



Employee Referral Benchmark Study

An analysis of employee referral programs in 143 companies

firstbird

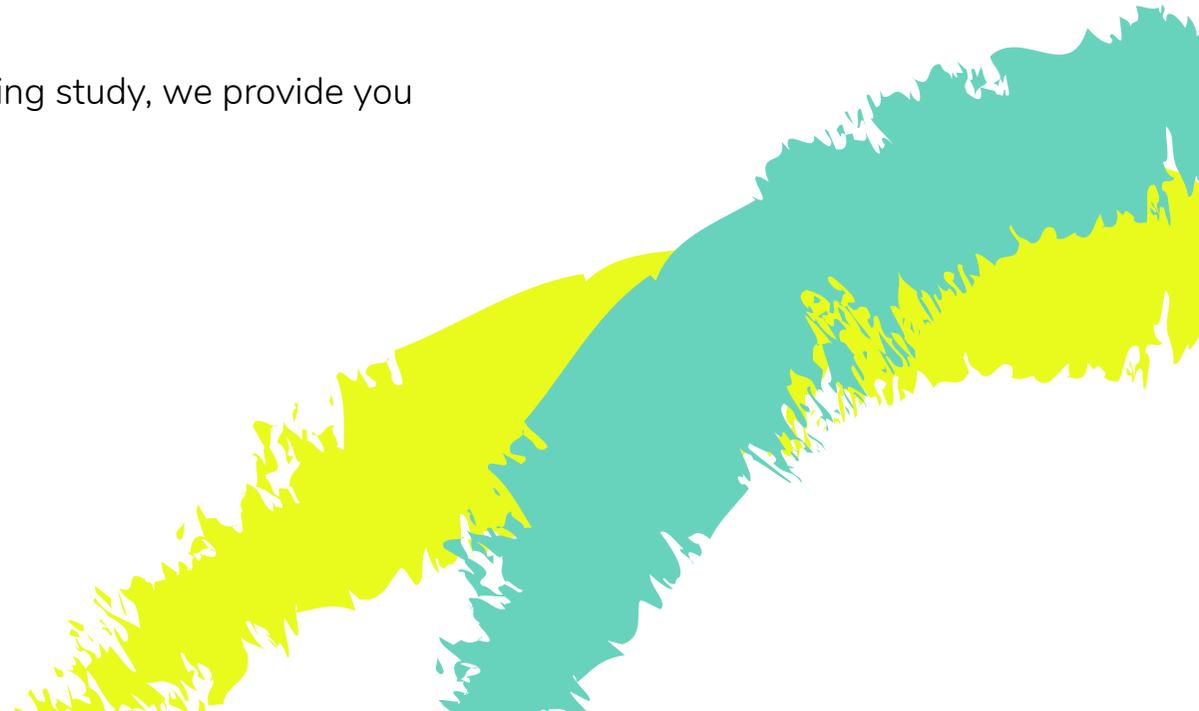
Questions? We provide the answers.

Referrals are everywhere. They guide our decisions. They're credible, free of charge and save time. We pass them on to friends and acquaintances.

For 85% of companies, employee referrals are an integral part of their recruiting strategy. Nevertheless, we are often confronted with similar questions such as:

- How does my employee referral program compare to others?
- Which reward (amount) brings us the most referrals?
- What referral hire rate can we expect?
- How can we use employee referrals as a scalable and measurable success strategy in recruiting?

We collected data from 143 companies, and, in the following study, we provide you with the answers.



