attract a wider pool of talent. These potential talents might be put off by too specific tasks and requirements.

Thus the model claims that companies should try to have broader work descriptions in order to attract more potential candidates.

6. Discussion

In this section I discuss the results and their implications. They are put into context and are critically discussed in order to determine their reliability.

6.1 Result of the study and practical consequences for Company and HR Managers

The outcome of this thesis is a model that describes nine best practices for recruitment for high-growth tech firms. This model has been created by enhancing the theoretical framework on recruitment in high-growth firms. The practical applicability of the model is the main benefit, contrasting to a more descriptive purpose of other studies.

Listed below are the key takeaways from the proposed model. A key takeaway for company managers and HR managers in tech start-ups is the importance of assigning somebody to recruitment early in a company's development. As soon as a start-up company starts to grow recruiting is the most important HR task to focus on and invest resources in. Managers should not shy away from establishing some structure and processes in a start-up even though they consider that this goes against their core values. This study shows that working ad hoc will not suffice in order to achieve sustainable growth. With companies evolving rapidly another key factor for success is the importance of always being ready to update the recruiting strategy. There is no right or wrong with regards to using certain channels. Referrals can be recommended for companies with a smaller budget, but a mix of the different recruiting channels is necessary to reach out to the most talent.

6.2 Evaluation of the results vis-à-vis the method

The results of the study must be evaluated in relation to the chosen method as well as to its actual execution.

The choice of using an explorative method and performing qualitative, semi-structured interviews gives more objectivity and reliability to the interviewees' responses. However, interviews with more persons in each company would have allowed me to better judge the

objectivity of the provided answers. Given its reliability the choice of working with an abductive method was the best fit for this sort of study. But secondary data which could have been gathered through a survey, would nevertheless have provided more reliability to the thesis. Some of the data collected through the interviews is incomplete in the sense that several respondents were unable to provide a detailed description of the evolution of their company's recruitment strategy because they had only worked for the company for a short time.

Another criticism of this study is the relatively small sample size of companies. The companies that agreed to be interviewed about their recruitment strategies were the ones with a recruitment strategy. Some of the companies that were reached out to declined due to their lack of a recruitment strategy. This is not a major problem in itself, because the objective of the thesis is to understand best practices and not to describe the state of recruitment in Swedish high growth tech companies.

6.3 Suggestions for further research

The model that was created is based on a relatively small sample sized study of Swedish tech companies in Stockholm (and Malmö for Anima). In order to better judge the validity of the study it would be therefore be necessary to perform further studies on other high growth firms in other countries, especially in countries with a track record of high-growth tech start-ups.

An additional take-away from the interviews is the use of metrics in the tech companies. Most employees at the interviewed companies have a technical background and appreciate that recruiting departments in the start-ups communicate with them through statistics and other metrics. The findings are that all interviewed companies believe in the use of metrics to be able to improve recruitment strategies and processes. This is actually contrary to some other studies (e.g. CIPD Recruitment, Retention and Turnover Survey 2009).

7. Conclusion

7.1 Answer to the Research Question

In the thesis, best practices for recruitment in high growth firms have tried to be identified with a focus on the following research question:

How do high-growth Swedish tech companies manage to recruit the amount of employees that they need?

The question has been answered through a review of applicable theory and an empirical study of eleven high-growth tech companies in Sweden and has led to the creation of a model (see 5.1) including nine recruitment best practices.

What has made this thesis particularly interesting is that the interviewed companies do not address recruitment in the same way. In some areas there are highly similar views and ways on recruitment, but in several others the companies have very contrasting opinions.

Several factors impact a tech start-up's recruitment. One of the most, if not the most, important factors to being able to successfully recruit the number of employees that a company needs is through the early establishment of a HR and recruitment strategy. And the best way to do this is to hire a recruitment specialist with experience from other start-ups.

As the start-up companies grow, seven additional best practices are to use a mix of referrals, headhunting and ads, to use ads to reinforce the employer branding, to establish an internal search team, to recruit internationally, to establish more structure and processes, to keep work descriptions broad instead of too specific and detailed and to actively work on maintaining the company's start-up culture.

