Making Referral Programs Count: Sourcing Quality Hires through Employee Networks
Jobvite

Jobvite is the leading recruiting software company that helps emerging, mid-market, and enterprise companies hire top talent easily, efficiently, and effectively. Our comprehensive analytics-driven recruiting platform accelerates recruiting with a Candidate Recruitment Marketing (CRM) tool, an easy-to-use Applicant Tracking System (ATS), social recruiting capabilities, mobile-optimized branded career sites, a recruiting branding solution, on-demand video screening, advanced analytics, onboarding, and seamless integration with other HR systems. Focused exclusively on recruiting software since 2006 and headquartered in San Mateo, Jobvite has thousands of customers including LinkedIn, Schneider Electric, Premise Health, Zappos.com, and Blizzard Entertainment. Jobvite was also named a leader in the “Forrester Wave for Talent Acquisition, Q3 2015.”

TALENT PULSE

Talent Pulse from the Human Capital Institute (HCI) explores the latest trends and challenges in talent management.

With reports released quarterly, Talent Pulse is designed to provide practitioners and decision makers with prescriptive methods to rehabilitate the health and wellness of human capital, and to empower employees and leaders to effectively address future challenges.

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In this highly competitive job market, how are you leveraging the full strength of your employees’ networks to source and attract quality candidates? The potential reach of your talent pool is calculated by multiplying the size of your workforce by the number of personal and professional connections for each of your employees, contractors, etc. Smart organizations are leveraging these networks by instituting various programs and policies ranging from referral programs, to having available stipends for employees to build their network (i.e., professional association dues and networking events and lunches).

Referral programs are a popular way to find talent, move candidates confidently throughout the selection process, and retain employees. Referred candidates are 3-4 times more likely to be hired than those not referred by an employee and they have higher starting salaries. Researchers have shown that referred candidates have higher job satisfaction and performance and lower turnover than employees recruited via other sources. Ideally, your top-performers are referring other top-performers to your organization. This makes employee referral programs a prime source of quality hires, but poor program design, ineffective rewards, and infrequent communication can tarnish your employment brand.

In our latest Talent Pulse study, we examine how employers are designing, implementing, and measuring the success of their employee referral programs. We uncover the right incentives to motivate and encourage your best to refer the brightest. In a study of over 200 organizations, we found:

- Referrals are a popular source for new hires and 29% of organizations have increased the usage of employee referrals compared to the past year as they operate in this candidate’s market.

- Referred employees do not necessarily have higher performance than non-referred candidates but they have stronger cultural fit and longer tenures.

- HR respondents believe that employees are motivated to refer by friendship and incentives, rather than a match to the position or culture.

- 85% of HR respondents agree that employees are their most effective employer branding tool but only 41% of respondents would recommend their place of work to a friend. Organizations have a lot of work to do to encourage active employer brand ambassadorship and it starts by creating a culture and a workplace where people want to be.

- Simplicity, motivating incentives, strong communication, and senior leader support must be present in referral programs to achieve maximum benefit. Organizations that realize these referral program requisites report higher employee engagement and a more attractive employer brand.
“I think it is one of the biggest compliments someone can give is to say come and work here.”

Source and Recruit Quality Hires in a Candidates’ Market
RECRUITMENT IN THE CANDIDATES’ MARKET

Employers are operating in a talent marketplace where most candidates have major advantage. Indicators such as more open positions, increased time-to-fill, higher starting salaries, and voluntary turnover highlight the need for HR and talent acquisition professionals to be more strategic about their sourcing and recruiting. One way to do this is by leveraging the networks of the talent already inside your organization. Thus, 29% of organizations have increased the usage of employee referrals compared to the past year.

FIGURE 1  Percentage who indicated “Slightly Higher” and “Much Higher” for the time period of January 2016 to April 2017.

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of open positions</td>
<td>55%</td>
</tr>
<tr>
<td>Time to fill, critical positions</td>
<td>48%</td>
</tr>
<tr>
<td>Time to fill, non-critical positions</td>
<td>31%</td>
</tr>
<tr>
<td>Starting salaries</td>
<td>53%</td>
</tr>
<tr>
<td>Voluntary turnover, critical positions</td>
<td>38%</td>
</tr>
<tr>
<td>Candidate rejections of offers</td>
<td>31%</td>
</tr>
<tr>
<td>Number of employee referrals</td>
<td>29%</td>
</tr>
</tbody>
</table>
SOURCE OF HIRE

According to our survey participants, job boards and employee referrals are the most common sources of hire (Figure 2). Overall, 16% of new hires over the past two years were employee referrals.

