According to the Society of Human Resource Management (SHRM), roughly one of every two employers offers a formal referral bonus program. Such programs account for close to 25% of all hires, on average. Many other employers have an informal referral system.

At some companies, such programs cover any job. In other cases, bonuses are restricted to positions with an insufficient supply of talent—for example; an e-commerce company might provide bonuses for software engineers, especially if they’re in a competitive market for tech talent, but not other roles that are easier to fill. The United States government even offers an employee referral bonus program at the discretion of individual agencies to staff hard-to-fill jobs.

Employers often believe that accessing the social networks of the current staff can be more cost-effective than other recruiting techniques, including the use of executive recruitment services. Some research indicates that incentive programs yield a higher quality employee and enhance retention of staff.

Incentives vary greatly by company, with cash, gift certificates, trips, and even cars being awarded. The value of incentives ranges from $250 to more than $25,000 (for executive positions) with the most common range being about $1000 - $2500 according to a survey by WorldatWork. Bonus payments were made in a lump sum about 70% of the time, on average. In other cases, partial initial payment was made with the remainder awarded at a later date (often after one year).

Source: TheBalance
82% of employers rated employee referrals above all other sources for generating the best return on investment (ROI). (Source: CareerBuilder)

Referred candidates are 55% faster to hire, compared with employees sourced through career sites. (Source: HR technologist)

Employee referral programs can save companies $3,000 or more per hire! (Source: Recruiter.com)

88% of employers said that referrals are the #1 best source for above-average applicants. (Source: Dr. John Sullivan research)

After two years, retention of referred employees is 45% compared to 20% from job boards. (Source: FirstBird)

Employees who were hired through referral programs produce 25% more profit for their companies than new hires hired via other sources. (Source: FirstBird)

Referred candidates are more likely to accept your job offer by a statistically significant 2.6–6.6 percent. (Source: Glassdoor)

69% of companies offer cash bonuses that fall between $1,000 — $5,000. (Source: Meritage Talent Solutions)
Employee-referred candidates are 3x more likely to be a good match for a job because employees give these candidates detailed, accurate information about the job requirements and working conditions.

As a result, candidates are likely to proceed with the selection process only if they feel it’s a good fit. And because they do fit well, referral candidates who are subsequently hired are much less likely to quit or be fired within the first few months.

When building your employee referral program
- identify any internal influencers who can help champion company culture and fuel recruitment efforts.
- create a deliberate message about the business need for a diverse workforce and the importance your company places on diverse referrals.
- communicate your organization’s goals and where you are in the process of building a more diverse and inclusive workforce.
- encourage your employees to share recruitment campaigns and job openings on social channels, and offer incentives for referrals of high-quality talent.
- consider using a tiered system to motivate employees to participate in referral programs, giving higher rewards for harder-to-fill positions. Some organizations offer a flat amount for each referral and then offer more if referred candidates get interviewed, get hired or stay at the company for at least six months.
- leverage ERGs as a referral source and as brand ambassadors.
Leverage Employees in Recruitment

**Give employees a voice.** Employees are the face of your brand. Engage key influencers in your workforce as ambassadors that can communicate information about your company’s culture and values. Have diverse employees share their stories and describe what it is like to work at your company.

**Involves employee resource groups.** Engage ERGs to help you develop culturally relevant and appropriate recruiting collateral. Involve them in making connections and inroads with diverse candidate pools. In your outreach to candidates, showcase the work of your ERGs and their accomplishments to demonstrate how the company engages, empowers and supports diversity in the workplace.

**Connect candidates with corporate purpose.** Today’s candidates care about your company’s commitment to corporate social responsibility. A study by Deloitte found that six in ten Millennials say “a sense of purpose” is part of the reason they chose a new employer. Include information about your organization’s cause work in recruiting collateral and share how employees get involved in making a difference.
Leverage ERGs in Recruitment

Bank of America’s HOLA employee resource group leads efforts to align recruiting and student rush strategies at targeted Hispanic Serving Institutions and Hispanic Latino colleges near the company’s top 10 markets, providing a high touch Hispanic/Latinx connection with potential candidates, including networking and advocacy. Members of the ERG are able to communicate important information about company culture and commitment to diversity, and what the employee experience is like at Bank of America.