By following these best practices tech start-ups have a much better chance to achieve sustainable growth.

7. References

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8. Appendix

8.1 Respondent Guide

Company	Title	Interview Method	Date
Company X	Recruiter	Face-to-face	12/04/2016
Cryex	CEO	Face-to-face	18/04/2016
DICE	HR Manager	Face-to-face	04/04/2016
iZettle	Tech Recruiter	Face-to-face	18/03/2016
Kambi	Tech Recruiter	Face-to-face	25/04/2016
King.com	CEO	Telephone Interview	06/04/2016
King.com	Head of Recruiting	Telephone Interview	20/04/2016
Klarna	Delivery Lead	Face-to-face	14/03/2016
NetEnt	Recruiter	Face-to-face	09/03/2016
Spotify	HR Business Partner	Face-to-face	03/03/2016
Tictail	Recruiter	Face-to-face	16/03/2016
Anima	COO	Telephone Interview	02/05/2016

Two pilot interviews with specialists were conducted prior to the gathering of data for the thesis in order to validate which questions could be asked. The two interviewees were an ex-CEO of a Swedish tech unicorn and a founding partner of a Swedish Investment firm focused exclusively on Nordic tech companies. These interviews helped refine the research question and improve the interview guide.

Out of the 12 interviewees, 10 were men. The interviewees were in their early thirties for the most part, and relatively new to their positions/roles in the company as mentioned earlier. The fact that the interviewees were new to the company could have made them more inclined to have slightly different views on recruitment strategy compared to the company's previous policies. The majority of the respondents in HR or Recruitment roles had a university education in human relations or in social studies. Many of them also had previously worked at recruitment agencies. Additionally, most of the recruiters were focused only on recruiting for technical positions at the company.

The interviews conducted for the empirical evidence were of approximately 60 minutes each and were for the most part conducted in person at the companies' respective offices, with the exception of King.com where the two interviews were carried out by phone. The two interviews with King.com were in English with all other interviews in Swedish.

8.2 Company Guide

Data gathered from Company annual reports as well as from Retriever.

Spotify

Spotify is a Swedish private company that offers a music streaming service. Spotify was founded in April 2006 by Daniel Ek and Martin Lorentzon.

	2014	2013	2012	2011	2010
Revenue	9393845	5193330	2995697	1108431	172296
EBIT	-730418	-939947	-522846	-292613	49488
Net Income	-818628	-902379	-444822	-300438	45468
Total Assets	8073753	2482276	2420618	1846265	548510
Net Margin (%)	-9,6	-17,38	-16,01	-27,2	30
Liquidity Ratio (%)	113,43	181,84	149,72	76,63	1894,45
Equity Ratio (%)	20,59	52,22	46,89	46,99	94,74
Employees	627	469	317	177	96

Klarna

Klarna is a Swedish company founded in 2005 by Sebastian Siemiatkowski, Niklas Adalberth, and Victor Jacobsson. Klarna simplifies online payments. Klarna's main business is to assume stores' claims and handle customer payments, thus facilitating the process for both buyers and sellers.

	2014	2013	2012	2011	2010
Revenue	2192703	1573993	1177964	751177	356009
EBIT	101441	66808	31639	68433	35101
Net Income	75424	54126	23973	50945	25660
Total Assets	7195222	4624230	3626653	2912202	1585342
Net Margin (%)	4,64	4,25	2,7	9,14	9,87

Liquidity Ratio (%)	112,87	117,6	123,66	122,54	136,44
Equity Ratio (%)	27,75	18	21,47	18,8	13,1
Employees	1017	778	672	429	246

iZettle

iZettle is a company based in Sweden that has developed an app and card readers for mobile payments. iZettle was founded by Jacob de Geer and Magnus Nilsson in 2010.

