

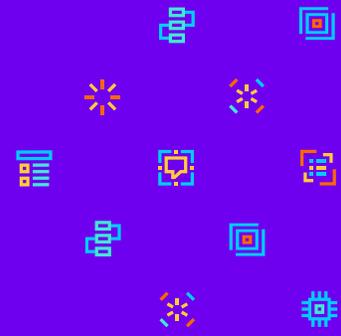
# How To Build A Great Employee Referral Program

A Comprehensive Guide by Radancy





# Table of Contents



26	Do You Need Non-Monetary Rewards?
28	A Reward Shop and Its Benefits
28	Offering a Variety of Rewards
29	What Does the Reward Shop Look Like?
30	<b>Chapter 4: The Ins and Outs of Referral Software</b>
31	Why Do You Need Referral Software?
33	Advantages of Employee Referral Software
35	Choosing the Right Software for Your Company
36	Must-Have Features of a Digital Employee Referral Tool
37	<b>Chapter 5: Perfecting Your Program with The Referral Mastery Framework</b>
38	Master Your Referral Knowledge
38	The Four Dimensions of The Referral Mastery Framework
41	The Five Drivers of The Referral Mastery Framework
43	Radancy is Ready to Help Your Company Master Employee Referrals
44	<b>Sources</b>

# Foreword

As more companies face shortages and difficulties in attracting, hiring and retaining talent, it has become vital to rethink recruitment strategies to prioritize every company's ultimate asset: its people. For the first time, the tables have turned, and job seekers are now in the driver's seat. The Great Resignation, combined with the War for Talent, has left many recruiters scratching their heads for a viable solution to combat this HR problem.

At Radancy, we know that employee referral programs hold the answer to many of these recruiting challenges. With a plethora of benefits, backed up by years of results and research, it's difficult to argue otherwise. Despite the implementation of employee referral programs being on the rise around the world, they remain to be a recruitment strategy that is underwhelmingly taken advantage of. This is something that we are on a mission to change by utilizing our expertise on the topic combined with the end-to-end solutions of our Radancy Talent Acquisition Cloud. We aim to help employers solve their most complex hiring challenges and enable companies to thrive with the very best and most-suited talent.

We are proud to publish this comprehensive and unprecedented guide on employee referral programs. Included here, and seen for the first time, is our Referral Mastery Framework – our carefully curated set of dimensions to ensure your employee referrals are a success.

Our commitment to providing expertise to our customers, and to recruiters all over the world – well beyond our technology and service offerings – is a testament to our passion for talent technology.

I hope you enjoy it and take away a wealth of insights and information that you can implement to make your employee referral program a top recruitment channel.

Arnim Wahls, Managing Director DACH @Radancy



# Employee Referral Programs and Their Benefits

An employee referral recruiting strategy has a competitive advantage – both to finding and retaining talent. It allows you to hire talented employees while engaging your current employees. In this chapter, you'll learn all the benefits of employee referral programs in recruiting.



Nearly 85% of companies are already relying on employee referrals as a recruitment channel. Primary reasons include:

- Referrals are personal and authentic
- Employees are the most efficient brand ambassadors
- Employees expand your outreach to the passive workforce
- You can reach a broader talent pool
- You reduce your cost and time during the recruiting process
- Referred hires integrate more quickly
- Referred hires stay in the company longer
- Employee performance increases

In this chapter, you'll learn in detail about what an employee referral program is. We will guide you through some insights and facts we have learned after almost a decade of implementing digital employee referral programs all around the globe.

## Employee Referrals – A Definition

An employee referral is an application for a job that comes through a contact (usually an employee) in the company.

HR managers and talent acquisition (TA) specialists often have a hard time reaching sought-after talent and executives using only job advertisements. The employees of a company, on the other hand, have valuable networks that usually include specialist colleagues from previous projects or former workplaces.

The idea is that current employees can scour their networks and share open positions from their company, so that people from within their personal and professional networks can apply.

The main reason to rely on the employee recruiting approach is that it's highly successful and can be used across all industries and for almost all positions.

# Employee Referral Programs: Your Chance to Generate More Referrals

An employee referral program is indeed a structured approach to employee referrals, based on the assumption that employees know prospective candidates with similar skills and attitudes.

In most cases, the employee who has made the referral usually receives a bonus, which creates an incentive for them and other employees to continue making referrals in the future. At Radancy, we call employees who participate in the referral program, Talent Scouts.

As our referral experts suggest, the foundation of any successful employee referral program is having high levels of employee participation. If you compensate your employees fairly for bringing quality talent into your company, you further entice them to help you grow the organization.

Employee referral programs indeed replace expensive Recruiters and are an effective way to find and retain new talent. And it's not only smaller companies and startups that are convinced they can get new colleagues from their circle of friends, but also large multinationals such as Deloitte, Telekom and McDonald's all have highly successful programs.

Rewards are the main incentive for employee referrals and are crucial for the long-term motivation of Talent Scouts.

# 14%

Deutsche Bahn hires more than 1,000 new employees every year through its employee referral program. In relation to their annual hiring requirement (7,000 to 8,000 new employees), it shows that the employee referral program alone represents 14% of the talent acquisition.



# The Differences Between Digital and Manual Employee Referral Programs

The simplest version of employee referral programs is a manual one. These aim to encourage existing employees to recommend their employer to acquaintances and former colleagues working for other companies. These manual attempts to set up an employee referral program, however, quickly reach their limits.

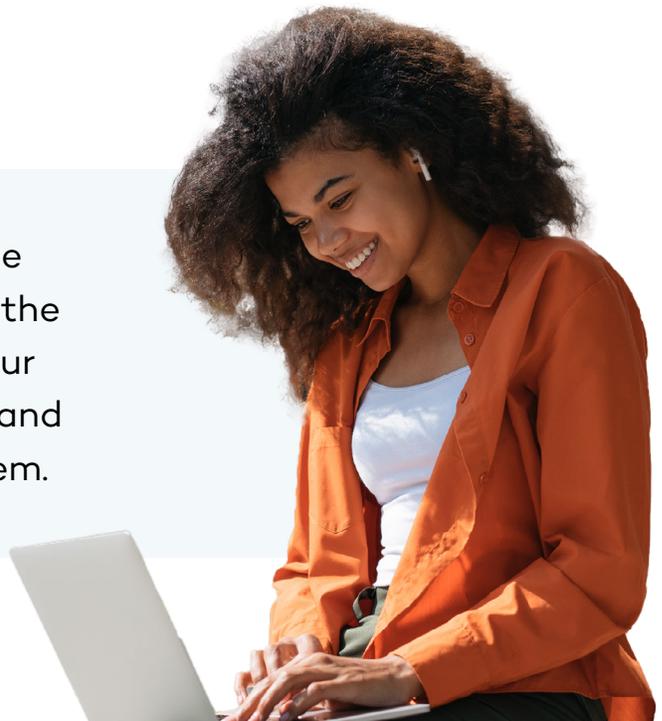
The manual processes of managing referrals entail a high administrative workload, starting from regularly publishing jobs in the breakroom or common areas, which employees hardly notice. Furthermore, if an employee is willing to submit a referral for an open position, they must fill out a paper form and hand it over to the HR team.