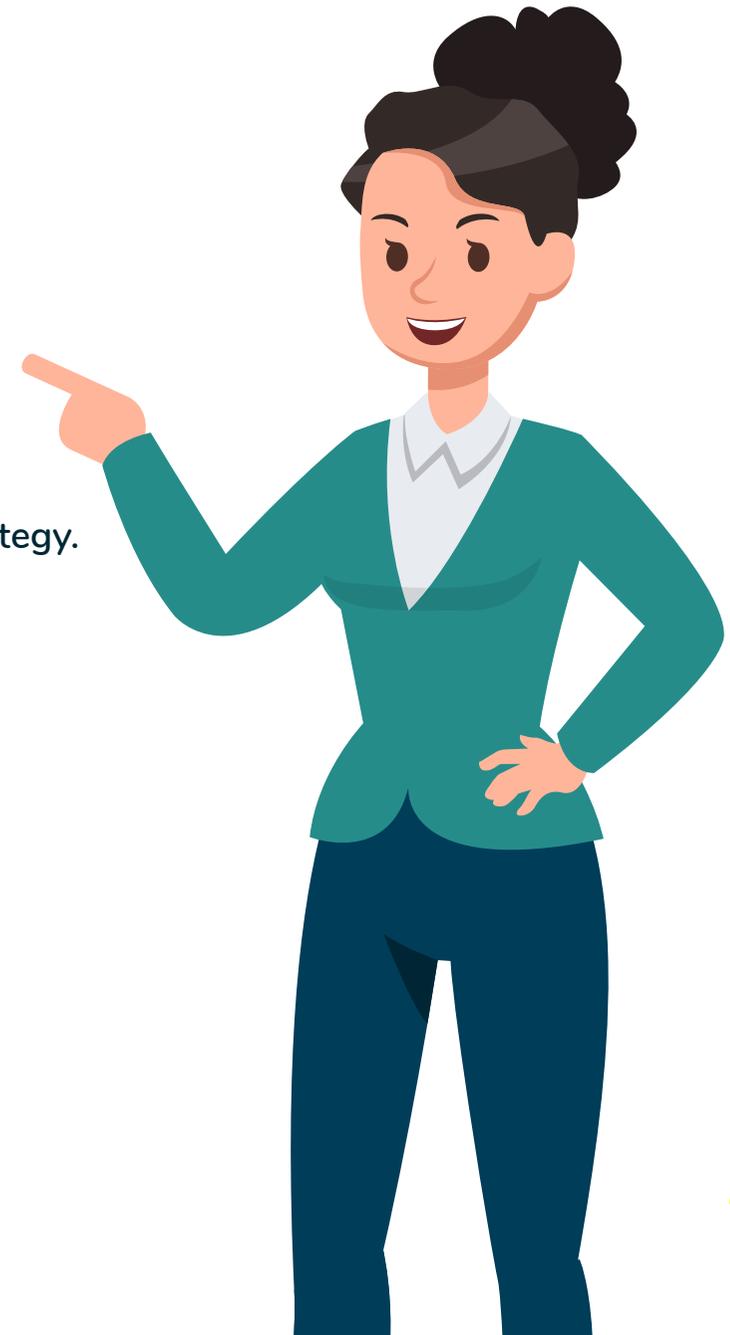
Contents

About the study	04	05	HR recruiting activities
Key Performance Indicators in recruiting	06	07	Employee referral management
Monetary rewards	08	09	Employee referral potential
Influence of payment amount	11	12	Payment dates and rewards
Non-monetary rewards	13	14	Referrals from external parties
Exclusion from rewards	15	16	Hires required by companies
Advantages of employee referrals	17	18	Key messages, referrals and survey design
Recommended reading	21		

About the study

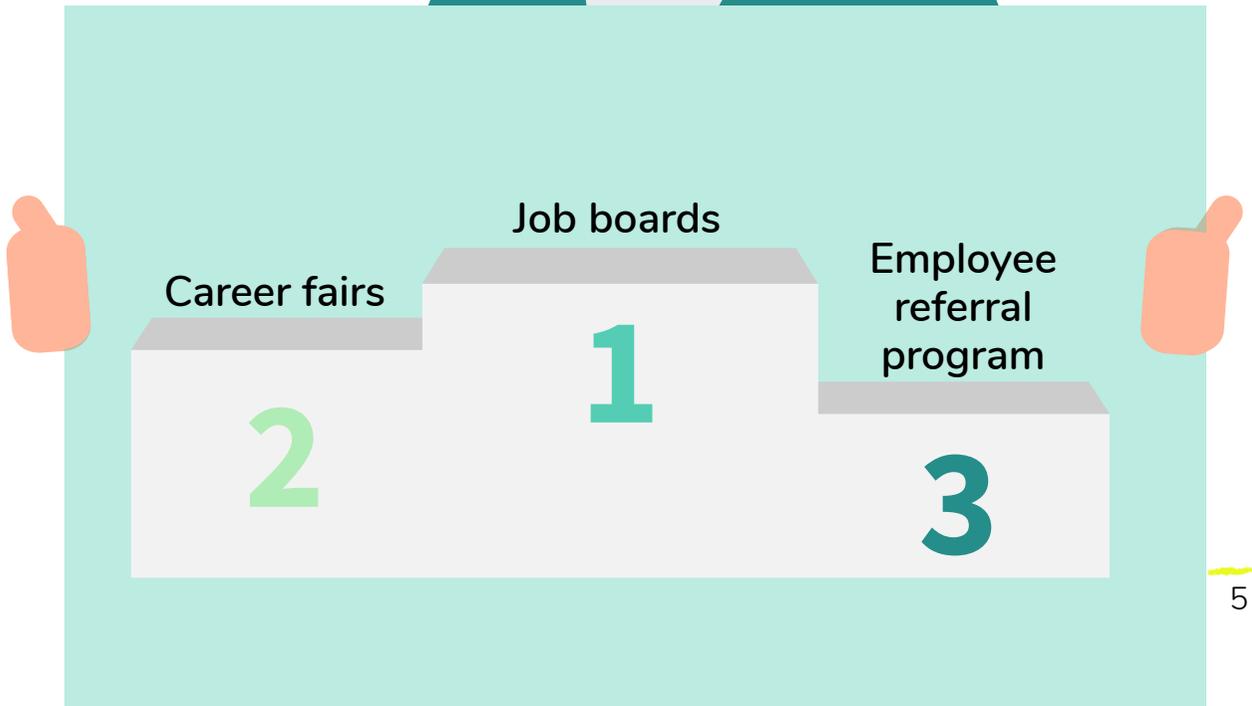
There is no one-size-fits-all approach for employee referral program success. Depending on industry, culture, company size and internal programs and structures, every company must find its own strategy. This study provides a basis for this and reveals general trends.

- It gives insights into the success and use of employee referral programs.
- It supports HR managers with the internal creation of a business case.
- It provides insights that will help companies define their own referral strategy.

