

# How To Build A Great Employee Referral Program

A Comprehensive Guide by Firstbird



# Contents

<b>1. Foreword by Arnim Wahls</b>	<b>4</b>
<b>2. Employee Referral Programs and Their Benefits</b>	<b>5</b>
2.1 Employee Referral - A Definition	6
2.2. Employee Referral Programs: Your Chance To Generate More Referrals	7
2.2.1 The Differences Between Digital and Manual Employee Referral Programs	8
2.3 Why Employee Referral Programs Are an Essential Part of Your Talent Acquisition Mix	9
2.3.1 Advantages of an Employee Referral Program (Compared to Traditional Recruiting)	11
<b>3. Structuring a Successful Employee Referral Program</b>	<b>13</b>
3.1 Building a Good Employee Referral Program - The Basics	14
3.2 Communicating the Introduction of a Referral Program in Your Company	18
3.2.1 The Deloitte Czech Republic Success Story – An Example of a Successful Employee Referral Program Campaign	22
3.3 How to Motivate Your Employees to Make Referrals	23
<b>4. Employee Referral Rewards &amp; Incentive Schemes</b>	<b>26</b>
4.1 Appreciation Through Referral Rewards	27
4.1.1 The Right Amount and Time to Pay Out Monetary Rewards	28
4.1.2 Why Do You Need Non-Monetary Rewards?	28
4.2 A Reward Shop & Its Benefits	30

4.3 Offering a Variety of Rewards	30
4.3.1 What Does Firstbird's Reward Shop Look Like?	31
<b>5. The Ins &amp; Outs of Referral Software</b>	<b>32</b>
5.1 Why Do You Need Referral Software?	33
5.1.1 Advantages of Employee Referral Software	35
5.2 Choosing the Right Software for Your Company	37
5.2.1 Must-Have Features of a Digital Employee Referral Program	38
<b>6. Perfecting Your Program With The Referral Mastery Framework</b>	<b>39</b>
6.1 Master Your Referral Knowledge	40
6.2 The 4 Dimensions of The Referral Mastery Framework	41
6.3 The 5 Drivers of The Referral Mastery Framework	44
6.4 Become a Supreme Referral Master!	46
<b>7. Sources</b>	<b>48</b>

# Foreword

As more companies than ever before face shortages and difficulties in attracting and hiring talent, not to mention the challenges with keeping them onboard, it has become vital to rethink recruitment strategies to prioritise every company's ultimate asset: its people. For the first time, the tables have turned and jobseekers are now in the driving seat, with companies competing to attract top talent. 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 Firstbird, 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 referrals 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 at Firstbird are on a mission to change – with our expertise on the topic, thanks for years of operation, and by utilising our high-end tech solution, we aim to put an end to recruiting struggles, 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—your one-stop shop for all things related to this top-tier recruitment solution. Included here, and seen for the first time, is our Referral Mastery Framework—our carefully curated set of dimensions to ensure referral-recruitment success.

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

This is a goldmine of referral-program specific recruitment information, which can be translated into endless recruiting, innovation, and development opportunities by any and every company. I hope you enjoy it and take away a wealth of insights and information that you can implement to make your employee referral program your #1 recruitment channel.

Arnim Wahls, CEO, Firstbird



## Chapter 1

# Employee Referral Programs and Their Benefits

A 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 internally. In this chapter, you'll learn all the advantages and benefits of employee referral programs in recruiting.



**85% of companies are already relying on employee referrals as a recruitment channel.** And it's no wonder, because:

- Referrals are personal and authentic
- Employees are the most efficient brand ambassadors
- They expand your outreach to the passive workforce
- You can reach a x10 broader talent pool
- You reduce your cost and time for the recruiting process
- Referred hires integrate more quickly
- Referred hires stay in the company longer, and
- Employee performance increases

So if you want to get familiar with referrals as a recruiting channel – or double-check if the employee referral program you already have is at its best – you've come to the right place!

**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 learnt 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 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.

Therefore, the idea is that the current employees 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 is 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 Firstbird, 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 in quality talent to your company, then you further entice them to help you grow the organization.