On the other side, HR teams will have difficulties tracking referrals and linking them to the responsible referrer. Unfortunately, this means that referrers will hear little or no feedback on their referral action.

Yet, a digital employee referral program saves the company an enormous administrative burden in managing referrals by automating the referral process.

The referrals are automatically assigned to referrers and they'll receive automated notifications on the status of their application. In addition, with such a system, HR managers can determine key performance indicators (KPIs) for measuring the success of the employee referral recruiting method in an effortless way.

When introducing a digital employee referral program, it is vital to select the software that can integrate with your existing applicant tracking system and human resource management system.



# Why Employee Referral Programs are an Essential Part of Your Talent Acquisition Mix

The main advantage of building a referral network within your workforce is that it prevents a shortage of skilled workers in your company. As many companies experience, the job market has been scoured and classic recruiting methods have reached their limits. Because of this, HR departments are looking for new recruiting strategies to address prospective candidates.

## Employee Referrals are the Primary Tool for Recruiters to Address the Passive Labor Market

We all know that a passive workforce often consists of the best existing talent on the job market. And your current employees have a broad outreach to it and are a powerful tool to win it over. Access to the network of your Talent Scouts enables you to establish contact with many qualified workers who may not be actively looking for a new position.

Involving employees in the recruiting process opens new options for overcoming the talent crunch.

But how does it work? Talent Scouts recommend a job to people in their personal network, whether in a circle of friends, former classmates or colleagues. The prospective candidates will consider moving to a new job as long as they get authentic insights into the new company from someone they trust.

Additionally, these potential candidates know and trust that their contact would not make a referral if they were not qualified for the role. This provides intangible confidence that a job advertisement cannot achieve on its own.

## Employee Referrals are Beneficial When it Comes to Filling Niche Jobs

In the area of specialists and managers, the candidate pool becomes smaller when it comes to promptly attracting a suitable candidate, but this is why fostering a referral culture for your Talent Scouts will give you access to top-notch talent.

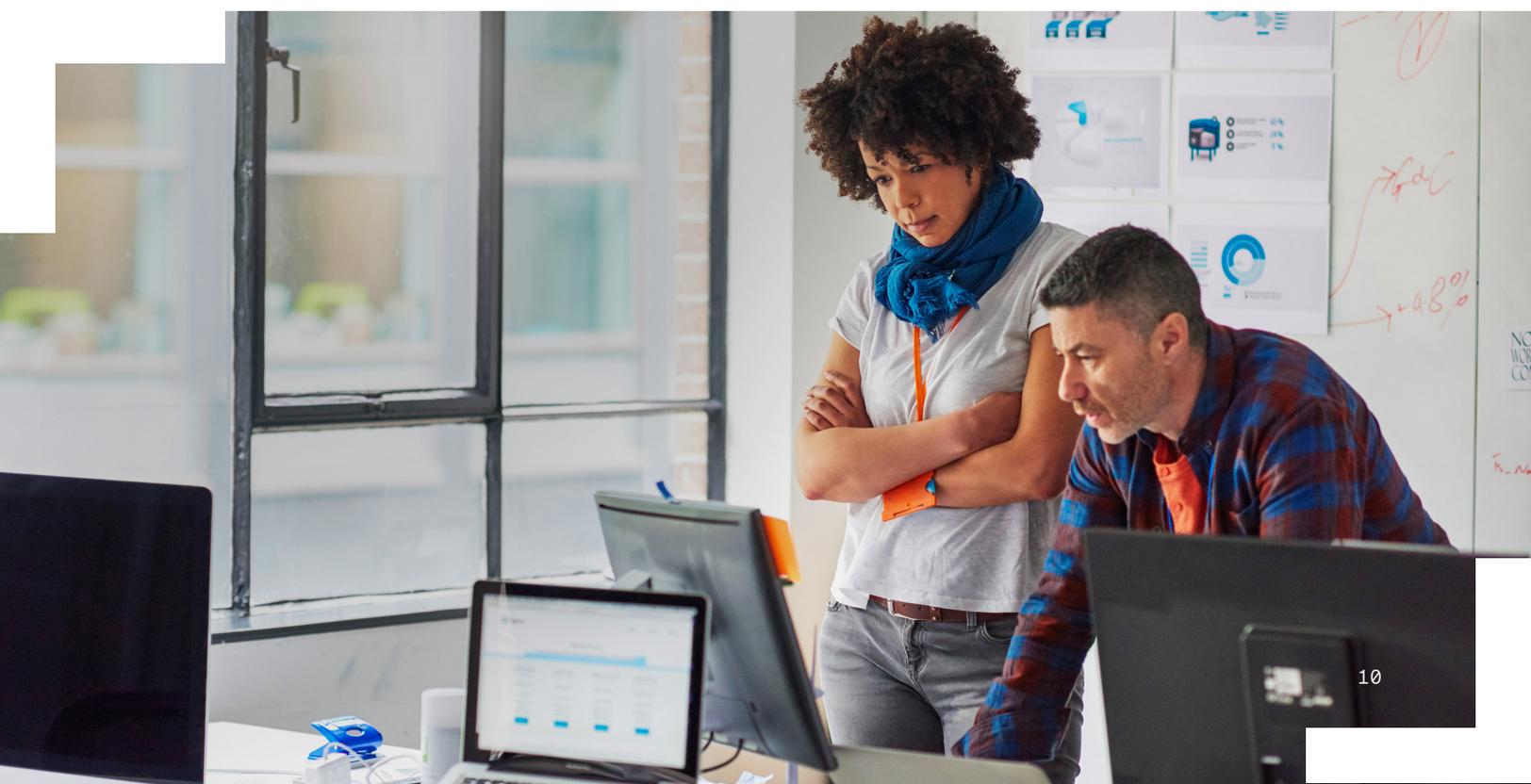
And, as employees working in the respective areas, Talent Scouts know best the requirements of the position and the company culture criteria. Additionally, they are also familiar with the skills of their acquaintances, which means Talent Scouts can target suitable candidates and make tailored referrals.

Using employee referrals can also significantly reduce time-to-hire, as the applicant already knows more about the company's culture, mission and values through direct contact with the Talent Scout.

## Employee Referrals Broaden Your Talent Pool

A talent pool is a type of database that maintains profiles of candidates who have shown interest in a job at a certain company. It includes profiles of both potential candidates who haven't yet applied for an open position and candidates who applied but didn't get the job.

Employee referrals can help the company quickly create talent pools containing hundreds of profiles. All the suitable referrals that your Talent Scouts provide should be moved into your talent pool, as they still could be a very good fit for future job openings.



# Advantages of an Employee Referral Program (Compared to Traditional Recruiting)

## 1. Saves Time and Money

Since your Talent Scouts make a pre-selection of suitable candidates, the talent acquisition teams save a lot of time in sifting through incoming applications and can deal directly with the pre-selected candidates.

General recruitment costs are lower because there is no need to post expensive job advertisements or hire Recruiters. The larger the pool of employee referrals, the more the company can do without additional external recruiting measures.