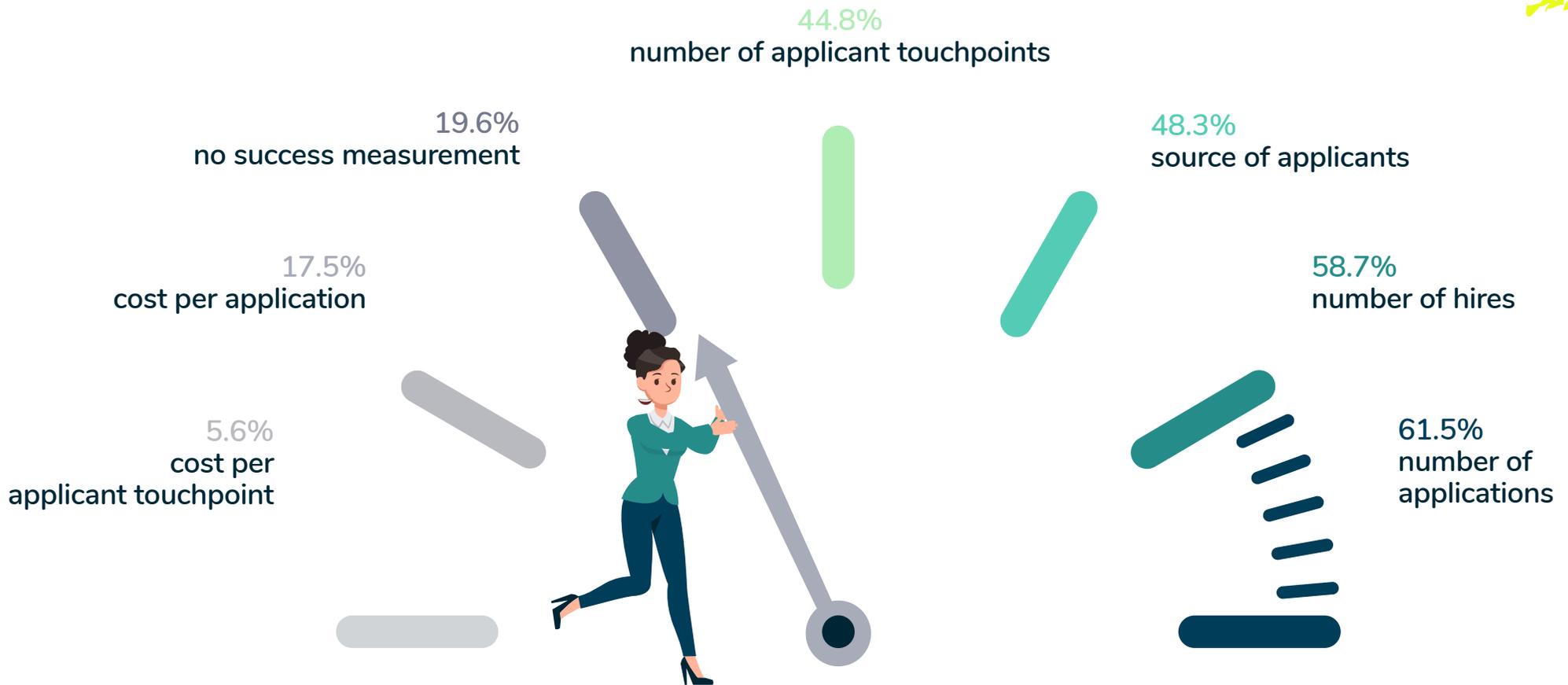


85%

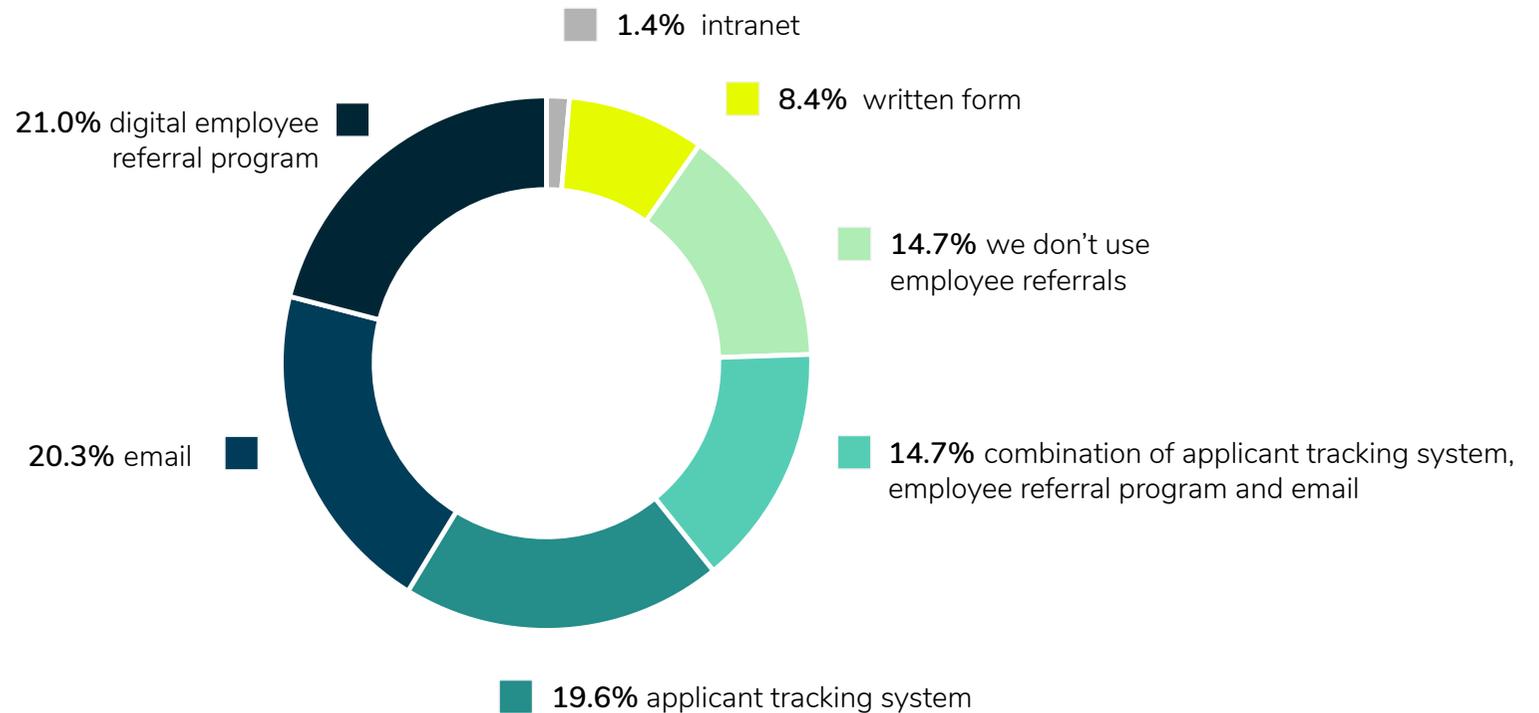
of companies include **employee referral programs** in their recruiting strategy. They are among the **top 3** recruiting channels used.