	2014	2013	2012	2011	2010
Revenue	190435	51505	11150	628	0
EBIT	-228093	-157642	-108130	-26545	-1882
Net Income	-197632	-156367	-109275	-26014	-1882
Total Assets	378210	190673	228437	71661	18889
Net Margin (%)	-103,91	-303,32	-948,99	-4137,58	0
Liquidity Ratio (%)	330,89	150,87	604,49	1117,97	1236,87
Equity Ratio (%)	77,63	45,74	84,97	92,18	93,17
Employees	167	115	65	13	2

Kambi

Kambi is a sports betting company that was a part of Unibet Group. In 2014 the Kambi share started trading on the NASDAQ OMX Stockholm First North.

	2014	2013	2012	2011	2010
Revenue	127375	117982	107333	87481	0
EBIT	7634	6910	6417	7966	-531
Net Income	6793	7346	3020	5927	-533
Total Assets	44953	36826	34030	23073	1349
Net Margin (%)	6,91	6,59	5,99	9,09	0
Liquidity Ratio (%)	179,67	148,79	127,04	104,41	11740
Equity Ratio (%)	52,04	44,41	30,59	25,95	4,52
Employees	93	81	66	54	0

NetEnt

NetEnt is a supplier of digitally distributed gaming systems to online casino operators. NetEnt was founded in 1996.

	2014	2013	2012	2011	2010
Revenue	1132425	851663	630746	526671	427618
EBIT	401611	261665	179748	153057	129713
Net Income	373992	243242	167139	133255	115614
Total Assets	964742	804009	532885	551821	442418
Net Margin (%)	35,71	31,28	29,05	28,78	30,22
Liquidity Ratio (%)	284,12	212,55	190,34	132,01	126,62
Equity Ratio (%)	74,03	67,93	71,43	52,29	53,79
Employees	409	401	328	257	220

DICE

DICE is a Swedish video game developer. EA Digital Illusions CE AB, or DICE, was founded in 1992, and was bought by Electronic Arts, Inc. in 2006.

	2015	2014	2013	2012	2011	2010
Revenue	917338	798936	642451	535338	379112	359377
EBIT	67591	58468	46721	39147	27488	26279
Net Income	50583	36164	-34598	24711	25990	19185
Total Assets	380672	368302	295933	261996	244930	212944
Net Margin (%)	7,23	7,4	1,12	7,62	7,48	7,41
Liquidity Ratio (%)	100,64	128,12	108,97	154,18	189,11	200,64
Equity Ratio (%)	16,13	30,09	25,23	41,71	50,85	54,44
Employees	560	560	518	323	237	250

Tictail

Tictail is a platform where independent brands can create their own online shop. Tictail was founded in 2012 by Kaj Drobin, Siavash Ghorbani, Birk Nilsson, and Carl Waldekranz.

	2014	2013	2012
Revenue	9021	2749	1398
EBIT	-6426	-4383	-1771

Net Income	-6432	-4273	-1729
Total Assets	16349	10895	9757
Net Margin (%)	-811,1	-205,83	-171,19
Liquidity Ratio (%)	164,05	917,14	1567,27
Equity Ratio (%)	86,89	45,27	94,34
Employees	25	9	5

Company X

Company X is a Swedish technology company that has developed a very successful client. Founded prior to 2010 and has more than 60 people in the company.

Company information and numbers have been omitted for anonymity reasons.

King.com

King develops games, including Candy Crush Saga. King was founded in 2003, and was acquired by Activision Blizzard in February 2016.

Cryex

Cryex is a startup working with the development of a FX market place connected to a licensed clear organization, CCP. Cryex was founded in 2014.

Anima

Anima was founded in 2015 and develops smart and connected wearables such as smart watches.