## 2. Boosts Return on Investment

The recruitment process is quite expensive, with various indirect and direct costs involved. However, a referral bonus is only a fraction of what an organization would pay for a recruitment agency. Since a referral strategy attracts more relevant profiles, it reduces hiring costs, which results in a higher ROI (Return on Investment).

## 3. Reaches More People

When Talent Scouts continuously share vacancies on social media, it increases the company's social reach. Organizations extend their outreach to the available workforce, including passive candidates. The more candidates you have, the higher the chances of selecting the best fit.

## 4. Helps Find a Cultural Fit

Allowing Talent Scouts to actively contribute to shaping the company's staff will increase the cultural fit of candidates. As Talent Scouts are bearers of the company's culture and values, they will look for candidates that are a good cultural fit. In general, employees will not refer candidates not suited for the company.

## 5. Referred Hires Integrate More Quickly

The experience of many companies indicates that employees recruited via referrals familiarize themselves with the role more quickly and are productive earlier. This is also because Talent Scouts who make referrals feel responsible for their referrals and support their acquaintances more strongly from the start.

## 6. Referred Hires Stay in the Company Longer

Vacancies are filled faster and there is greater potential for long-term employment relationships. According to the "Recruiting Trends 2020" study by the University of Bamberg<sup>1</sup>, referred employees are more loyal than other candidates and remain loyal to their new employer for longer. Their turnover rate is very low compared to employees who were hired through different recruiting strategies.

## 7. Positively Influences the Working Atmosphere

Employee referrals positively affect company culture as they help to establish a trusting and friendly work environment. The opportunity to participate in the hiring process gives employees a sense of appreciation and, accordingly, increases employee motivation and satisfaction – as a result, productivity increases.

## 8. Talent Scouts are Your Best Ambassadors

When employees continuously share a company's job openings, it increases the organization's social reach. This attracts more potential candidates, who can be turned into applicants. Additionally, referrals are an authentic way of employer branding.

Studies show that potential applicants believe friends, acquaintances and relatives who recommend a company and speak positively about it are much more powerful than conventional forms of recruitment marketing. This fact alone can serve as a good argument for using employee referral programs and employees as brand ambassadors.

# Structuring a Successful Employee Referral Program

How you prepare, set up and launch your employee referral program will ultimately determine how successful it will be. In this chapter, you'll learn the critical elements for successfully implementing and introducing an employee referral program into your company.



The use of an employee referral program varies from one company to another, with no one-size-fits-all solution. When introducing an employee referral program into your company, your implementation team should consider company setup (size, industry, location) and company culture (mission, vision and internal values).

When designing the overall referral strategy, there are many things the team responsible for the project needs to think about, such as the referral tools and referral technology used, how to get the executives and employees on board and promote the launch, as well as the reward and the communication strategies. Below are several aspects to consider when implementing an employee referral program.

## Building a Good Employee Referral Program – The Basics

### 1. Determine the Goal

When it comes to hiring needs, the first step is to have a clear referral strategy and vision of what a company intends to accomplish with the employee referral program. Well-defined objectives will create awareness and mutual understanding for all the stakeholders involved in the referral process. Some of the hiring goals via referrals can include:

- Lowering recruitment costs
- Increasing the quality of hires
- Reducing the time-to-hire
- Getting candidates for all or specific positions
- Increasing diversity in the company

### 2. Leverage Referral Technology

One of the most important factors to consider when developing a referral program is its ease of use. The referral procedure should be as simple as possible, supported by simple navigation processes and simple referral management. That is where a digital referral solution is key.

Digital referral software can help make the referral program more efficient by streamlining and automating the application process, feedback loops and reward options with an automated reward shop. It also makes the procedure more manageable for all the stakeholders, such as talent acquisition or human resources teams, and the Talent Scouts themselves – reducing missed referral opportunities and significantly increasing the referral application and hire rate.

A mobile referral app is a must to boost employee motivation, so they continue to provide referrals. Additionally, the app makes it a lot more practical for employees to share job posts on social media with a few clicks, spreading the word of open positions easily and reaching a higher number of prospective candidates.

### 3. Develop an Open and Transparent Communication Culture

Regularly sharing job opportunities helps keep Talent Scouts engaged. It is essential to automate the job publishing process to ensure timely communication and transparency for both managers and referrers. A digital referral tool will automatically match and notify Talent Scouts on their smartphones about new jobs in their location and department.

A good employee referral tool should also frequently send information to Talent Scouts on the status of their referrals to keep them constantly up to date. For example, if a referred candidate does not fit the job requirements, the Talent Scout should still receive a notification that the referral was unsuccessful. It's vital to communicate negative outcomes to referrers, as well as positive ones. Feedback and guidance on their referrals will help to improve the referral program in the long run.

### 4. Offer Trainings to Your Employees

After deciding on the specifics of the referral program, it is imperative to educate employees involved in the referral process. As referrers, they should know what to expect following the submission of their referrals. It is a good idea to organize trainings so that employees know exactly how the referral program will work.

A transparent and automated employee referral process will make it easy for all the stakeholders to participate in your referral program.



Your Talent Scouts should also understand what an ideal candidate really looks like so they can find the right match for the roles. Behind the requirements of industry knowledge, you should also clearly explain what the culture fit is for your company. These requirements should identify all those soft skills an employee needs to have to fit the team, which might not be necessarily be included in the job description.

Give your Talent Scouts tips and resources to share with prospective hires for why they should consider moving to your company. When they speak to their networks, you should also teach your referrers to mention certain factors such as company culture, salary benefits, flexibility and internal career progression for example.

Involving external resources in your employee referral program is an excellent opportunity to diversify your referrals.

Let employees know that they can also go beyond their networking circle and find suitable candidates even when attending seminars, conferences and professional association meetings.

## 5. Involve Former Employees and Close Partners in Your Referral Program

The level at which the employees, clients, business partners, alumni and coworkers are engaged with your referral program increases its effectiveness. They should understand how they can submit referrals (great technology helps with this) and the qualifications and fit you are looking for. Allowing former employees and partners to participate actively in hiring will make them feel valued and part of the company's growth.

## 6. Measure Performance

A very important aspect of a referral program is to make sure that job links and referrals submitted to the talent acquisition team are trackable. This allows you to gather statistics such as job views on social networks, the quality of referrals, and the referral activities of employees. You can measure the program's impact on the company by tracking leads, cost savings, revenue engagement, return on investment and more. Other metrics, such as your cost-per-hire and time-to-hire, should also be kept in mind to accurately compare the employee referral program with other recruiting channels. Further measurements can include performance, retention and percentage of new employees hired via referrals – which is very helpful for drawing up regular performance reports. The referral data will also help you detect hard-to-fill roles and the best performing social media channels.

Potential adjustments you could make with employee referral data insights:

- Invest more in internal marketing strategies to boost employee engagement and participation.
- Rethink the reward strategies by identifying specific incentives that perform well. Strong motivational drivers or increasing the incentives for employees who keep providing successful referrals can have a big impact on success.
- Optimize your communication strategy and effectively target the right employees – whether they are the most active referrers or those with the highest number of successful referrals. Data insights allow you to study commonalities of your top referrers, such as their role in the company, location, educational background, area of specialization and interpersonal skills, and use keywords to create lists of recruitment targets.