A statistically significant difference emerged for company size and internal mobility category as a source of hire. Although larger organizations with more employees have a larger pool of internal candidates, it is still wise for smaller organizations to search internally first. Internal talent mobility emphasizes development and career management which are desired characteristics of an employer. Do you have mechanisms that allow current employees to recommend their colleagues for open positions?
What percentage of your new hires over the past two years came from the following sources? Note. Statistically significant difference at *p<.05

- **Job boards, general**
  - Under 1,000 employees: 11%
  - 1,001 to 10,000 employees: 13%
  - More than 10,001 employees: 14%
  - Total: 19%

- **Employee referrals**
  - Under 1,000 employees: 14%
  - 1,001 to 10,000 employees: 15%
  - More than 10,001 employees: 16%
  - Total: 17%

- **Company career site**
  - Under 1,000 employees: 13%
  - 1,001 to 10,000 employees: 15%
  - More than 10,001 employees: 15%
  - Total: 20%

- **Social media sites (e.g., LinkedIn)**
  - Under 1,000 employees: 10%
  - 1,001 to 10,000 employees: 11%
  - More than 10,001 employees: 11%
  - Total: 11%

- **Third-party search firms**
  - Under 1,000 employees: 6%
  - 1,001 to 10,000 employees: 10%
  - More than 10,001 employees: 10%
  - Total: 10%

- **Internal search/internal talent mobility**
  - Under 1,000 employees: 7%
  - 1,001 to 10,000 employees: 11%
  - More than 10,001 employees: 9%
  - Total: 14%

- **Temp to hire agreements**
  - Under 1,000 employees: 5%
  - 1,001 to 10,000 employees: 7%
  - More than 10,001 employees: 7%
  - Total: 7%

- **Job boards, specialized/industry-specific**
  - Under 1,000 employees: 3%
  - 1,001 to 10,000 employees: 4%
  - More than 10,001 employees: 5%
  - Total: 5%

- **University recruiting**
  - Under 1,000 employees: 4%
  - 1,001 to 10,000 employees: 4%
  - More than 10,001 employees: 5%
  - Total: 9%

- **Online staffing platform**
  - Under 1,000 employees: 3%
  - 1,001 to 10,000 employees: 3%
  - More than 10,001 employees: 3%
  - Total: 3%

- **Alumni networks**
  - Under 1,000 employees: 2%
  - 1,001 to 10,000 employees: 2%
  - More than 10,001 employees: 2%
  - Total: 2%
QUALITY OF HIRE MEASUREMENT

Quality of hire is a metric that can determine the effectiveness of your recruitment sources. However, only 35% of survey respondents measure quality of hire. The majority measure it from multiple data sources. The most common data points are performance evaluations/ratings, manager feedback, and new hire satisfaction surveys.

FIGURE 3

Coded Responses for the Open-Ended Question: What metrics and measures are used at your organization to determine quality of hire?

Note. The size of the variable corresponds to how frequently it was cited by respondents. 51 people responded to this question and most typed multiple options (79 total) for 16 different quality of hire variables.
EFFECTIVE SOURCES FOR QUALITY OF HIRES

After internal hires and university recruitment partnerships, employee referrals were rated as effective source for quality hires. However, referred hires are rated only one percentage point (52%) higher than hires from social media (51%). Respondents do not believe there is much difference in new hire quality if the source was LinkedIn or a referral from an employee. This is because for most respondents quality of hire is a proxy metric for job performance. For most organizations, quality of hire is determined by performance evaluations (Figure 3) and we will see later in the report that the job performance of referred versus non-referred hires does not differ, but other positive organizational outcomes like tenure and organizational fit do.