8.3 Interview Guide

Introduction

Ask if it is alright to record the interview

Explain the purpose of the thesis and its context

Explain what companies have been and will be interviewed

Explain why I have chosen to talk to the interviewee

Interviewee questions

Ask the person what role they have in the company

Ask them to tell me a little bit about themselves and their position in the company

Ask them to tell me who their boss is / who they report to

Ask them how long they have been at the company

Recruitment and recruit characteristics questions:

1. How many persons has the company recruited in:
 - a. 2013
 - b. 2014
 - c. 2015
2. Does the company meet its recruitment objectives in terms of quantity and quality of new staff? Why / why not?
3. Would the company grow even faster if the company was able to recruit even more employees? Why / why not?
4. Do you see recruitment as a significant inhibitor to company growth today or in the past?
5. Which are the top 3 countries where the company has recruited new employees?
 - a. Why these 3 countries?
6. How does a successful recruitment / talent acquisition process look like for the company in terms of:

- a. Time
 - b. Effort, e.g. number of interviews
 - c. Success ratio
7. Can you please describe the company's strategy for recruitment / talent acquisition?
- a. Does the company make significant use of employee networks/referrals for recruitment / talent acquisition? Please explain why
 - b. Does the company make use of recruitment agencies? Please explain why
8. Has the company's recruitment / talent acquisition process changed over the past 5 years?
- a. Would you say that there have been different "stages" during this period?
 - b. Have these changes in the process been formally decided, or "just happened"?
 - c. Have there been different people in charge of recruitment during this period?
 - d. Has the company's recruitment process become longer or shorter during this period, or is it unchanged?
9. If the recruitment / talent acquisition process has changed, can you please describe why it has changed?
- a. New persons in charge?
 - b. The previous recruitment strategy was not "good" enough in terms of quality or quantity of recruited staff?
10. Did/does the company:
- a. Have a HR department or specialist?
 - b. Perform an analysis of recruitment methods at least annually?
 - c. Have a recruitment plan for next year?
 - d. Training and development plan for next year?
11. Does the company apply the same recruitment / talent acquisition strategy across all of the company's geographic locations? Why / why not?
12. Do you feel that the company copies the recruitment practices of large firms? Please explain why / why not?
13. Do you think that the company defines recruitment effectiveness differently than other firms? Please explain why / why not?

14. With the benefit of hindsight, do you think that the company should have adopted a different recruitment strategy in the earlier phases of the company?
15. Do you feel that the company has more well-defined job descriptions compared to 3-5 years ago? Please explain
16. Which personal qualities does the company consider more important in persons that you decide to recruit? E.g. are personal qualities such as integrity and attention to detail more important than commercial / technical ability, work experience and credentials?
 - a. Has this changed over the past 3-5 years
17. Does the company's relatively small size (compared to very large tech companies like Ericsson, Accenture, ...) positively or negatively affect the company's ability to attract and retain employees?

Onboarding questions:

18. Please describe the company's HR strategy for onboarding?
 - a. Does the company do anything special to new recruits? Do newly recruited employees go through a training boot camp or something similar?
 - b. Do you have a systematic process to terminate employees within the first 3 months if the onboarding is not successful?
19. *How well defined were/are your work duties?*
20. Is there a mentor program for new employees?
 - a. If not, why?

Company culture

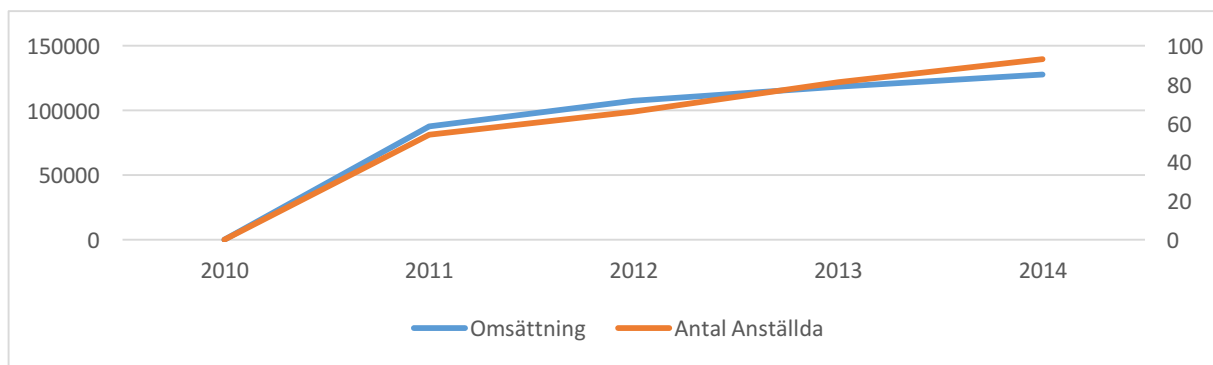
21. Can you please describe the company's culture? (reformulate, bad question)
22. How does the company define its own culture? That is if The company gives an official statement in this regard.
23. Has the company culture changed over the past 3 years?
 - a. If yes, why?
 - b. If no, why?