The traceability of employee referral data allows you to rethink your referral strategies and revisit the KPIs of your employee referral program.

The critical requirements for efficient communication are transparency and inclusiveness.



# Communicating the Introduction of a Referral Program in Your Company

For your current employees to provide referrals successfully and with enthusiasm, the first step is to promote the referral program within the company efficiently. It's not just about simply informing your talent acquisition team and employees, there's much more to it.

The promotion of an employee referral program should aim to involve all stakeholders and drivers of the project from the very beginning, including the management board, the IT department, and even the accounting department, for example. The type of promotion and the channels used to introduce the employee referral program will depend on your company culture.

## 1. Create a Short Step-By-Step Referral Guide

The first obstacle to high employee participation within the program is that referrers are not well informed about it or don't understand how to submit a referral. With a step-by-step referral guide, they will get complete and precise information on the purpose of the referral program, how it works and its benefits in terms of rewards.

An important thing to remember is to make the referral guide concise, understandable and practical. Once employees get to know the benefits and why they should participate in the program, the talent acquisition team can better engage them into the process.

Employees will need to understand the following:

- Why they should participate in the referral program and what benefits they receive for their participation.
- The stages of the referral process, starting with how to submit a referral, to how the feedback loop works and, finally, how they will receive updates on the status of their referrals.
- Expectations for the role and the cultural fit, including the job title, the tasks related to the position, and the expected soft skills and industrial knowledge for a specific role.

Radancy has also put together a guide:  
**10 Steps To Your Successful Employee Referral Program**

To learn more, connect with us at  
[Radancy.com/en/contact](https://radancy.com/en/contact)



## 2. Assign a Contact Person

Before rolling out the program, assign a person to lead the implementation to prevent confusion and misinformation. That person can also be an owner of the communication campaigns, answering any questions and queries that any employees might have about the referral process.

You can also consider adopting a one-to-one communication approach for the future; it can be an effective way to engage employees to provide referrals. Most employees who don't participate in the program are afraid to refer the wrong candidate.

Offering the possibility of one-on-one chats with the recruiters responsible for vacant positions might encourage your employees to ask follow-up questions and receive detailed information on the job requirements they need to submit a referral.

## 3. Announce the Introduction of Your Referral Program at a Company Event

Our recent Employee Referral Benchmark Study<sup>2</sup> reports that in-person communication is the most effective way to launch an employee referral program. So, our advice is to organize a company event to present the referral process and the purpose of such an initiative.

Take your time to highlight how the employee referral program can benefit your company's growth and how your employees can contribute. And don't forget to leave room to answer questions your audience might have.

Consider promoting open positions during departmental or team meetings by framing the high-priority jobs as a "Job of the Week." Your Talent Scouts should always be aware of the open vacancies and hiring goals.

To boost the engagement rate, you could also take advantage of these meetings to share success stories, sharing details of how an employee was referred and acknowledging the Talent Scouts for their contributions to the team.

You can also recognize leading departments and the most active referrers in your employee referral program by displaying their achievements and rewards received.

## 4. Create a Referral Program Page on Your Company's Intranet

This page should contain promotional initiatives following the launch of your referral program and include the Terms and Conditions of the referral program for your current employees. Additionally, it should display all the information employees need to register as Talent Scouts, submit a referral, and the benefits they will receive in return.

Remember that your referral program page should be easily accessible to your employees. That's why you should place sign-up banners strategically on your intranet homepage. Then, when an employee visits your intranet, they'll find the referral program information easily.

Consider also using the company referral page in the future as a job board of vacant positions you're looking to fill via referrals. It could host insightful information such as job descriptions, culture-fit requirements, samples of well-written social media posts, stock images and other promotional material Talent Scouts could need to feel confident about posting the jobs on social media.

## 5. Send Out a Targeted Email

As a follow-up to your launch event, do send out a targeted email to your employees to communicate the latest vacancies in your company. For example, target your email containing the vacancy for an Engineer only to the Engineering department, as they would be more likely to know another Engineer.

Consider sending monthly reminder emails in the future to your referrers to ensure employees don't forget to submit referrals for current openings. They could be putting it off for more pressing tasks, so a recurring 10-minute event on your team calendar designated for referrals will be helpful.

## 6. Continue Referral Program Promotion Well After Launch

Launching a new employee referral program requires a lot of time and energy to make sure your employees know about it. However, if you want your referral program to be successful, you need to promote it long after the program launches.

Whether this means sending out periodic emails, finding new places to promote the program on your intranet page, or streamlining the stages of your referral processes, you should be continuously promoting your referral program.

# The Deloitte Czech Republic Success Story – An Example of a Successful Employee Referral Program Campaign

When Deloitte Czech Republic launched their new referral recruiting channel and asked the employees to register as Talent Scouts, the HR team availed the different communication channels at their disposal. First, they used their live stream studio to host Radancy and Deloitte representatives, presenting the Radancy's Employee Referrals solution through a practical demonstration.

Additionally, the HR team actively promoted the digitalization of the employee referral program through their standard communication channels. Employees were briefed on the implementation through email communications, newsletters and their intranet page – focused entirely on the employee referral program. Then, for approximately two months, internal screens and screensavers displayed a short video of the Employee Referrals digital tool.

To encourage employees to register as Talent Scouts, HR teams created a lottery event in September, October and November, with the main prize being CZK 10,000 (approximately 400€/430\$). In addition to this, the first 300 employees who registered as Talent Scouts received coffee vouchers for their Prague café. Employees who were working remotely could also receive these vouchers.

Of the 766 invitations to join Deloitte's employee referral program sent via Radancy's Employee Referrals, 724 employees registered as Talent Scouts (96%).

Of that group, approximately 120 are currently very active users, and there is at least one very active user in each department.



## Project Insights

- 724 Talent Scouts
- +41 Alumni Registered
- 11,205 Job Views
- 315 Referred Candidates
- 60 Hires



Winner of the Recruitment Academy Award 2021 in the Category of the Referral Program of the Year

# How to Motivate Your Employees to Make Referrals

## A Positive Company Culture Fosters Happy Brand Ambassadors

A successful employer brand is a basis for a successful employee referral program. A great culture is about employees being passionate about what they do, where and how they do it. Because if your employees are satisfied with their workplace, they are most likely to share vacancies within their networks and convince prospective hires to accept the job offers. That makes them your best brand ambassadors.

The following factors are crucial to your employees' satisfaction:

- Secure workplace
- Internal and external training opportunities
- Positive, engaging work environment
- Hierarchies as flat as possible
- Growth perspective and opportunities for career advancement
- Interesting and diversified work tasks

A further advantage of a great company culture is that Talent Scouts will be very willing to refer prospective employees who are highly skilled and a suitable cultural fit to the company. After all, your current employees know your company and the working environment best. That's why you should involve them in your hiring process. Plus, it will make them feel valued and an important part of the company's growth. Here's how you can involve them:

- **Job postings:** Involve your current employees in the creation of the job announcement if it is similar to their own role. They know what challenges arise in everyday work.
- **Job interviews:** Invite your employees to participate in an interview with a potential candidate. By involving the team or employees in the process, it will become clear whether the person is a good cultural fit.