FIGURE 4

Percentage of respondents rating the sourcing strategies they use as “Very Effective” and “Extremely Effective” (of those who measure quality of hire only)

- Internal search/internal talent mobility: 69%
- University recruiting: 60%
- Employee referrals: 52%
- Social media sites (e.g., LinkedIn): 51%
- Company career site: 44%
- Job boards, general: 42%
- Job boards, specialized/industry-specific: 33%
- Temp to hire agreements: 33%
- Third-party search firms: 31%
- Alumni networks: 28%
- Online staffing platform: 27%
“I think employee referral programs can be highly effective. The challenge we face is that our employees don’t understand that acting as ambassadors is part of their job. They expect HR to own talent acquisition.”
Employer Branding

HR respondents realize the importance of their current employees to their employer brand. Eighty-five percent report that their employees are their most effective employer branding tools. What employees say about their work and managers, how their behavior, talents, and successes display externally, and ultimately, if they recommend others to work for you are indicators that your employees view themselves as ambassadors for your organization.

Business and HR leaders need to create workplaces and cultures where people want to refer top talent from their networks. However, only half of respondents say their employer brand attracts top talent and only 41% of our HR respondents would promote their employer to others. Net Promoter Score is an effective, easy way to measure the strength of your employees’ engagement and willingness to recommend your organization to a friend or colleague.

**FIGURE 5**  
Percentage of respondents who “Strongly agree” and “Agree” with the following statements.

- Our employees are our most effective employer branding tool: 85%
- Our employer brand attracts top talent: 49%

**FIGURE 6**  
On a scale from 0-10, how likely are you to recommend your current employer to a friend or colleague as a place to work?

- Detractor: 22%
- Passive: 37%
- Promoter: 41%
EMPLOYER BRAND AMBASSADORS

An employer brand ambassador advocates for the organization’s culture and employee value proposition to his or her internal and external networks. The most common way organizations are turning employees into ambassadors is through the encouragement of referrals. However, there are many ways to promote your culture and brand via your employees (Figure 7) and multiple approaches should yield better results.

FIGURE 7

What is your organization doing to turn your employees into employer brand ambassadors? (Select all that apply.)

- Encourage employees to refer candidates for positions: 82%
- Collect suggestions from employees on how to improve the company’s culture: 52%
- We rely on our positive workplace culture to cultivate self-initiated employer brand ambassadors: 48%
- Use employees as welcome ambassadors for new hires during the onboarding process: 47%
- Create employer branding content for employees to share on their social media: 32%
- Have opportunities for employees to post written or video content about their work experiences: 21%
- Ask employees to review the company on Glassdoor.com: 18%
WHAT THE EMPLOYER WANTS

Employee referrals are one of the most frequently used sources for new hires (Figure 2) and most employers encourage their use in order to promote their brand and culture (Figure 7). Our HR respondents’ top reasons for investing in a referral program are: to find candidates with stronger culture fit, to have high-performers bring in more high-performers, and to lower recruitment costs.

**FIGURE 8**

What are the top three reasons as to why your organization has employee referral program? *(Select the top three reasons.)*

- Find candidates with a stronger culture fit: 45%
- Have high-performers refer other high-performers: 38%
- Lower recruiting costs: 30%
- Find higher-quality candidates: 28%
- Reduce hire time: 26%
- Broaden the candidate pipeline: 22%
- Increase the chances that the referred candidate has realistic preview of the position: 20%
- Keep higher retention rates: 18%
- Build a stronger pipeline for highly-specialized positions: 17%
- Connect employees to employer brand/culture: 12%
- Address skills shortages: 10%
- Connect employees to hiring challenges: 7%
- Poach talent from competitors: 6%
- Increase the diversity of the workforce: 5%
WHAT THE REFERRE WANTS

Most HR professionals believe that the referrer is motivated to refer candidates for other reasons such as friendship or incentives. Only 13% of HR respondents believe employees refer candidates because of culture fit.

FIGURE 9  In your opinion, what is the number one reason for why your employees refer candidates?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal relationship between the employee and referred candidate(s)</td>
<td>39%</td>
</tr>
<tr>
<td>Incentives for the referrer</td>
<td>29%</td>
</tr>
<tr>
<td>Found match with skills and abilities with the position(s)</td>
<td>17%</td>
</tr>
<tr>
<td>Found match with values and beliefs and the company</td>
<td>13%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>
IMPACT ON DIVERSITY AND INCLUSION

According to the similarity-attraction effect, people desire affiliation and closeness to others who are most like them in terms of values, preferences, and attractiveness. Thus, people have connections and friendships with others who are similar to them.