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

Employee referral programs indeed replace expensive headhunters 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 large multinationals such as Deloitte, Telekom and McDonalds all have highly successful programs too.

**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 takes on 14% of the talent acquisition.



14%

# 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 colleagues and acquaintances working for other companies. Such manual attempts to set up an employee referral program, however, quickly reach their limits.

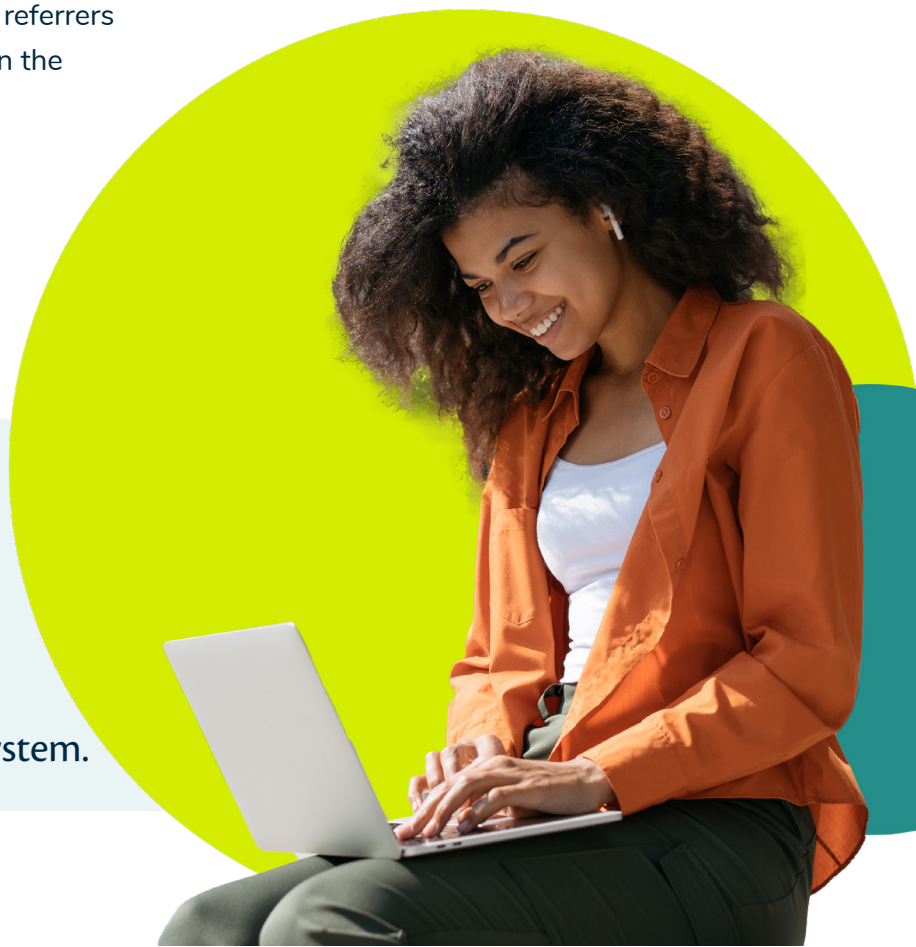
Manual processes of managing referrals entail a high administrative workload starting from regularly publishing jobs on billboards in the tea rooms or restrooms that employees hardly look in at. Furthermore, if an employee is willing to submit a referral for an open position, they have to fill out a 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.

**A digital employee referral program instead saves the company an enormous administrative burden in managing referrals by automating the referral process.**

The referrals are automatically assigned to referrers and they receive automated notifications on the status of their application. In addition, with such a system, HR managers can determine 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 the 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. Therefore, HR departments are looking for new recruiting strategies to address prospective candidates.

## Employee Referrals Are the Primary Tool for Recruiters To Address the Passive Labour 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 a powerful weapon to win it over. **Your Talent Scouts' network enables you to establish contact with a large number of qualified workers who may not be actively looking for a new position.**

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

But how does it work? Talent Scouts recommend job offers in a network built on trustful relationships, whether in a circle of friends, to university colleagues or former colleagues. Thereby, 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 addressed candidates know the company's employees and are aware that they would not make a referral if they were not suitable. This provides a valuable leap of faith 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 air gets thin when it comes to promptly selecting the suitable candidate for the role. But, as we already mentioned above, Talent Scouts have access to top-notch talent.