## An Efficient Reward Strategy Creates Happy Talent Scouts

A referral program can really make employees feel like they are part of the hiring process. To efficiently thank employees for their contribution to the company's growth, digital employee referral programs should have a built-in reward system that distributes the well-deserved rewards. Saying thank you to Talent Scouts who may not have had any successful hires is still crucial though. Employees should be rewarded for their participation and minor referral activities (for example, sharing jobs with their networks), rather than just for successful hires. That way, a company can benefit from a continuous stream of referrals.

However, the reward strategy is different for all companies. Before launching a referral program, the implementation team should formulate a reward strategy that involves rewarding employees with monetary, non-monetary and emotional rewards.

Rewards and bonuses do not have to be costly initiatives. A digital tool that awards points for small activities, combined with non-monetary rewards is a far better motivator than simply cash bonuses. You can achieve this with a reward shop – and offering rewarding items for each referral activity.

The incentives could be in the form of:

- Gift cards or vouchers
- Tickets to a concert or sporting event
- Extra vacation days
- Company-branded items

The recognition should come at the right time and coincide with transparent communication.

Giving your employees incentives will encourage them to continue to refer and share jobs with their networks in the long run, keeping your referral program healthy and motivating them to dig deeper and come up with qualified candidates.

# Employee Referral Rewards and Incentive Strategy

The secret of a successful employee referral program is maintaining a high level of employee participation. An efficient reward strategy tailored to your company culture will help you encourage, engage and motivate your Talent Scouts to provide referrals. In this chapter, you'll learn how to do just that.



In the previous chapter, we discussed the positive effects of referrals on a company's culture and workplace. When well-structured and performing, employee referral programs create a pleasant working atmosphere built on trust, shared values and common goals.

But how can you turn your employees into your loyal Talent Scouts? By creating a great reward strategy.

Employers showing appreciation and recognition to their Talent Scouts for participating in the referral process is imperative for successful employee referral programs. As 90% of surveyed employees stated in a study by Manpower group<sup>3</sup>, receiving regular and honest feedback on performance by superiors and managers contributes to increased job satisfaction.

For this reason, your employees should be acknowledged and rewarded for being the driving force of employee referrals. Expressing gratitude for their commitment to the company's growth should be a permanent and regular attitude to incorporate into your relationship with Talent Scouts.

The secret to a successful employee referral program lies in a single word: Appreciation.

## Appreciation Through Referral Rewards

In day-to-day referral culture, rewarding Talent Scouts for actively providing referrals creates an entertaining and engaging reward system that can be built upon, both with monetary and non-monetary referral incentives.

# The Right Amount and Time to Pay Out Monetary Rewards

In our Employee Referral Benchmark Study 2021<sup>2</sup>, we discovered that 92% of companies pay a cash reward for a successful employee referral. The majority of cash bonuses are between €500–€1,000/\$550–\$1,100 and are usually paid out after the successful hiring of a referred candidate or over a specific period (after the probationary period or after six months of employment, for example).

However, paying rewards only after the conclusion of a probationary period can be demotivating for several reasons. Not only is there a drop in motivation because the gratification of reward comes after a long-term period, but also because referral activity is voluntary and employee efforts of providing referrals should be acknowledged.

Staggered payments of rewards will make Talent Scouts feel they received double the amount of appreciation.

One way to keep employees motivated to continue to provide referrals over the long term, is to distribute the cash bonus payment in two stages. The first payout should occur on the day the contract is signed or on the first working day of the referred hire; the second at the end of the new hire's probationary period.

## Do You Need Non-Monetary Rewards?

Most companies pay out cash bonuses for successful referrals to constantly keep motivation high; it is advised to give rewards for every referral activity, not just for successful hires. Non-monetary rewards can have a big impact. A recent study “The Benefits of Tangible Non-Monetary Incentives” by Scott Jeffrey<sup>4</sup> shows that non-monetary rewards have overtaken cash bonuses as the top motivation for referrers.



# A Reward Shop and Its Benefits

Ideally, paying out rewards for referral activities should include the use of a reward shop to decrease administrative efforts. A reward shop built with a coin-incentive system, leaderboard elements and easy access can be of great interest to your employees.

Keep in mind that the motivators for your employees to provide referrals are individual. A reward shop helps you meet each of these unique needs by offering a wide variety of reward items.

A reward shop can increase the motivation of Talent Scouts to continue providing referrals, because of:

- Coin-incentive system
- Leaderboard features
- Individual approach options
- Easy reward selection process

## Offering a Variety of Rewards

Reward strategies differ from industry to industry and from company to company. In addition, every employee is motivated by something different. Since there is no one-size-fits-all approach, you should aim to offer a variety of rewards to satisfy your employees.

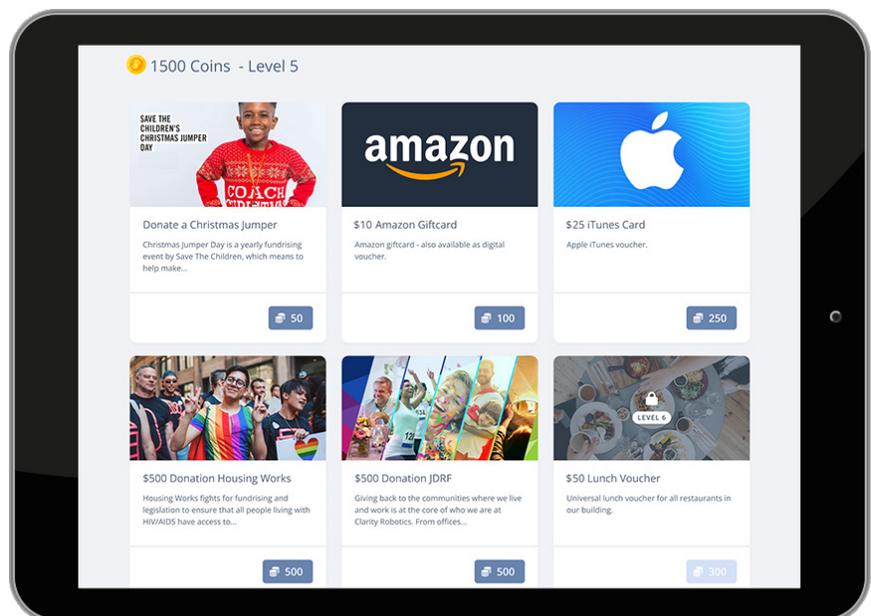
Be creative, play and experiment with incentives to find the most suitable ones for your company and employees. And remember, engagement through incentives will significantly improve your referral program success.

# What Does the Reward Shop Look Like?

As part of providing companies with a holistic approach to employee referral programs, Radancy assists and advises clients on reward strategies, which includes the option of a reward shop. The Reward Shop on Radancy's Employee Referrals tool is sustained by an automated incentive system based on referral coins: Talent Scouts earn coins for referral activities, which are redeemable for items in the reward shop.