In those organizations where inclusive diversity is already a challenge, employee referral programs may need to be supplemented with strategies that help overcome this effect. You should monitor your sources of hire and your selection criteria to determine if there is disparate impact on protected classes.

Although, few of our survey respondents are concerned about the impact on diversity and inclusion (Figure 10), we know referral programs reflect back the strengths and weaknesses already in the workforce.

Percentage of respondents who “Strongly agree” and “Agree” with the following statements.

- Our employee referral program has created a LESS diverse workforce. **17%**
- Employee referral programs create an “inbred organization” where the breath of ideas are absent. **15%**

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“We are currently reassessing the employee referral program that we have in place, and this survey provided many great ideas about the changes we can make.”
REFERRAL PROGRAM REQUISITES

At the Human Capital Institute, we believe in the power of employee referrals to find hires with strong cultural fit and to reduce hiring times. Certain program factors must be present such as simplicity, motivating incentives, strong communication, and senior leader support to achieve maximum benefit from your referrals. The following referral program requisites are areas to consider when building or evaluating your system.

FIGURE 11  Percentage of respondents who “Strongly agree” and “Agree” with the following statements.

- Employees find the referral program simple to use (78% of respondents surveyed)
- Employees have reasons to be enthusiastic about the program (65%)
- We have a formal referral program with a communications plan (52%)
- Senior leaders value the program (57%)
REFERRAL PROGRAM REQUISITES OUTCOMES

38% of our surveyed organizations realize all four of the referral program requisites and these organizations report stronger talent outcomes such as higher employee engagement. They are also more likely to say that referred hires have longer tenures and that their employer brand attracts top talent.

There were no differences between the groups regarding performance levels of the referred hires. A little more than half agree that referred hires have higher performance than non-referred hires.

FIGURE 12 Percentage of respondents who “Strongly agree” and “Agree” with the following statements. Note. Statistically significant differences at **p<.01 *p<.05

<table>
<thead>
<tr>
<th>Statement</th>
<th>All other organizations (n = 92)</th>
<th>Organizations that realized all of the referral program requisites (n = 57)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our employer brand attracts top talent.**</td>
<td>39%</td>
<td>64%</td>
</tr>
<tr>
<td>We measure high employee engagement across the organization.**</td>
<td>48%</td>
<td>68%</td>
</tr>
<tr>
<td>Referred hires have higher performance levels at my organization.</td>
<td>51%</td>
<td>57%</td>
</tr>
<tr>
<td>Referred hires have longer tenures with my organization.*</td>
<td>49%</td>
<td>68%</td>
</tr>
</tbody>
</table>
REFERRAL PROGRAM INVOLVEMENT

Organizations that realize all of the referral program requisites have more involvement from stakeholder groups for program design and implementation. Overall, HR senior leaders design the program and HR senior leaders and team members implement it. Managers have little involvement. How might more line manager involvement help or hinder your referral program?

**FIGURE 13**

*Is this group involved in referral program design?*

<table>
<thead>
<tr>
<th>Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR senior leaders**</td>
<td>97%</td>
</tr>
<tr>
<td>HR team members</td>
<td>66%</td>
</tr>
<tr>
<td>Business senior leaders**</td>
<td>38%</td>
</tr>
<tr>
<td>Managers**</td>
<td>28%</td>
</tr>
</tbody>
</table>

**FIGURE 14**

*Is this group involved in referral program implementation?*

*Note. Statistically significant differences at **p<.01 *p<.05.*

<table>
<thead>
<tr>
<th>Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR senior leaders**</td>
<td>94%</td>
</tr>
<tr>
<td>HR team members</td>
<td>62%</td>
</tr>
<tr>
<td>Business senior leaders**</td>
<td>51%</td>
</tr>
<tr>
<td>Managers**</td>
<td>48%</td>
</tr>
</tbody>
</table>

- Green: Organizations that realized all of the referral program requisites
- Light Blue: All other organizations
ADMINISTRATION CONSIDERATIONS

74% of organizations offer incentives for referrals. 92% have cash incentives and the median cash value is $1,000 ($500 is the mode). Most (78%) administer the reward only if the referred candidate has a tenure of a specified length.