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

The time-to-hire is also significantly shorter, as the applicant already knows more about the company's culture, mission and values through direct contact with the employee from the company.

## Employee Referrals Broaden Your Talent Pool

A talent pool is a kind 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.

**Employees' 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. It 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.

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

## 2. It 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 referral schemes attract more relevant profiles, they reduce hiring costs, which results in a higher ROI (Return On Investment).

## 3. It Reaches More People

As mentioned above, when Talent Scouts continuously share vacancies on social media, it increases the company's social reach. Therefore, 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. It Helps Find a Cultural Fit

Allowing Talent Scouts to actively contribute in 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. Therefore, in general, employees will not refer candidates not suited for the company.



## 5. Referred Hires Integrate More Quickly

Experience in many companies shows that employees recruited via referrals familiarize themselves with the role more quickly and are therefore productive earlier. This is also because Talent Scouts who make referrals feel responsible for their referrals and thus 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. It 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

As we learned, when employees continuously share a company’s job openings, it helps to increase the organization’s social reach. This, in turn, attracts more potential candidates, who can be turned into applicants. Additionally, referrals are an authentic way of employer branding. Who would promote a position in a company they don’t like working at?

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 recruiting marketing. This fact alone can serve as a good argument for using employee referral programs and employees as brand ambassadors.

## Chapter 2

# 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 scheme, there are many things the team responsible for the project need 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, and the reward and the communication strategies. **Below are several aspects to consider when implementing an employee referral program.**

# How to Build 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. It 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, bolstered up with simple navigation processes and simple referral management. That is where a digital referral platform comes in handy.

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, it makes it a lot more practical for employees to share job posts on social media with a few clicks, thereby spreading the word of open positions by reaching a higher number of prospective candidates.

### **3. Develop An Open And Transparent Communication Culture**

Regularly sharing job opportunities helps keep Talent Scouts engaged. Therefore, 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.

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



## 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, step by step, following the submission of their referrals. Therefore, it is a good idea to organize trainings so that employees know exactly how the referral program will work.

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 included in the job description.

Furthermore, give your Talent Scouts tips on convincing the prospective hires to 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.

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

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

## 5. Involve Externals 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 externals 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 draw out statistics such as job views on social networks, the quality of referrals, and the referral activities of employees. Additionally, you can measure the program's impact on the company by tracking leads, cost savings, revenue engagement, return on investments, 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, 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.

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

Let's have a look at some examples of potential adjustments you could make if you have employee referral program data insights:

- If your talent acquisition team realizes that only a small percentage of employees are actively referring candidates, they could invest more in internal marketing strategies to boost employee engagement.
- It enables TA teams to 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.
- Your TA team can optimize your communication strategy and effectively target the right employees - whether they be the most active referrers or those with the highest number of successful referrals. They can study the factors they have in common, 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.

# 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: 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 Referral Step-By-Step 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, readable 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.

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

Download it [here](#).



Employees will need to understand the following:

- Why they should participate in the referral program and what benefits they receive in turn 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.

## 2. Assign a Contact Person

Before rolling out the program, assign a responsible person to lead the implementation team to prevent confusion and misinformation. That person can also be a guardian of the communication campaigns and can answer any questions and queries that staff members and 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 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 department-wide or team meetings in the future by framing the high-priority jobs as a "Job of the Week". Your Talent Scouts should always be aware of the open vacancies and imminent hiring goals they can help with.

