

Employee Referral Program - Complete Guide

An employee referral program is a recruitment tool that serves an important HR role by ensuring that the company [obtains new employees](#). This method of recruitment is convenient as it relies on current employees pointing potential candidates into the doors of the company. It's why it is a favorable thing to do when it comes to [HR planning](#).

The Definition of an Employee Referral Program

If you need [tips on hiring employees](#) that would be a great fit for your company, an employee referral program is one way to go. It is a method of recruitment that is implemented by the HR department of a company and it involves current employees recommending people that they know will be a great asset to their company. It is usually done by following a set of protocols that include giving said person's contact information for the recruitment team to reach out with. Incentives are usually included in employee referral programs to encourage employees to recommend people they know.

How to Set Up an Employee Referral Program

If you need some ideas on how to start an employee referral program in your company, take a look at what you can do to get started.

Understand Your Hiring Priorities

Before you create an employee referral program, take some time to think about the current state of the company. Has there been several new job openings in the workplace? Was there a massive [employee turnover](#) rate in the last few months? Through your skills in [employee management](#), look at which job posts need to be filled, prioritize them first, and see if an employee referral can help accelerate the hiring process. Take into consideration the network your employees could have in their field of work to see if this program will be effective.

Design the Process and Rules

As a part of [employee relations](#), come up with an organized way for the employee and the HR department to share information regarding this. You will be in for a lot of stress when you receive referrals all in different forms, which is why it is important to have a process to it all. Figure out the rules employees should follow when they found someone and want to recommend them to you. Make sure it is going to be both easy for you and

the employees. An example of getting this done would include sending the personal and contact information of the candidate through email.

Explain the Process to Your Employees

After you create a system for your employee referral program, make sure you disseminate the instructions to everybody in the workplace. Explain the process of how to do the referral in a short and concise manner and avoid using HR jargon as that will confuse some of the employees. Inform the employees what information regarding their candidate needs to be collected, what format to follow when presenting it, and through what method you should send it. To give an example, one method is giving the name, phone number, and email address of the person they would like to refer to, presenting it in a [checklist format](#), and then sending it to the email of the HR department.

Make the Process Easy for Them

Potential candidates are being brought your way with the help of your fellow employees, and if it is convenient for them to do it will increase the likelihood of them doing it again. When creating the guidelines on how to do the referral, take into consideration what works for the employees. If using email is going to make the whole process convenient, then go ahead and stick with that method.

Reward Employees for Giving a Referral

Since the employees are effectively helping you out in the hiring process by searching potential recruits for you, it's only fair that you give them a reward for their troubles. Doing this will encourage them to help you again in the future when you need another referral. This obviously includes an incentive scheme but you may also take the extra mile and reward them with things such as edible goods or tickets for example. You get to decide how the reward system will be in order to make sure that the rewarding system isn't taken advantage of at the company's expense.

Keep Employees Updated

Inform your fellow employees of any updates regarding the referral program as it is important that everybody involved is on the same page. Inform the employees as well of other relevant details in the [selection process](#) so that they will have an idea of what will happen to the people they referred to. Suppose your company implements a policy of giving the new hires [training and development](#) sessions on their first day, then include that detail so that the other employees can be aware of it as well.

4 Benefits of An Employee Program

If you are wondering why you should bother with an employee referral program in the first place, here are four reasons why it is a great idea.

Reduce Recruiting Costs

Some of the costs include job advertisements to attract the attention of job seekers and freebie items that carry the company brand. Through an employee referral program, you will save a lot more in your budget by having the job seekers come to you straight away. You don't have to pay your employees to advertise the company to their social circle and potential candidates. And while an incentive is given to them in exchange for assisting you in the recruitment process, that amount is small compared to the money spent on job advertisements.

Increase Employee Retention

If you think about it, most people would want to work with their friends and family, which is why most referrals are someone that the employees already know very well. Of course, providing that these referrals are up to the company's standards then this will lead to an increase in [employee retention](#). When one is surrounded by people they like, nobody would like to leave their place of work.

Save Time

Most recruitment projects involve a lot of events that take time such as job fairs, mass hirings, and conferences. But with an employee referral program in place, the HR Team's responsibilities get a lot easier in recruiting new people without having to run about outside the office. Depending on the system of the referral program, it encourages efficiency since it saves the hiring team some trouble and enables them to skip some of the basic hiring processes and focus on the main parts of it right away.

Better Employee Engagement

When your workplace is filled with people who already know each other from way before, this can enable you to get an employee on board the company without any hiccup. And with your employees easily getting along, thanks to mutual friends and connections, this will lead to [better employee engagement](#). Studies show that coworkers that work alongside friends and family tend to be more engaged in their work which can lead to a lot of great results in the workplace like increased productivity and employee recognition.

With the right results, an employee referral program can result in the formation of a work environment that nurtures [employee commitment](#) and a positive environment. From their training to their job tasks, a new hire will be able to adjust to the workplace just fine since their coworkers are most likely from their own social circle. This is why it is a great idea to implement an employee referral program.