FIGURE 15

Are the following characteristics present in your employee referral program? Note. * Organizations that realized all four referral program requisites are more likely to endorse this item.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentives for employees to refer candidates*</td>
<td>74%</td>
</tr>
<tr>
<td>Track performance of referral program*</td>
<td>36%</td>
</tr>
<tr>
<td>Technology to manage the program*</td>
<td>33%</td>
</tr>
</tbody>
</table>

FIGURE 16

What incentives can your employees receive in your employee referral program? (Select all that apply.)

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>92%</td>
</tr>
<tr>
<td>Recognition in a company newsletter or staff meeting</td>
<td>12%</td>
</tr>
<tr>
<td>Gift cards</td>
<td>8%</td>
</tr>
<tr>
<td>Paid time off</td>
<td>5%</td>
</tr>
<tr>
<td>Points employees can exchange for a prize</td>
<td>5%</td>
</tr>
<tr>
<td>Gifts</td>
<td>5%</td>
</tr>
<tr>
<td>Raffles</td>
<td>1%</td>
</tr>
</tbody>
</table>
FIGURE 17  When is the employee eligible to receive the incentive in the referral program? (Select all that apply.)

<table>
<thead>
<tr>
<th>Event Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>If the referred candidate is hired and stays with the company for a certain period of time</td>
<td>78%</td>
</tr>
<tr>
<td>If the referred candidate is hired</td>
<td>27%</td>
</tr>
<tr>
<td>At the time of submission</td>
<td>2%</td>
</tr>
<tr>
<td>If there is an interview with the referred candidate</td>
<td>2%</td>
</tr>
<tr>
<td>If the referred candidate is hired and determined to be a quality hire</td>
<td>2%</td>
</tr>
</tbody>
</table>
COMMUNICATIONS CONSIDERATIONS

A well-planned and well-executed referral program is communicated and marketed to the workforce. The rules, guidelines, incentive, process, and timeline must be known to all stakeholders. The majority of organizations (67%) are clear and transparent with the referred candidates’ status in the recruitment process, but they often don’t extend the same courtesy to the referrer (46%).

Are the following characteristics present in your employee referral program? Note. * Organizations that realized all four referral program requisites are more likely to endorse this item.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal, written guidelines for the program*</td>
<td>68%</td>
</tr>
<tr>
<td>Communication with referred candidates on their status in the recruitment process*</td>
<td>67%</td>
</tr>
<tr>
<td>Communication with employees on their referrals’ status in the recruitment process</td>
<td>46%</td>
</tr>
<tr>
<td>Marketing and communication plans for the program*</td>
<td>42%</td>
</tr>
</tbody>
</table>
PARTICIPATION CONSIDERATIONS

When building your program, you need to decide who can or cannot participate and how to weight each referral depending on the source and position. 78% of respondents state that all employee referrals are weighted the same and 60% report all members of their workforce can participate in the program (Figure 19). If a referral is given preference, it is because of the seniority and position of the referrer (Figure 20).

Are the following characteristics present in your referral program?

Note. * Organizations that realized all four referral program requisites are more likely to endorse this item.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>All employee referrals received are weighted the same*</td>
<td>78%</td>
</tr>
<tr>
<td>All members of our workforce are eligible to participate in the program</td>
<td>60%</td>
</tr>
<tr>
<td>Employee referrals are given preference in the recruiting process</td>
<td>58%</td>
</tr>
<tr>
<td>Acceptance of referrals even if there is no current opening*</td>
<td>57%</td>
</tr>
<tr>
<td>Acceptance of non-employee referrals from alumni, customers, or consultants</td>
<td>55%</td>
</tr>
<tr>
<td>Program extends beyond full-time positions to part-time and contractor positions</td>
<td>39%</td>
</tr>
<tr>
<td>Employees can refer their co-workers for open, internal positions</td>
<td>28%</td>
</tr>
<tr>
<td>Different referral process for entry-level versus senior-level positions*</td>
<td>22%</td>
</tr>
<tr>
<td>Restrictions on the number of referrals an employee can make per year</td>
<td>5%</td>
</tr>
</tbody>
</table>
PARTICIPATION CONSIDERATIONS (CONTINUED)

For the 40% of respondents who state that they exclude parts of their workforce from participation in the referral program, most exclude HR, executives, and hiring managers (Figure 21). However, would HR and leadership position recruitment benefit from referrals and what is the cost of excluding these groups?