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

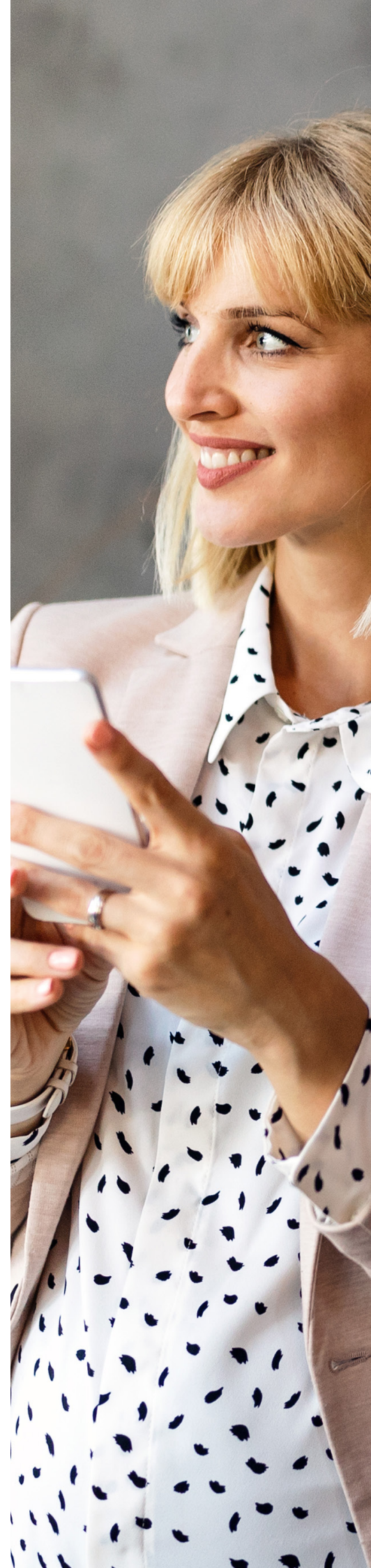
You can also recognize leading departments and the most active referrers in your employee referral program by displaying their achievements and rewards received.

#### **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 information they 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, therefore, easy to find. 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 willing to fulfil 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, you should send out a targeted email to your employees to communicate the latest vacancies in your company. For example, your email containing the vacancy for an engineer should be sent to the engineering department as they would be more likely to know another engineer than people from, say, the accounting department.

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 long after it has been launched.

The critical requirements for efficient communication are transparency and inclusiveness.

# 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. Firstly, they used their live stream studio to host Matthias Wolf (CCO of Firstbird) and Deloitte representatives, presenting the Firstbird platform 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 Firstbird's implementation through email communication, newsletters, and their intranet page focused entirely on the employee referral program. Moreover, for approximately two months, internal screens and screensavers displayed a short video of the Firstbird platform.

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€). 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 via post.

Of 766 invitations sent to employees to join the Firstbird's platform, 724 accepted to register as Talent Scouts (96%). Of them, approximately 120 are currently very active users, and there is at least one very active user in each department, confirmed Jana Smolíková.



## 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 Entails Happy Brand Ambassadors

A successful employer brand is a basis for a successful employee referral program. This is all about employees being passionate about what they do, where they do it and how they do it. **This is 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:

- A secure workplace
- Internal and external training opportunities
- A positive working environment
- Hierarchies as flat as possible
- Growth perspective and opportunities for career advancement
- An engaging work environment
- Interesting and diversified working tasks

A further advantage of a great company culture is that Talent Scouts will be very willing to refer prospective employees that are highly skilled and a suitable cultural fit to the company. After all, your current employees best know the company and the company's working environment. 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 participate in an interview with potential candidate. By involving the team or employees in the interview process, it will become clear whether close cooperation will be successful in the future.



- **Trial day:** let the selected candidates work in the company for one or more days to find out who really fits into the team. A follow-up consultation with colleagues may offer further information on the selected candidate that was overlooked in the interview. This will also confirm your employees' feelings about the potential new team member and the impact on their working environment.

## **An Efficient Reward Strategy Entails Happy Talent Scouts**

As mentioned above, 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 an in-built 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 enables gamification and 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 therefore offering rewarding items for each referral activity.**

The incentives could be in the form of:

- gift vouchers and cards
- holiday tickets
- extra holidays days off
- branded items.

However, the recognition should come in at the right time and alongside 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 fitting candidates.



Would you like to know more about how to engage your employees in referral process? Then read our

**Study on Motivating Employees for Referrals.**

Download it [here](#).



## Chapter 3

# Employee Referral Rewards & Incentive Schemes

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, plus much more.



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 well-performing 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 referral engines. 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 of 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 translates into an entertaining and engaging reward system that can be built upon both monetary and non-monetary referral incentives. Let's take a look at them in detail!