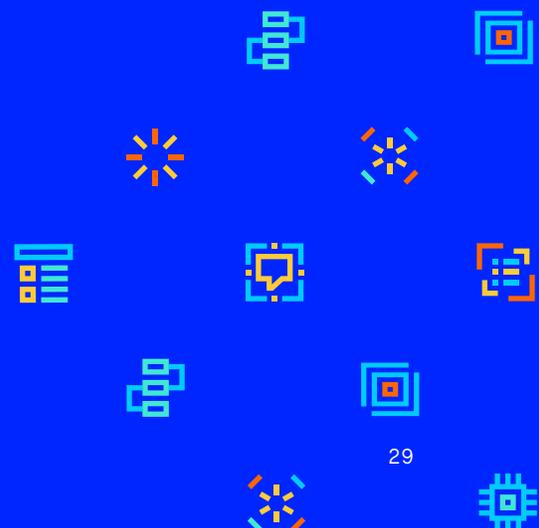
Here is how it works: With Radancy's expert guidance, talent acquisition teams first design their own reward policy to implement within the reward shop. The teams assign a certain number of coins to each referral activity and determine how many coins are required to redeem items.

Once activated, the Radancy reward shop will automatically reveal items to Talent Scouts according to their coins collected, once the coin collection feature is turned on. It is possible to adjust the reward strategy at any time by recalculating the coins needed for specific items and adding or removing the rewards.



If you want to design an efficient referral reward strategy and you are interested in knowing more about the **Radancy Reward Shop**, our referral experts will be happy to guide you through its functionalities.

To learn more, connect with us at [Radancy.com/en/contact](https://radancy.com/en/contact)



# The Ins and Outs of Referral Software

An optimized employee referral program will make the referral process seamless for all involved, making both submitting and managing referrals easy. In this chapter, you'll learn how to choose the right employee referral software for your company.



Selecting employee referral software that is an optimal match for your company will increase your brand attractiveness on the job market and help you appeal to world-class talent. This technology will facilitate reaching the passive market and untapped talent, bringing in high-quality referrals.

Employee Referral technology functions as the bridge connecting your employees with other highly qualified professionals, allowing your company to become an important highlight in your employees' networks.

## Why Do You Need Employee Referral Software?

Employee referral software is the most effective way to improve the efficiency of your referral program and streamlines the daily management tasks of HR departments. It will automate repetitive and redundant daily activities regarding processing incoming applications, managing employee referrals and programming employee experience touchpoints.

The employee referral software helps your talent acquisition teams bring in talent while engaging your current talent internally.

Employee referral software is a highly beneficial tool for your employee referral program because it optimizes iterative activities related to the recruiting process through the following functionalities:

### Track referral performance and activities of Talent Scouts involved in the program.

This will help you assess the pain points of your employee referral program and address corresponding measures to improve performance.

### Keep a record of the numbers of referrals received for each vacancy.

Monitoring the number of incoming referrals for each open position will help you distinguish between easy-to-fill and hard-to fill-roles. It could also be an excellent driver for an in-depth analysis of your job descriptions. For example, are your job requirements clear enough, and are the role descriptions and company vision communicated effectively?

## Report the number of job views.

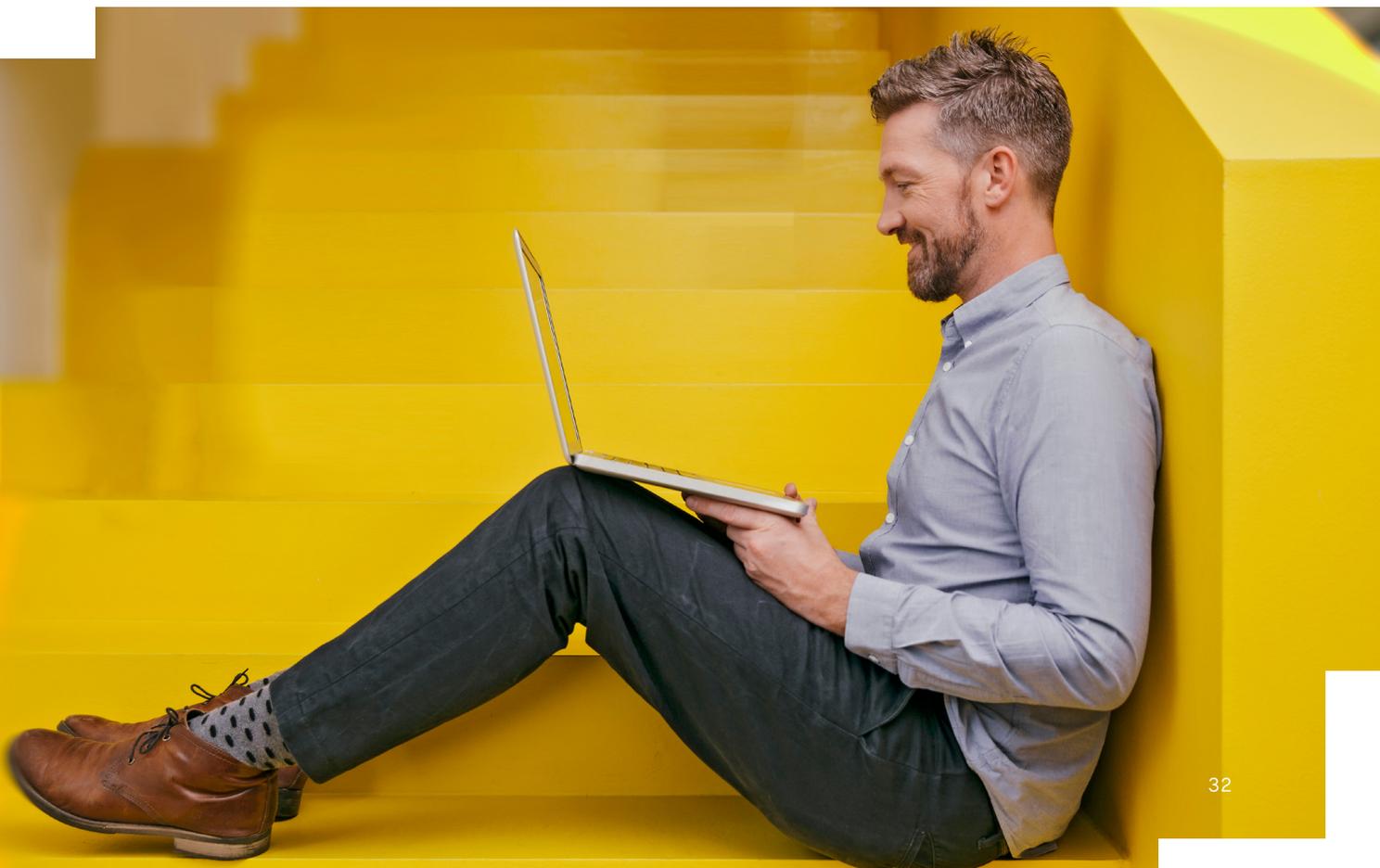
This will help you identify your best performing social media channels, allowing you to encourage their use for your Talent Scouts, whether it is Facebook, LinkedIn, or even your career site.

