



## **What is Employee Referral Policy?**

Employee Referral Policy is one of the most reliable sources of recruitment.

It is a process in which a company asks the existing employees of their organization to recommend a desired candidate for a certain job role in their organization from their social networks.

It is a structured program to hire the suitable candidate for an organization.

## **What are the benefits of Employee Referral?**

### **1. Improves quality of hiring**

Existing employees are well versed with organizational culture and working environment, so they will recommend the best and ideal employee for your organization.

Since the best candidates are positive job seekers, it improves the quality of hiring.

## **2. Increases employee retention rate**

Since quality of hiring is directly related to employee retention rate the best candidate will stay long in the organization.

If you hire someone who is not a good fit he will leave the organization early which thereby increases the organization's hiring cost.

## **3. Reduces wait time and cost of hiring**

Employee referral reduces the wait time of hiring by immediately filling the job position with the referred candidate.

Since time to hire reduces, the cost of hiring also falls as less human efforts are required to fill the job position.

## **4. Strengthens your employer brand**

When your employee wants to recommend someone for the organization they will first talk to the candidate.

Since job seekers trust candidates more than the management of the company , it increases the brand value of the organization in the eyes of the job seeker.

## **5. Higher conversion rate**

Job applications received through employee referrals have a higher comparison rate as compared to employees hired through job portals.

According to a data report employee referral boosts the chance of employee selection and retention by nearly 10%.

## **6. Improves Employee Engagement**

Employee referral is the best way to improve employee engagement as employees feel more empowered when they help someone in their social connection to get hired.

Human beings always want rewards and recognition. This is the best platform to achieve this.

## **7. Higher productivity**

Employees who join the referral are more likely to be motivated to work hard to prove their worth.

Research proves that referred employees tend to be more productive and profitable for the organization.

# **How to make employee referral programs work?**

## **1. Be transparent and communicate referral benefits to employees**

The organization should be transparent with its employees regarding benefits of referral programs. This motivates employees to bring skilled and competent workforce for the organization.

## **2. Make it formal rather than informal**

Employee referral programs should be formal rather than informal. According to a data report formal referral programs benefit more than an informal referral program.

## **3. Design the process and participation rules**

Once it is decided that employees would be hired by employee referral programs it's important to design certain regulations for the program.

These rules include minimum time for the referred candidate to stay in organization to be eligible for referral.

Other rules include how much time referral bonus will be credited to the employee's account. It can vary from organization to organization.

## **4. Provide good candidate experience**

It takes one poor referral for a candidate to not refer any candidate for organization in future. It's the responsibility of the organization to provide smooth candidate experience.

There may be a possibility of a referral to fall into a whole if organization will not connect with the referred candidate

## **5. Make it easy for employees to participate**

One of the major reasons for backlash of referral program is lack of visibility of job openings in the organization.

It is important for organizations to inform employees with job openings in the organization.

# **Employee Referral Policy Template**

## **Objective**

At XYZ Ltd (name of the company) we strive to hire the best talent pool- people who value and help to achieve our company goals. We believe that our existing employees who already meet this criteria, are in a great position to help us hire the best for our organization. We recognize that our current employees are capable of helping us hire the best and we will reward them for their precious efforts.

## **Positions**

We are accepting employee referrals for following positions (only these positions qualify for a referral bonus):

- Any position posted on our company job board
- List specific job roles if all jobs are not eligible for referrals

## **Incentives**

We provide following referral incentives to thank our employees for providing referrals:

- 2000 (amount can vary) for any referral at the time job seeker is selected for a certain job position
- 5000 (amount can vary) after employee completes 120 days in the organization

## **Rules**

To qualify for a referral program you should adhere to following rules:

- Candidates must state they are referred by you for a certain job position or you must inform the HR in advance that the candidate is referred to by you in the company.
- Candidates must minimally be qualified for the job position for which they are referred.
- You must be employed by XYZ Ltd (name of the company) directly or indirectly to be eligible for referral bonus.

## **Instructions**

You can request referrals from business colleagues in one of several ways. You can contact them by sending a link in mail defining the job role. As long as they join using the link sent by you they come under your referral bonus.

Otherwise you can also inform HR as soon as the referred employee joins the company that the particular employee is referred by you.