## 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 relative majority of cash bonuses are between €500-€1,000 and are usually paid out after the successful hiring of a referred candidate or over a specific time period (after the probationary period or after 6 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 repaid.

**One way to keep employees motivated 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 hire's probationary period.

## Why Do You Need Non-Monetary Rewards?

As mentioned previously, most companies pay out cash bonuses for successful referrals. **To constantly keep motivation high, it is advised to give rewards for each referral activity and not just for successful hires. Here is where non-monetary rewards take over** and can have a big impact.

Non-monetary rewards can have a direct effect on employee motivation, and they have even overtaken the cash bonuses in this areas - as the study "The Benefits of Tangible Non-Monetary Incentives" carried out by Scott Jeffrey<sup>4</sup> shows.

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



Since non-monetary incentives are objects or items that your Talent Scouts would not normally purchase, they are usually more desirable, have the touch of being extra special and are more satisfying because they are easier to achieve.

Moreover, **non-monetary rewards will contribute to developing a strong bond with your employees because they will associate their positive experience with your company.** Memories are all that matter, so help your employees to create them!

Engaging your Talent Scouts through incentives will speed up your referral game due to an increased number of referrals coming in.

Offer your Talent Scouts tickets for an amazing experience, and keep in mind that rewards could be a way for you to support them in their personal and professional growth. Here are just some ideas:

- Tickets to festivals of their interest
- Bungee jumping
- Weekend in Prague
- Tickets to web summit festival
- Paid training

When it comes to rewarding for activities, there are many things you can offer incentives for, such as:

- Sharing job vacancies on social media
- The number of job views reached
- Referring outstanding candidates
- The frequency rate of submitting referrals

In our **Guide to Rewarding for Employee Referrals**

you can find out more details on rewarding, such as what and how you should reward, plus some creative ideas on what you can offer.

**Download it [here](#).**



# A Reward Shop & Its Benefits

Ideally, paying out rewards for referral activities should include the use of a reward shop to decrease talent acquisition teams' administrative effort. Furthermore, a reward shop built with a coin-incentive system, game design elements and easy access, will surely 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 them by offering a wide variety of reward items and the possibility to choose a desirable one.**

Hence, a reward shop can increase Talent Scouts' motivation to continue providing referrals, often more so than cash bonuses, because of its:

- Coin-incentive system
- Gamification 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, and 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.**

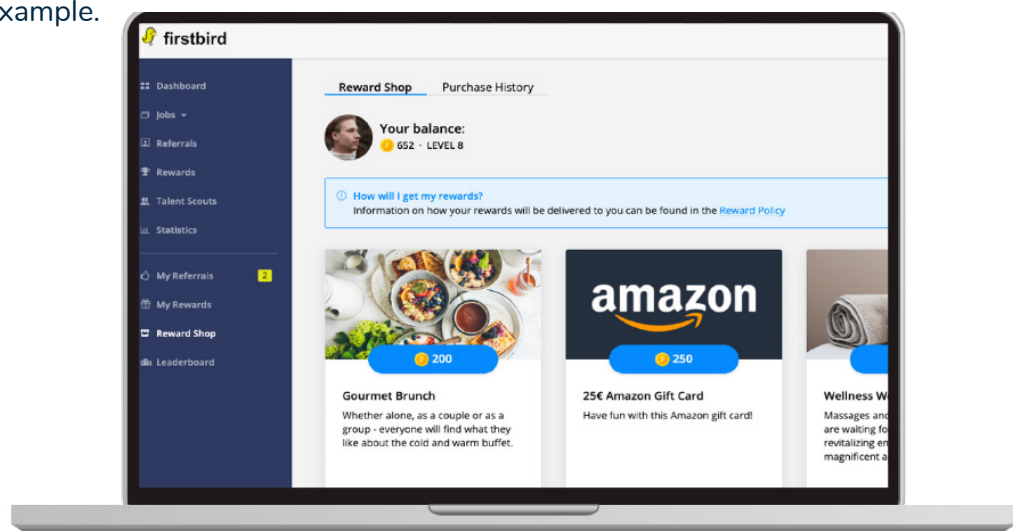


# What Does Firstbird's Reward Shop Look Like?

As part of providing companies with a holistic approach to employee referral programs, Firstbird assists and advises clients on reward strategies, which includes the option of a reward shop. **The Firstbird reward shop is sustained by an automated incentive system based on referral coins:** Talent Scouts can redeem earned coins for referral activities with the items in the reward shop.