The **number of applications and hires** are the most frequently used key performance indicators in recruiting.

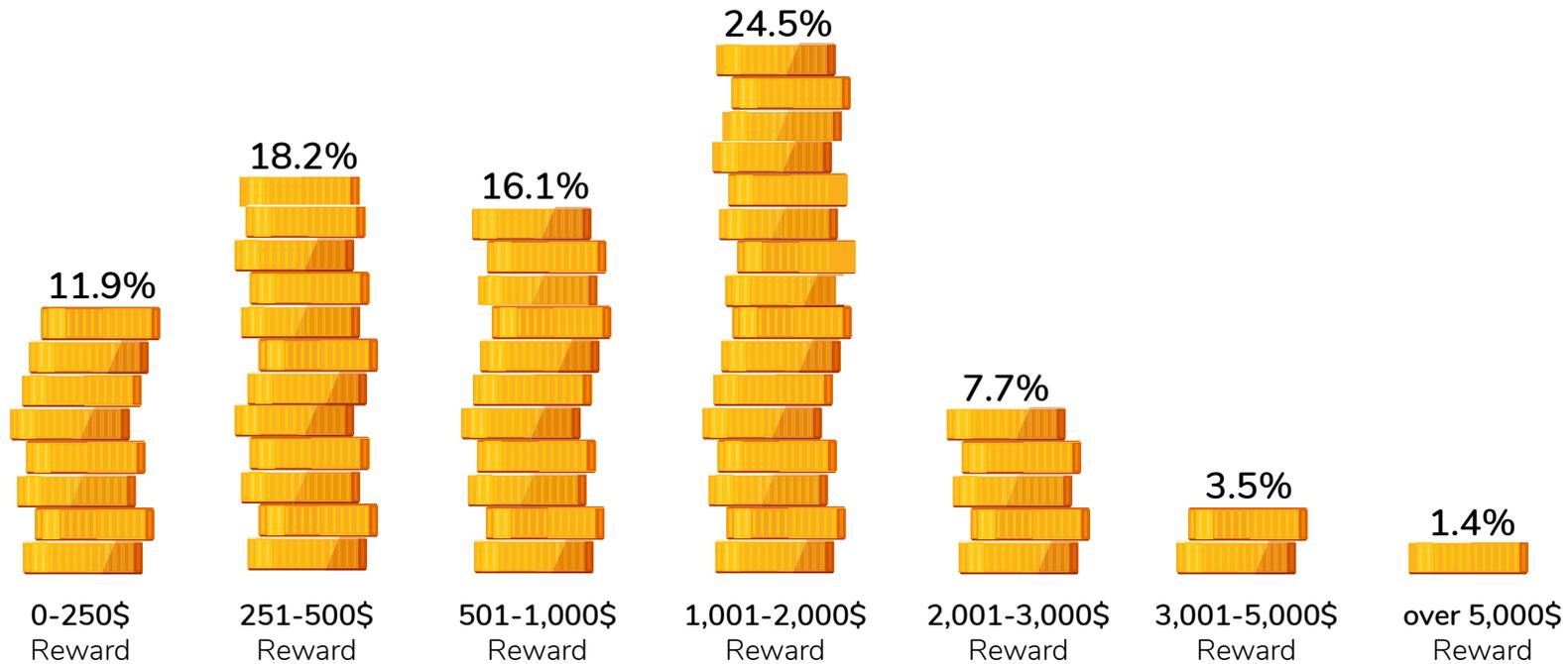


Digital employee referral programs, email and applicant tracking systems are most commonly used to manage employee referrals.