## Update Talents Scouts automatically on the status of their referrals.

Referrers will receive automated notifications when their referred candidate has moved to the next step of the recruiting process. This will reduce the administrative burden on your talent acquisition team.

## Monitor the reward strategy and notify you when cash bonuses should be paid out.

Your talent acquisition team will be notified when a cash payment is due and who the Talent Scout entitled to receive it is. Setting up an entertaining reward shop and paying out rewards on time will help you boost employee engagement within the referral process.



# The Advantages of Employee Referral Software

## 1. Easier Referral Process

Having a well-oiled referral engine that includes having an easy referral submission process plus a simple filtering procedure for quality candidates will allow your Talent Scouts and talent acquisition specialists to quickly select the best quality candidates and propel your company's growth.

Assisted referral management will completely revamp your employee referral program and allow you to reduce the costs associated with the overall hiring process.

## 2. Metrics and Analytics Tracking

To achieve peak performance, employee referral programs need to be data-driven. Good employee referral software should have a metrics-tracking function to provide your talent acquisition team with real-time analysis on how the referral process is performing.

Leveraging available data to discover the metrics that drive the quality of referral activities allows you to identify shortfalls and opportunities in your referral process. Identifying areas for improvement is essential to achieve your hiring goals.

## 3. Automated Communication

The talent acquisition team can easily manage the communication with both Talent Scouts engaged in submitting referrals and referred candidates engaged within the referral process.

The employee referral software should have the ability to rank suitable candidates, while simultaneously automatically notifying Talent Scouts and candidates on the status of their applications. This will save your talent acquisition team from needing to manually design communication loops and provide feedback, which reduces a significant amount of time and effort.

## 4. Reward Automation

Employee referral software allows you to personalize and monitor the procedure of a reward system. For example, the monetary reward amounts could be graded for each advertised role and the payment split at the beginning and the end of the probationary period.

You can enhance a reward shop with coins to collect, challenges to meet and company items to win for certain referral activities. Once set up and implemented, the reward strategy will be automatically executed, and all that your talent acquisition team needs to worry about is paying out the cash bonuses on the due date.

An entertaining, challenging and well-executed reward system will boost your employee participation rate within the referral process and motivate them to keep providing referrals.

## 5. GDPR Compliance

Employee referral software assists talent acquisition specialists in checking that all General Data Protection Regulation (GDPR) requirements are met during the entire hiring process, from the acquisition of candidate data to its deletion.

When collecting applications, the company must inform the candidates how the data will be processed, used and stored. If they are to be added to the talent pool, a candidate must allow the storage of the personal data for a period of time and can request the deletion of their data at any moment.

A standard-compliant referral software will assist you in carrying out the compliance requests at each touchpoint of the hiring process and indicate when legal help is necessary.



# Choosing the Right Software for Your Company

All employee referral software options have slightly different feature-sets that you must consider when selecting what's most suitable for your company. Here, you will find some critical requirements to take into consideration when testing digital employee referral technology.

Introducing an efficient automated referral tool that saves you time compared to manual referral management will allow your talent acquisition team to nurture their relationships with Talent Scouts and better motivate them to engage in the referral process.

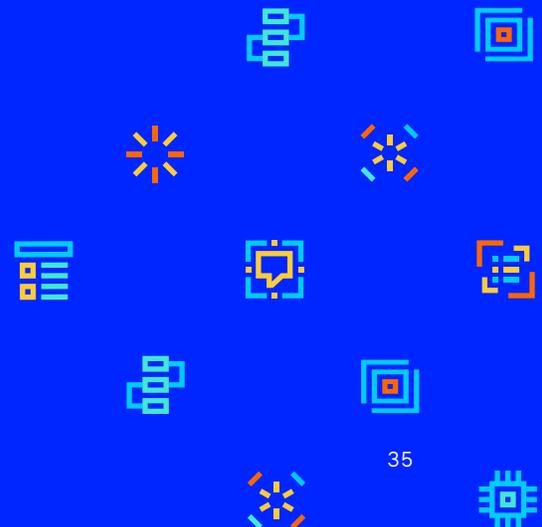
A digital referral technology can make all the difference in the world for your recruiting.

This can make a real difference when relying on your employees' help and networks to access qualified and talented employees.

If you're interested in purchasing referral software to automate your employee referral program, review our [Complete Guide to Employee Referral Programs](#), where you can find all the information to prepare you for carefully selecting the best-performing referral technology. It also includes an evaluation worksheet that contains the features that you shouldn't overlook in referral software.

Read our **Complete Guide to Employee Referral Programs** and compare the features of digital employee referral tools with our evaluation checklist.

To learn more, connect with us at [Radancy.com/en/contact](https://radancy.com/en/contact)



# Must-Have Features of a Digital Employee Referral Tool:

1. Intuitive, easy to access and navigate, allowing for a seamless connection to social media channels. A referral technology that includes a mobile referral app is a must.
2. Integrates into your Applicant Tracking System.
3. Provides a reward shop to entertain and engage Talent Scouts within the referral process.
4. Compliance with European GDPR standards and allows data privacy customization to meet enterprise compliance.
5. Includes a well-structured automated feedback loop that reduces in-person communication activities.
6. Streamlined application process at all stages of the referral journey for both talent acquisition specialists and Talent Scouts.
7. Tracks the performance of the referral process by supplying the traceability of referral data and displaying the info on statistics' dashboards in real-time.
8. Implementation includes companywide training and strategy workshops on the software functionalities.
9. Follow-up assistance for your team to stay on track for the success of your referral program via regular performance calls.

# Perfecting Your Program with The Referral Mastery Framework

Once set in place, an employee referral program requires constant adjustments and improvements based on the smart analysis of the program's performance. We've identified four areas that require continuous attention and five essential drivers of success, which together, make up our Referral Mastery Framework. Learn all about these in this chapter.



# Master Your Referral Knowledge

Following a thorough review of employee referral programs, their functionalities and optimization strategies, we have developed an innovative concept called: The Referral Mastery Framework.

Based on our extensive expertise from implementing over 1,000 employee referral programs in organizations worldwide, we have mapped four crucial dimensions to master for a successful referral program.

These key areas emerged from common pain points of employee referral programs introduced across diverse companies, industries and locations. The Referral Mastery Framework is split into four dimensions that are a constant work-in-progress and entail: building the right network, developing employee engagement, showing appreciation, and designing the referral culture.

## The Four Dimensions of The Referral Mastery Framework

### 1. Build the Right Network

To leverage the full potential of your referral program, your Talent Scouts' network must reflect your hiring needs and match the guidelines of your recruiting strategy. To achieve this, your talent acquisition team should strategically enable the right Talent Scouts to join your referral network. This way, you will gain access to suitable prospective candidates for open vacancies. The TA team should constantly monitor and adapt the referral network to your business goals and upcoming hiring needs.

For example: If your recruiting goal is to fulfill junior roles via referrals, you should leverage Talent Scouts whose networks are connected to talent pools of fresh graduates. The success of this referral segmentation depends on establishing a smart referral network that consists of elements that fit together perfectly.