Here is how it works: With Firstbird's expert guidance, talent acquisition teams firstly design their own reward policy to implement within the reward shop. They assign a certain amount of coins to each referral activity, and determine how many coins are required to redeem items the company wants to offer.

Once activated, the Firstbird 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 for specific items or adding/ removing the rewards, for example.



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

[Talk to our experts now](#)

## Chapter 4

# The Ins & 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. Not only that, but this technology will facilitate reaching the passive market and untapped talent, bringing in high quality referrals.

Thus, referral program 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 Referral Software?

Employee referral software is the most efficient way to improve the efficiency of your referral program and streamlines the daily management tasks that HR departments are usually responsible for.

**It will automate repetitive and redundant daily activities regarding processing incoming applications, managing employee referrals and programming employee experience touchpoints.**

Referral software is a highly beneficial tool for your employee referral program for all the reasons mentioned above. **It optimizes iterative activities related to the referral recruiting process through the following functionalities:**

**It will track the referral performance and the 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.

The referral software helps your talent acquisition teams bring in talent while engaging your current talent internally with **gamification!**



## **It will 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 description and company vision communicated effectively?

## **It will 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, Xing or even your job career page.

## **It will 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. Again, this will reduce the administrative burden on your talent acquisition team.

## **It will monitor the reward scheme and notify you when cash bonuses for successful referrals are due.**

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.

Moreover, 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 top performance, employee referral programs need to be data-driven. Good employee referral software should have a metric-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.

This is because the software should have the ability to rank suitable candidates, whilst 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 rewarding 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.

Moreover, you can gamify 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 your talent acquisition team has 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 GDPR (General Data Protection Regulation) 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. Moreover, if they are to be added to the talent pool, a candidate must allow the storage of the personal data for a further period of time and can request their deletion 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 the most suitable one for your company. On the next page, you will find some critical requirements you should take into consideration when testing digital employee referral technology.

**Introducing an efficient automated referral platform 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 platform 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, have a look at our Complete Guide to Employee Referral Programs where you can find all the information to prepare you for carefully selecting the best performing digital platform. 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 platforms with our evaluation checklist.

**Download it [here](#).**



# Must-Have Features of a Digital Employee Referral Platform

1. It should be intuitive, easy to access and navigate, and easily connected to social media channels. A referral platform that includes a **mobile referral app** is a must!
2. It should **integrate** into your Applicant Tracking System.
3. It should provide a **gamified reward shop** to entertain and engage Talent Scouts within the referral process.
4. It should be both compliant with **European GDPR** standards and allow **data privacy customization** to meet enterprise compliance.
5. It should include a well-structured **automated feedback loop** that reduces in-person communication activities.
6. It should have a **streamlined application process** at all stages of the referral journey for both talent acquisition specialists and Talent Scouts.
7. It should track the performance of the referral process by supplying the **traceability of referral data** and displaying them on **statistics dashboards** in real-time.
8. Its implementation should come along with company-wide training and **strategy workshops** on the software functionalities.
9. The implementation team should assist you to stay on track for the success of your referral program via regular **performance calls**.

	Firstbird	
...anding features to showcase your CI	✓	
...ustomize personal message templates and images ...ocial network shares	✓	
...ifferent job brandings are available depending on ...ation or department	✓	
...ustomize your company description for shares on ...ocial networks	✓	
...include pictures or videos and other content to your ...job postings	✓	
<b>Desktop Version</b>		
...Referrers can share jobs on all major social ...networks including WhatsApp	✓	
...Referrers can make direct referrals	✓	
...Referrers can see the status of their referral in ...count	✓	
...customize their notifications (which ...all their format sheets)	✓	

## Chapter 5

# 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. Here at Firstbird 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 them in this chapter!