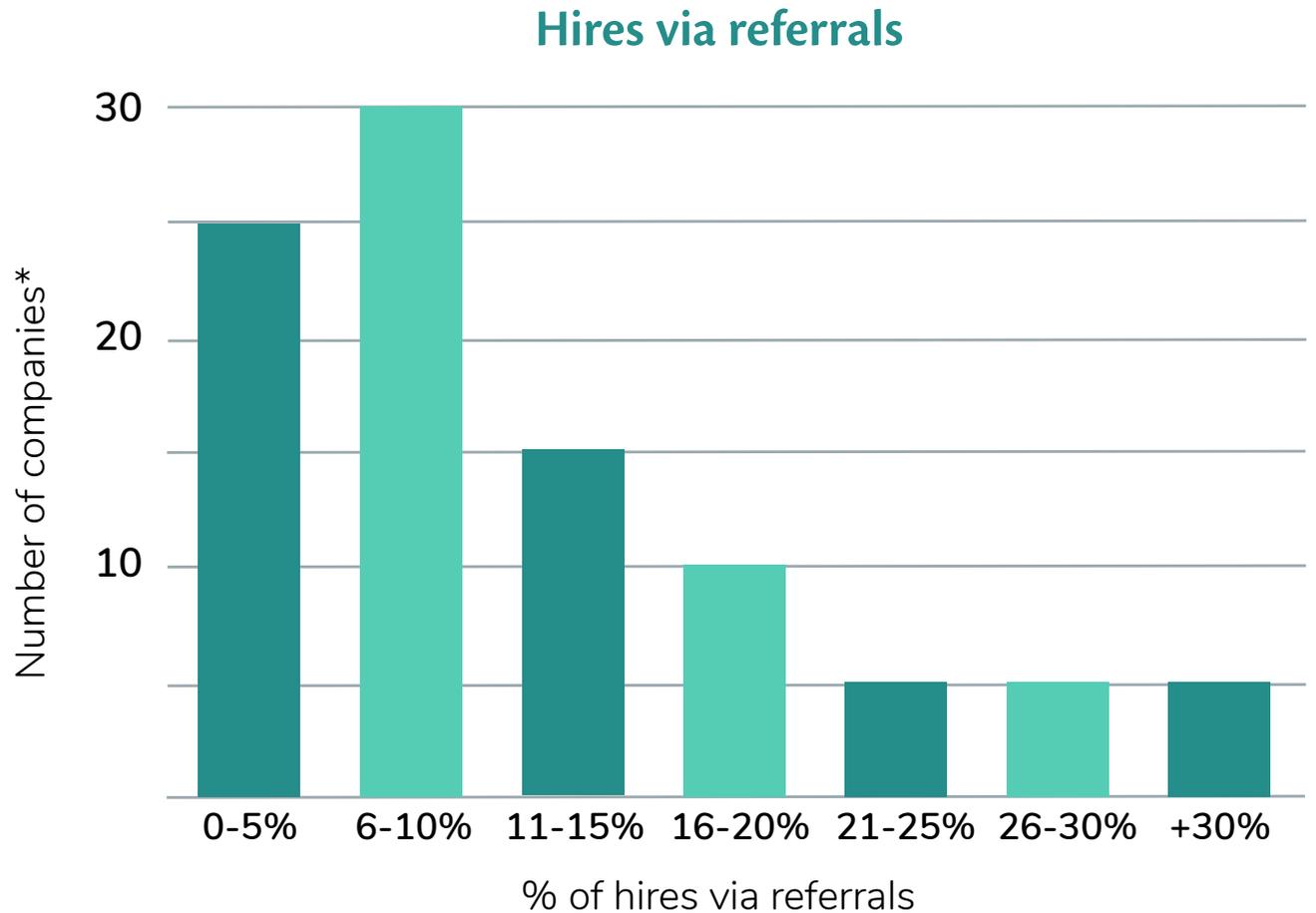
78%

of companies believe that cash bonuses are the most effective reward for employees for a successful referral. The majority of rewards range from **\$1,001 - \$2,000**.



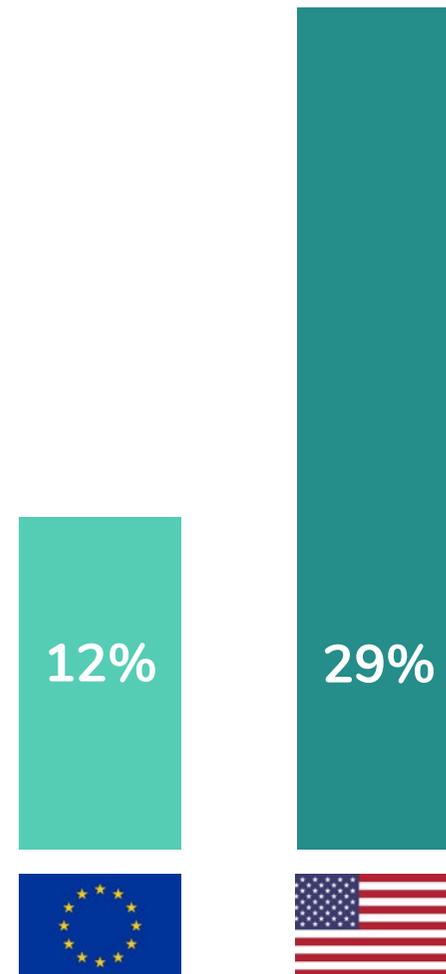
On average, companies hire **12%** of their employees through referrals.

Only 5% of companies are "power users" meaning they recruit **more than 30%** of all employees through employee referrals.