## 2. Get Your Employees Engaged

After identifying the right employees to join your referral network, you should focus on deeply engaging your Talent Scouts within the referral process and turning them into digital brand ambassadors of your program.

For your Talent Scouts to become proactive in providing referrals, they first must be actively encouraged to participate.

How can that be done? Through targeted communication campaigns and promotions of vacancies addressed to your targeted Talent Scout groups. Engaging promotional campaigns will allow you to win over your audience and encourage your Talent Scouts to take their first steps within the referral process.

When communicating to your audience, it is essential to spread the word about the referrals with the most compelling message that resonates with your target groups. Nothing should hinder your Talent Scouts from undertaking referral activities. This can include addressing any hesitation employees may have of submitting referrals because they are afraid of referring a non-suitable candidate. Consider directly appealing to their role as promoters of company culture.

To keep referral activity and engagement high long-term, listen to and understand the needs of your Talent Scouts. Make your referral process more authentic, appealing and effortless by tailoring it based on feedback from your Talent Scouts.

## 3. Steer Success Through Appreciation

Honest feedback and regular “thank you” gestures go a long way in making your referral program a success. Acknowledging and rewarding your Talent Scouts at the right time and in the right way for their referral activities will improve your relationship with them.

It all begins with simple, transparent and prompt feedback, which you should give to your referrers. If the appreciation for employee engagement in providing referrals is incorporated with a built-in reward system, the feedback loop will occur in real-time through an automated communication process. The referral process will be more straightforward and manageable for all the stakeholders. This will also significantly decrease the manual workload for talent acquisition teams, leaving room for improving and boosting the numbers of referral applications and hires.

## 4. Develop a Sustainable Referral Culture

A referral culture merges a referral program's set of shared values and attitudes by channeling these through active communications toward the common hiring goals. Since referral recruiting is a team activity contributing to the company's growth and general welfare, your talent acquisition specialists and Talent Scouts must both acknowledge it.

The scaling of an employee referral program goes hand in hand with developing a sustainable referral culture: constant monitoring, refinement and adjustment are key. Keep in mind, the higher the number of participants in your referral process, the more brand ambassadors you have to advocate for your employee referral program. Your corporate influencers will be the leaders of an intense referral activity that will result in an extensive and varied talent pool to tap into for your future hiring needs.

This is the main reason you need to create a culture of active ambassadorship. If done well, the active ambassadorship will slowly become an integral part of your company culture. Engagement within referral activities will no longer be merely reliant on the incentives of a reward shop. Instead, the referral process will be deeply embedded in your common practices and the company's DNA.

By making Talent Scouts the accredited representatives of your company brand beyond the workplace, they will more eagerly share work culture with prospective candidates. An employee referral process piloted by committed referrers will transform your referral engine into a powerful machine that attracts world-class talent.

# The Five Drivers of The Referral Mastery Framework

The structure of The Referral Mastery Framework is underpinned by five solid foundations we've identified to be critical to success. They represent imperative functionalities of a steadfast employee referral program.

These five drivers are assigned to the four different dimensions and adjusted to each accordingly. They can also be reshaped and adapted to the variations in referral recruiting strategies. However, they should never be missing from the list of an employee referral program's components.

## 1. Technology

Upgrade your employee referral program to a digital employee referral tool featuring a deeply embedded system, with integrations to your ATS and automated processes. This will save your TA team tons of precious time that can be reinvested into designing activities to boost employee engagement.

Examples of these include automated feedback loops and an automated reward system. You need to pay attention to choosing the best-in-class employee referral program tech that allows its users to customize the functions and meets the highest enterprise and compliance standards.

## 2. Knowledge

The more expert knowledge of the referral technology that your teams gain, the better performing the referral program. So, constantly educate your talent acquisition teams, Talent Scouts and decision-makers with guidance, training sessions and individualized consulting provided by referral experts.

Accessibility to tools and resources such as masterclasses, methodologies, workshops, services, best practices and templates will enable your referral participants to build the right network.

### 3. Data and Analytics

The secret to a successful employee referral program is in setting measurable goals. State-of-the-art referral technology, like on Radancy's cloud-based talent acquisition platform, will enable you to monitor the accomplishments of your referral program through accurate, real-time, digestible data.

Smart analysis of this available data, gauging the overall performance of the referral process will help identify areas for improvement and leverage the full potential of your referral program, allowing you to promptly intervene with timely actions that impact your network, engagement, appreciation and referral culture.

### 4. Organizational Enablement

Your organization's readiness and support are imperative criteria for a successful employee referral program launch. Before starting your program, the background work needs to be completed and the main topics covered, so you won't have to deal with internal delays.

Along with expert guidance and knowledge, a dedicated project team will help you tackle and make decisions on IT security, data privacy, management, rewards and communication strategies, and global scaling and alignment. Additionally, the expert assistance in implementation will help you avoid the pitfalls of an ineffective launch and ensure that you get off to a good start.

### 5. Employee Experience

Relentlessly keeping the focus on user engagement will guarantee you long-term sustainability and return on investment of your employee referral program. You should constantly improve the referral experience by ensuring that the overall referral process is easy to understand, access and use.

Other improvement measures can include showing appreciation for single referral activities, such as transparent, real-time and comprehensive communications.

# Radancy is Ready to Help Your Company Master Employee Referrals

Contact us to schedule a demo.

Our Employee Referral experts will share their in-depth referral knowledge with you, guiding you through our five success drivers and Referral Mastery Framework.

## 1. Technology

- Seamless Integrations into ATS Systems
- High Compliance standards
- Enterprise readiness
- Employee Referrals mobile app
- Smart network management
- Supported by end-to-end engagement on a talent acquisition platform

## 2. Knowledge

- Masterclasses
- Proven methodologies to success
- Best-practice examples
- Material and templates for a head start
- Radancy's referral personas knowledge
- Trainings

## 3. Data and Analytics

- Track and measure everything
- Deep data insights
- Regular KPI calls
- Benchmark to peer organizations

## 4. Organizational Enablement

- Dedicated project teams
- Guidance for global scaling and alignment
- Implementation workshops
- Change Management
- IT security and data privacy

## 5. Employee Experience

- Outstanding user experience
- Proactive communication
- User Personas
- Transparency
- Engaging reward and appreciation methodologies

# Sources

1. University of Bamberg (2020), Recruiting Trends 2020. Retrieved from <https://www.uni-bamberg.de/isdl/chris/recruiting-trends/recruiting-trends-2020/>
2. Radancy (2021), Employee Referral Benchmark Study 2021.
3. Manpower Group (2020), The Talent Shortage Study. Retrieved from <https://go.manpowergroup.com/talent-shortage>
4. Scott Jeffrey (2010), The Benefits of Tangible Non-Monetary Incentives. Retrieved from <https://theirf.org/research/the-benefits-of-tangible-non-monetary-incentives/205/>

Radancy is the global talent technology leader intelligently solving the most critical challenges for employers and delivering results that strengthen their organizations.

To learn more, connect with us at [Radancy.com/en/contact](https://radancy.com/en/contact)