# Master Your Referral Knowledge

Following a thorough review of employee referral programs, their functionalities and optimisation strategies, we would like to introduce you to an innovative concept designed by us here at Firstbird: **The Referral Mastery Framework**.

Based on our extensive expertise from implementing over 1,000 employee referral programs in organisations worldwide, we have mapped 4 crucial dimensions to master and achieve excellence in when it comes to your referral program.

These key areas emerged from common criticalities of employee referral programs introduced across diverse companies, industries and locations. They are encased under the conceptual framework geared towards constantly improving and developing your employee referral program via a smart performance analysis.

**The Referral Mastery Framework:**  
4 crucial dimensions to master your referral recruiting.

Therefore, **The Referral Mastery Framework is split into 4 dimensions that are a constant work-in-progress and entail: building the right network, developing employee engagement and appreciation, and designing the referral culture.**

# The 4 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. Furthermore, the TA team should constantly monitor and adapt the referral network to your business goals and upcoming hiring needs.

Let us take a practical example: if your recruiting goal is to fulfil junior roles via referrals, you should leverage Talent Scouts whose networks are connected to talent pools of fresh graduates. The success of this referral dimension 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 referral program.

However, so that your Talent Scouts 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.



However, 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 the employees' hesitation of submitting referrals because they are afraid of referring a non-suitable candidate. Consider directly appealing to their role as promoters of company culture. It might make them feel reassured.

To keep the engagement level high in the long run and tailor the referral process according to your employees' needs, listening to and understanding your Talent Scouts' personas is crucial. It will make the referral process authentic, appealing and effortlessly enjoyable.

### 3. Steer Success Through Appreciation

As mentioned in our chapter on rewarding, honest feedback and regular “thank you” gestures will go a long way in making your referral program a success! Acknowledging and rewarding your Talent Scouts' efforts 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 into a built-in rewarding system, the feedback loop will occur in real-time through an automated communication process.

This way, the referral process will be more straightforward and manageable for all the stakeholders. At the same time, it will significantly decrease the manual workload for talent acquisition teams, leaving room for improving and boosting the numbers of referral applications and hires.



On the other hand, a built-in, gamified reward shop - with coins to collect and exchange for company-branded items and vouchers, or challenges to meet by achieving certain referral goals - will entertain your Talent Scouts and motivate them to refer more than the monetary incentives would.

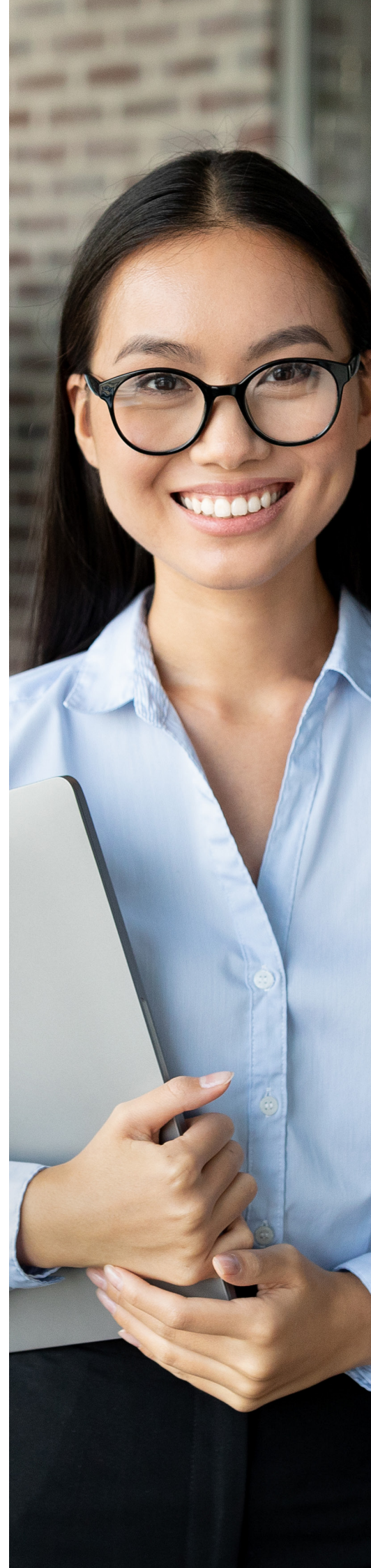
#### **4. Develop a Sustainable Referral Culture**

Applying the notion of “company culture” to referral culture, the definition becomes clear. A referral culture merges the referral program’s set of shared values and attitudes by channelling them through active communication towards 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 uphold and recognise it.