**FIGURE 20**

What factors are considered that make referral a higher priority? (Select all that apply.)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seniority level of the employee referrer</td>
<td>35%</td>
</tr>
<tr>
<td>If the referrer is in a critical position or not</td>
<td>32%</td>
</tr>
<tr>
<td>Job performance of the employee referrer</td>
<td>19%</td>
</tr>
<tr>
<td>Cultural fit of the employee referrer</td>
<td>13%</td>
</tr>
<tr>
<td>Tenure of the employee referrer</td>
<td>10%</td>
</tr>
</tbody>
</table>

**FIGURE 21**

What groups or levels in your workforce are NOT eligible to participate in the employee referral program? *Note. The size of the variable corresponds to how frequently it was cited by respondents. 59 people responded to this question and most typed multiple options (133 total) for 9 different variables.*

- hiring managers
- contractors
- executives
- HR
- part-time
- managers
- directors
- interns
- vice presidents
PROGRAM EVALUATION

Only 36% of organizations track the performance of their referral program (Figure 15). The most common metric to evaluate is the number of employees hired via the program versus other sourcing methods. Organizations should use more metrics such as quality of hire and turnover to evaluate the success or failures of their sourcing methods.

How does your organization measure and track the performance of its employee referral program? (Select all that apply.)

- Number of employees hired from the employee referral program versus other sourcing methods: 74%
- Number of qualified candidates referred versus other sourcing methods: 27%
- Employee participation rate: 24%
- Retention rate of referred hires versus hires sourced through other methods: 24%
- Performance levels of referred hires versus hires sourced through other methods: 24%
- Number of quality hires referred versus other sourcing methods: 21%
- Engagement levels of referred new hires versus new hires sourced through other methods: 13%
- Employee satisfaction with the program via surveys: 13%
Conclusions and Recommendations
PRESCRIBE AND APPLY

Our members share best practices for designing and implementing referral programs.

CREATE A REFERRAL-WORTHY CULTURE

“First, create compelling work and a compelling place to work. It makes the ‘sell’ much easier. Pushing against an unmotivated workforce will not bring any benefits for referral.”

“If the culture is right, people like the work they do and they take ownership of their work. They will refer the best people without an incentive. When you add an incentive, people tend to refer everyone they know instead of who fits best with your culture.”

SET CLEAR, SIMPLE GUIDELINES AND EXPECTATIONS

“Be sure that you specify the requirements, who is eligible to participate, and that the amount being paid is commensurate with the roles that you are filling.”

“Your guidelines and expectations should match the company values, be realistic about the company’s momentum, and also be attractive to employees.”

“Keep it simple and make sure that people understand how they stand to benefit.”

HOLD LEADERS AND GROUPS ACCOUNTABLE FOR ITS SUCCESS

“Someone has to own the referral process on a long-term basis.”

“Senior leaders need to believe in the program and be a part of design and possibly implementation so that the rest of the organization has a chance to be familiar with it and participate. It can help set the culture if done correctly.”
“In order to **motivate our employees**, we first survey them to see what incentives they’d like to have.”

“One best practice is to **implement a bonus** for employee referrals, but pay the bonus over a period of time, not immediately after the person is hired.”

“You should make sure to **set a reasonable incentive**. The cost might seem high, but it is a lot lower than recruitment costs!”

“We **increase the bonus per referral** where employees receive $300 for their first successful referral. This increases by $50 per referral. We cap this at $500, but if staff keep referring new employees then they keep making $500.”

“Employee referral programs should be **more engaging**, rather than just focusing on the monetary aspect that employees can get from it. For example, employee referral programs should include free lunch for successful hires (who accept the job offer and show up on the first day), or giving away company items to employees with successful referrals.”

“Instead of money, the **referral points program** is very successful.”

“We treat our employee referral program like an **ongoing marketing campaign**.”

“We try to maintain constant engagement with employees about why we value referrals so much so that when they are in a situation where they think someone is a good fit for a position they are much more **likely to refer them** to our hiring team.”