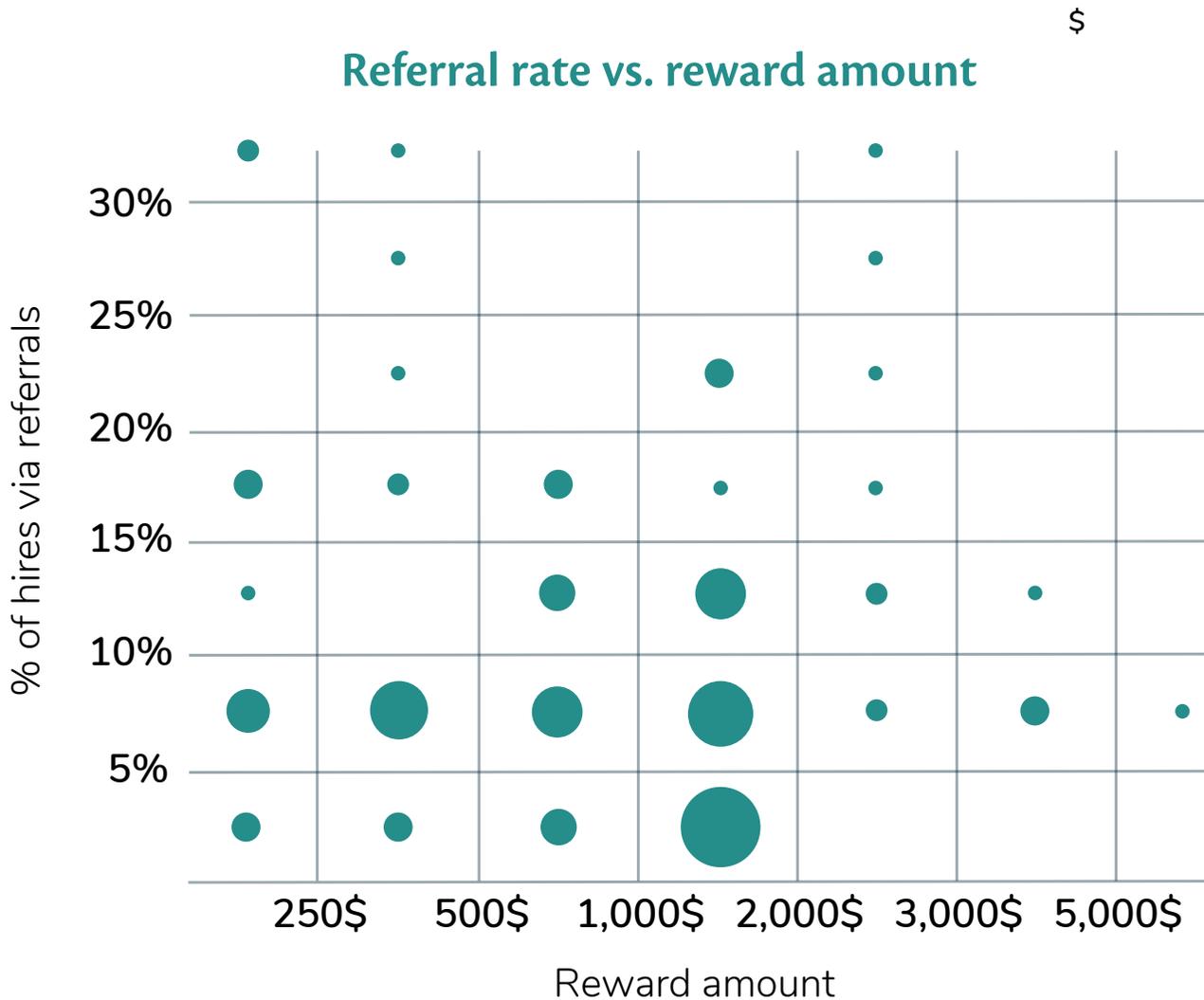
*30 companies were unsure what % of hires is done via referrals

Compared with the **United States** where **one in three new hires** is done via referral*, **European countries and other western countries** trail behind with **only one in ten hires** done through referrals. There is still an incredible amount of potential.



* Source: Referral Program Benchmarks, Drafted, 2017

The amount of the reward does **not** have a **significant influence** on the referral and application rate.