The African American Leidos Network (AALN pronounced “all in”) partnered with the company’s Diversity Talent Acquisition and Corporate Diversity and Program Office to help shape how Leidos would showcase its employment brand at the BEYA Conference where more than 9,000 students, professionals and career fair exhibitors gather. The AALN ERG participated in three highly visible activities: the Leidos Hospitality Suite, the “Lunch, Learn and Launch your Career with Leidos” event, and the career fair.

During the Hospitality Suite, AALN members greeted and engaged more than 200 college students and managed the social media purple carpet. The lunch and learn event was at capacity for the 2nd year in a row (125 students); the students make the choice to register for this event. AALN members acted as mentors as the students worked their way through a student engagement event. AALN members also supported the conference career fair by working the Leidos booth where they engaged directly with nearly 1,000 students. AALN engagement does not end after the BEYA conference is over. The group hosts multiple breakfast sessions to welcome interns and early career professionals hired at BEYA and National Society of Black Engineers conferences. Additionally, they award one intern scholarship each year to help offset the financial costs.
At Intel, diversity is one of the strategic performance goals that determine 50 percent of executives’ annual cash incentives. In 2015, Intel’s then CEO Brian Krzanich set a goal to reach “full-representation” by 2020. Intel defined full representation as having a workforce that is reflective of the available talent pool in the technology industry, and earmarked $300 million to spend towards strategic initiatives to achieve their goal.

The company has baked diversity and inclusion goals into the business strategy, with 7% of all employee bonuses tied to hiring and retention goals.

To encourage referrals of more diverse candidates, Intel doubled the referral bonus for staff who referred diverse candidates. The company now offers $4,000 for employees who refer a woman, minority or veteran job candidate who is ultimately hired — double the standard referral bonus. The bonus fee is viewed by the company as a way to increase chances of having women and minorities receive more representation in a job applicant pool that has disproportionately consisted of white men. Intel reports the bonus structure helped double its diversity hires in just one year, exceeding its goal of 40% diversity hires by 3%.
At Accenture, more than one-third of new hires are generated by referrals; rewards range from $2,000 to $7,000 or more. The company runs special campaigns for specific skills that might net higher incentives. Accenture’s one-step referral website allows employees to suggest candidates for specific openings or to make general referrals; its use is open to all employees as well as Accenture alumni.

Accenture’s employee referral program is based on the fact that referring people makes employees feel good; either because they helped out a friend by getting him or her a job and/or because they helped the company find a great new hire. To maximize this feeling of ‘doing good’ Accenture gives employees the possibility to donate a part of their referral bonus to a charity of their choice - the firm matches that amount.

Accenture has created an internal marketing campaign that includes a variety of communications strategies and a special landing page on the company intranet that includes photos and testimonials of successful program participants; employees can even shoot and upload their own videos. The referral site also features online help that allows employees to track the progress of their referrals in real time.

Accenture also makes it easy for candidates to initiate referrals by adding a “Get Referred” button in job postings.

TIP
Find out how your top-performing employees network and learn outside the workplace.
Develop a questionnaire that queries them about the professional events they attend, the journals they read, and the communication channels they use to identify new avenues to tap into others like them.
Digital Ocean launched its referrals incentive structure in 2017. For each referral candidate who is hired, the referring employee received a $3,500 referral bonus in addition to a $1,500 charitable donation paid by Digital Ocean on the employee’s behalf.

The result?

In its first year, 40% of Digital Ocean’s new hires were acquired through employee referrals.

**Key takeaway:**

Structure your employee referral bonuses to serve a good cause. Instead of offering a cash prize, offer to make a donation to your employee’s favorite support a charitable organization.

Source: [Medium](https://medium.com/)
Instead of focusing solely on great employee referral awards per se, Hewlett Packard Enterprise build a culture around it. They regularly organize company events to honor and publicly recognizes employees who refer qualified candidates.

By recognizing their referring employes as “champions” and celebrating their success, this company achieves a greater employee engagement.

**Key takeaway**

Don’t focus only on your employee referral awards and forget to thank your employees for referring great candidates! Even if their candidate doesn’t end up hired in the end, you should still think of a way to thank them for their time and effort.

Source: [Medium](https://medium.com)
**Distillery’s Employee Referral Process**

Distillery is a software development company that has struggled to find and attract highly-qualified software developers. This is why they turned to their current software developers and asked them to recommend great candidates.

Along the way, they discovered that their employees are most motivated when offered **new gadgets such as a new iPhone or Apple watch.**

**Key takeaway:**

There is no universal best type of employee referral bonuses that works for every company and every employee. You need to do your research and find out what works best for your own employees.

Source: Medium