The scaling of an employee referral program goes hand in hand with developing a sustainable referral culture: constant monitoring, refinement, and adjustments of the aforementioned steps are required. Keep in mind: the higher the number of participants in your referral process, the higher the number of brand ambassadors 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 well pursued, 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.

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



# The 5 Drivers of The Referral Mastery Framework

The structure of the overall Referral Mastery Framework we analysed in the previous section should be underpinned by five solid foundations we've identified to be critical to success. **They represent imperative functionalities of a steadfast employee referral program and are defined as drivers since they hallmark the excellence label on your referral program.**

The 5 drivers are assigned to the 4 different dimensions and adjusted to each of them accordingly. They can also be reshaped and adapted according to the variations in referral recruiting strategies. However, they should never be missing from the list of a referral program's components. Let's have a look at them thoroughly.

## 1. Technology

Upgrading your employee referral program to a digital platform featuring a deeply embedded system, integrations to your ATS (applicant tracking system) and automated processes, 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 rewarding system. You need to pay attention to choosing the best-in-class employee referral program tech that allows its users to customise the functions and meets the highest enterprise and compliance standards.

## 2. Knowledge

The more expert knowledge of the referral platform your referral participants gain, the better performing the referral program. So, constantly educate your talent acquisition teams, Talent Scouts and decision-makers with guidance, training sessions and individualised 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 tailored to them!

This way, shaping a sustainable referral culture that backs a cutting edge referral program and advanced Referral Mastery Framework will be a team achievement!

### 3. Data & Analytics

The secret to a successful employee referral program lies in setting measurable goals. State-of-the-art referral technology will then enable you to monitor the accomplishments of your referral program through accurate, real-time and 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 platform.

Moreover, the knowledge of the state of your Referral Mastery Framework will allow you to promptly intervene with improvement actions on your network, engagement, appreciation and referral culture.

### 4. Organisational Enablement

Are you ready to introduce your employee referral program to your team? The organisation's readiness and support are imperative criteria for a successful launch! Before starting your employee referral program, the background work needs to be completed and the main topics covered, so you won't have to deal with internal postponements and delays.

Along with expert guidance and knowledge, a dedicated project team will help you tackle and make decisions on IT security and 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 could be showing appreciation for single referral activities by diversifying referral incentives; or rendering the communication transparent, real-time and comprehensive.

# Is Your Company Ready to Master Employee Referrals?

Is your company looking to start or improve their employee referral program? Then book a free consulting call with our referral experts!

They will share their in-depth referral knowledge with you, guiding you through 5 success drivers and Referral Mastery Framework. Find out what Firstbird offers when it comes to each driver, such as:

### 1. Technology

- Seamless integrations into ATS systems
- High compliance standards
- Enterprise readiness
- Firstbird Mobile App
- Smart network management



## 2. Knowledge

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

## 3. Data & Analytics

- Track & measure everything
- Smart Referral Cockpit
- Deep data insights
- Regular KPI (key performance indicators) calls
- Benchmarking to peer organisations

## 4. Organisational Enablement

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

## 5. Employee Experience

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

Book a free call with our referral experts for further information on our digital employee referral program (including The Referral Mastery Framework).

**Book free referral consulting [here](#).**

# Sources

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<sup>3</sup> Manpower Group (2020), The Talent Shortage Study. Retrieved from <https://go.manpowergroup.com/talent-shortage>

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A Radancy Company

Firstbird, a Radancy company, is the global leader in employee referral programs. We combine our state-of-the-art technology with our expertise to bring global corporations and their employee referral programs to new heights.

To learn more, visit  
[dtcsolution.org/firstbird](https://dtcsolution.org/firstbird)

Or, drop us an email:  
[andras@dtcsolution.org](mailto:andras@dtcsolution.org)