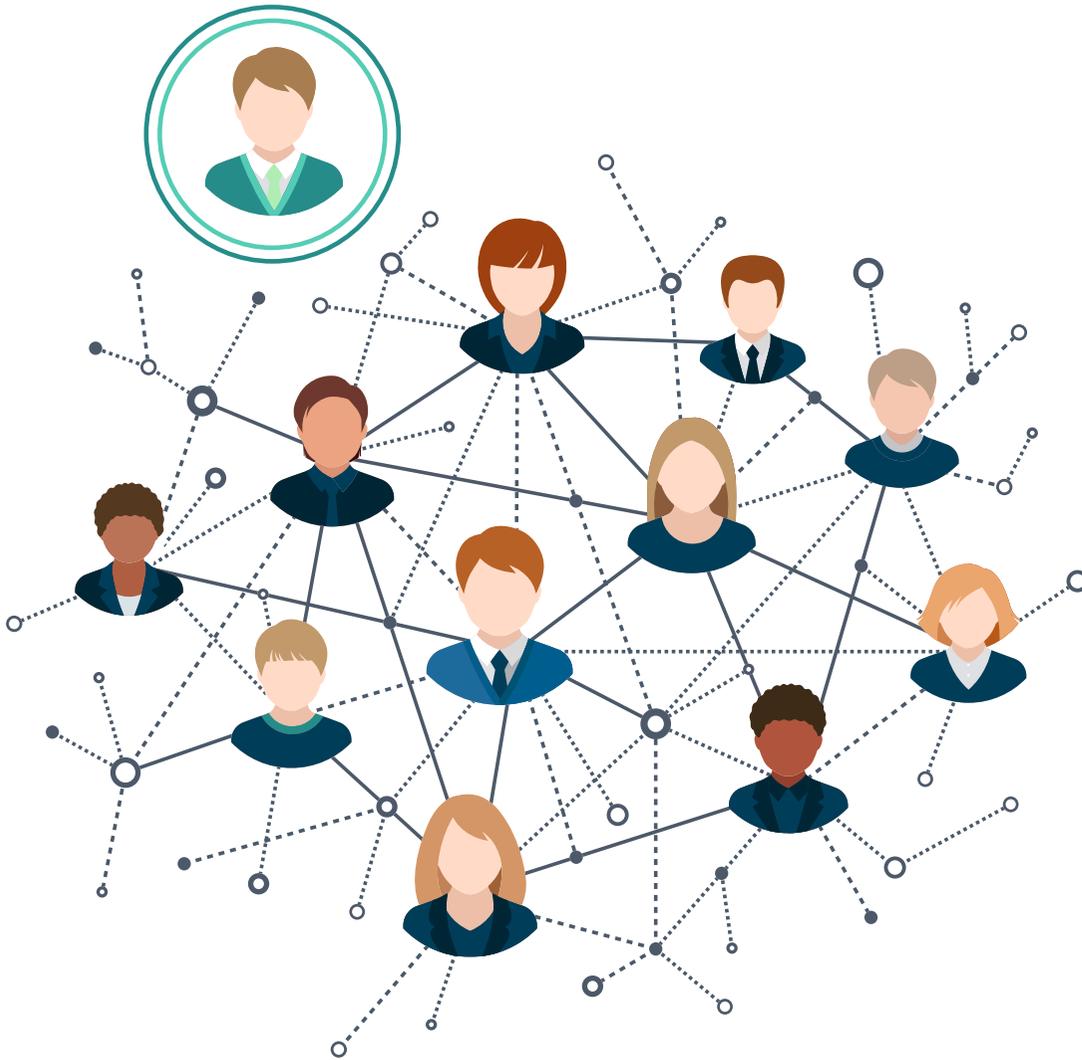
58%

of reward payments
are not split but given
at a certain point in time
- usually after 6 months.





21%
of companies give non-monetary rewards such as additional holidays or vouchers. A lot of potential still lies hidden in non-monetary rewards.



31%

of companies also offer external persons*
the ability to refer candidates.

*External = external employees, partners, alumni, etc.

HR employees and management
are mostly **excluded**
from rewards.



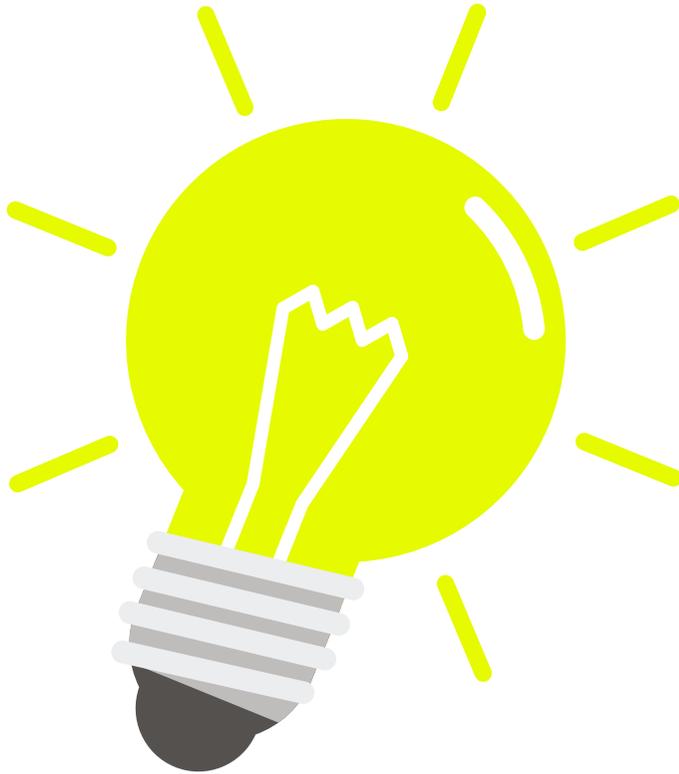
Following the shock of Covid-19, HR departments were somewhat uncertain, but **91.6%** of respondents are **still looking for suitable candidates.**



**We are
hiring**

55%

of companies **save on hiring costs with employee referrals.** Especially with the reopening of the economies, employee referrals is a good strategy to reduce HR costs.*



46%

of companies hire referred candidates **within a month.** Additionally, referred employees **stay longer in the company.***

Key findings at a glance

1. 85% of companies rely on **employee referrals**.
2. 55% of companies save hiring costs with employee referrals. Especially with the re-opening of economies, **employee referrals** is a good strategy to **reduce HR costs**.
3. **Referred candidates** are **hired faster**. Nearly half of companies recruit them within one month.
4. 3/4 of companies believe that cash bonuses are the most effective reward for employees for a successful referral. The majority of rewards **range from \$1,001 - \$2,000**.
5. **The amount of the reward** has **no significant influence** on the hiring and applicant rate.
6. 21% of companies award **non-monetary rewards** such as holidays or vouchers.
7. While in the USA every third new hire is the result of a referral, in **European and other western countries** it is only about **one in ten**. There is still an incredible amount of potential.
8. 31% of the companies also offer **external persons** the opportunity to refer candidates.