“Make your referral program exciting and stay in front of the colleagues. Make them feel important and **recognize them for referring**.”
| **COMMUNICATE OPEN POSITIONS** | “We send out a weekly email to the employee population with a list of current openings. I think this is a good idea to keep employees informed and boost referrals.”

“Open positions must be promoted enough to ensure that employees are aware of every opening.”

“Communicating the program and regularly reminding employees of it is very important. Remind them in general and as part of the sharing of open critical positions.” |
| **NUTURE THE REFERRED CANDIDATES’ EXPERIENCE** | “We assign the follow-up of a referred candidate to a dedicated HR Admin.”

“For skilled trades, include referral bonuses for people coming out of high school and interested in either apprenticeships or job openings. This creates a pipeline of people each year from which to hire friends.” |
| **PROVIDE FEEDBACK ON OUTCOMES** | “Be sure to set well established SMART goals and hold people accountable for results.”

“We set a benchmark to create a more effective program and market it to employees.”

“The outcomes of an employee referral program need to be communicated regularly. Build communications around the success of the program and provide recognition for those who refer candidates.” |
| **USE TECHNOLOGY TO STREAMLINE THE PROGRAM** | “We are looking to make the employee referral process electronic with possible gamification of each referral to lead to additional incentives.”

“Develop a robust tracking capability that is not dependent on constant manual human interaction.” |
Events

Strategic Talent Acquisition
2017 CONFERENCE

Keynote Videos

Creating a Best-in-Class Employee Referral Program in the US--Customizing Globally

Every Employee Is a Recruiter: Empowering Referrals through Technology

Recruitment Marketing and Employment Brand Strategy at CH2M

Webcasts

2016 Recruiting Benchmarks: Insights to Improve and Simplify Talent Acquisition

Talent Pulse 4.2—Making Referral Programs Count: Sourcing Quality Hires through Employee Networks
From March 27 to April 24, 2017, a survey link was distributed via e-mail to a 28-item questionnaire to opt-in members of HCI’s Survey Panel and electronic mailings. The results of this questionnaire, subject-matter expert interviews, and secondary sources form the basis of this research. Duplicate entries, incomplete questionnaires, and careless survey respondents, were filtered out of the dataset, for a total of 219 respondents. Only categories with at least 6% of the sample are displayed in the table below. Eighty percent of respondents’ organization are headquartered in North America.

### Level of Seniority

<table>
<thead>
<tr>
<th>Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-level</td>
<td>6%</td>
</tr>
<tr>
<td>VP-level</td>
<td>10%</td>
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<tr>
<td>Director-level</td>
<td>29%</td>
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<tr>
<td>Manager-level</td>
<td>35%</td>
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<tr>
<td>Individual Contributor</td>
<td>18%</td>
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</table>

### Role

<table>
<thead>
<tr>
<th>Role</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Human Resources</td>
<td>57%</td>
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<tr>
<td>Recruiting</td>
<td>26%</td>
</tr>
<tr>
<td>Talent Management/Organizational Development</td>
<td>7%</td>
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<tr>
<td>Executive Management</td>
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### Number of Employees

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Fewer than 101</td>
<td>15%</td>
</tr>
<tr>
<td>101 to 1,000</td>
<td>41%</td>
</tr>
<tr>
<td>1,001 to 5,000</td>
<td>20%</td>
</tr>
<tr>
<td>5,001 to 10,000</td>
<td>10%</td>
</tr>
<tr>
<td>Greater than 10,000</td>
<td>14%</td>
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</table>

### Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services/Real Estate/Insurance</td>
<td>16%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>13%</td>
</tr>
<tr>
<td>Business/Professional Services</td>
<td>10%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>10%</td>
</tr>
<tr>
<td>IT Hardware/Software</td>
<td>10%</td>
</tr>
<tr>
<td>Non-Profit</td>
<td>9%</td>
</tr>
</tbody>
</table>
We believe that strategic talent management is the only long-term, sustainable competitive advantage left today, and that most organizations around the world are struggling in this critical area. At our best, we change both paradigms and practices, and enable executives to make better, faster decisions than they could on their own.

HCI seeks to educate, empower, and validate strategic talent management professionals to impact business results through the acquisition of insights, skills and tools that are contextualized through research, practice, expert guidance, peer learning, and self-discovery.

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