8.4 Extra Graphs

Kambi

Correlation factor: 0,989

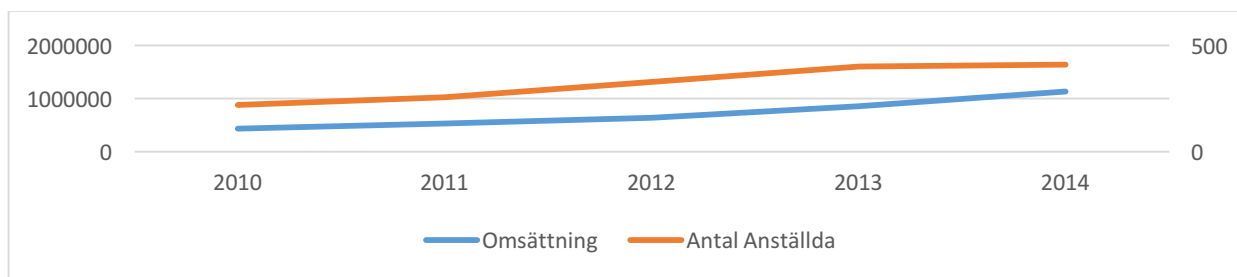
Graph 4: Kambi Revenue and Employees (2010-2014)



NetEnt

Correlation factor: 0,927

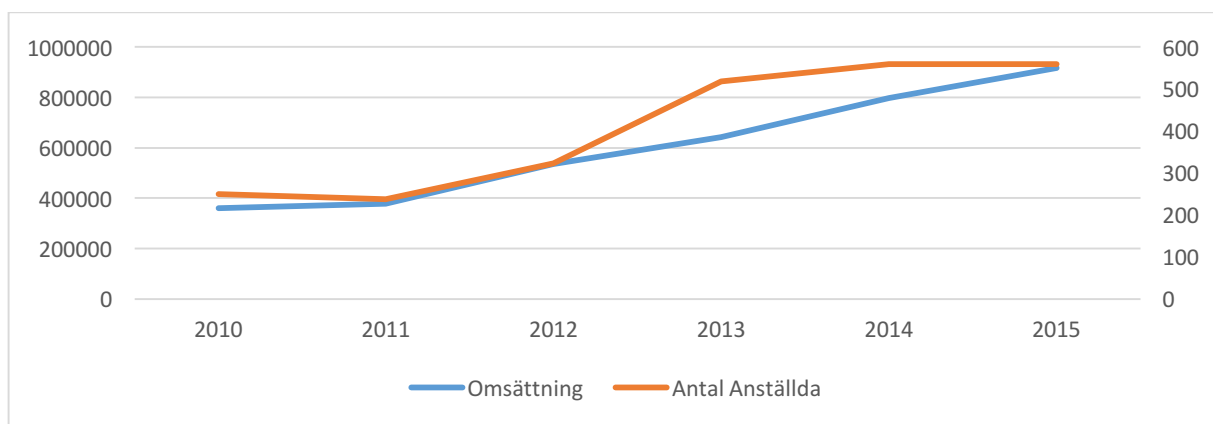
Graph 5: Net Entertainment Revenue and Employees (2010-2014)



DICE

Correlation factor: 0,945

Graph 6: DICE Revenue and Employees (2010-2015)



Tictail

Correlation factor: 0,999

Graph 7: Tictail Revenue and Employees (2012-2014)