Our referrals for you

In order to recruit the best talent on the market, a strategy is required to reach and recruit passive candidates. The large networks of your employees offer the best opportunity. Motivate them in the long term with appropriate rewards.

- Do not aim for average. In order to recruit the best talent on the market, you need **a strategy and commitment to implement it.**
- Be active in the **implementation and execution** of an employee referral program. Putting out a reward is not enough.
- Experiment with rewards. Consider your **corporate culture** and find creative rewards that inspire your employees.
- Consider expanding your network so that **external people** can make referrals for your company
- Scale employee referrals through a **digital program**, to minimize your administrative effort



Research design

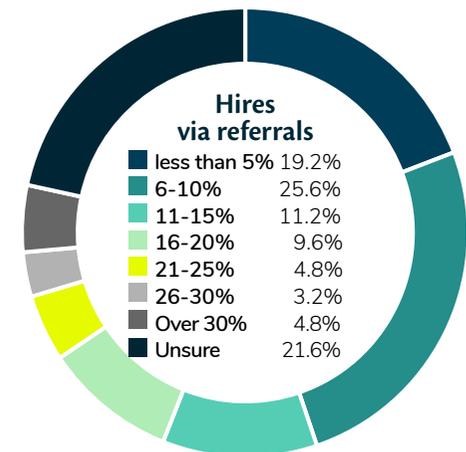
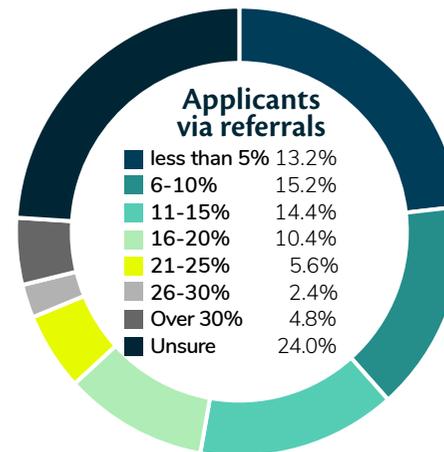
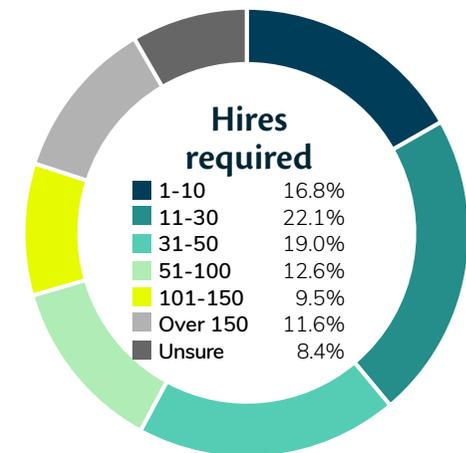
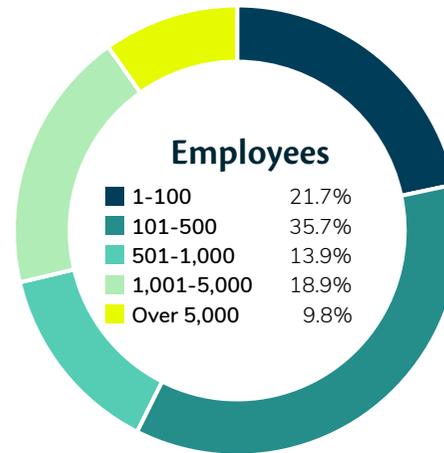
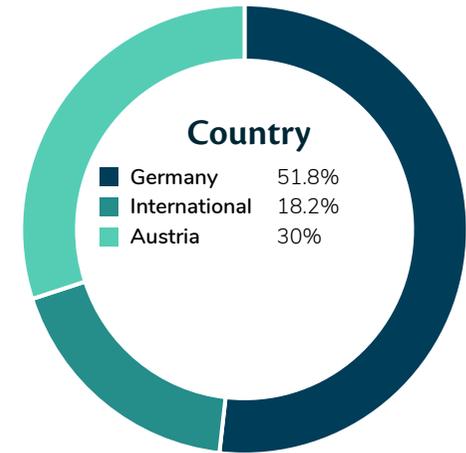
Method of investigation:
online survey

Survey period:
16 March 2020 to 24 April 2020

Population:
Companies worldwide, with a range of company size, with focus on Austria and Germany

Target group/surveyed persons:
Human resources managers, including managing directors, amongst: Employer Branding Manager, Head of HR, business partner, personnel manager, HR Manager, Personnel Officer, Recruiter

Sample:
143 participants



Recommended reading

Guide: [10 steps to your successful employee referral program](#)

Study: [Motivating employees for referrals in the long term - knowing how to do it!](#)

Guide: [Reward guide for your employee referral program](#)

Blog: [Top 10 Employee Referral Statistics You Should Know](#)



Firstbird, the digital employee referral program, connects people with their vocation and companies worldwide with suitable candidates. With Firstbird, employees become brand ambassadors and referrals become a company's most successful recruiting channel.

Leading companies such as McDonald's, Deutsche Telekom and Volkswagen use Firstbird. The company has 50 employees and is internationalizing its business in the rapidly growing recruiting market. Firstbird positioned itself globally in 2020 as a leading recruiting service provider for medium-sized and large companies.

Find out how you can use employee referrals for your company and successfully implement them today. We will be happy to chat!

[Arrange a meeting now](#)



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