

Do you have your references right?

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Employee referral is a process that has taken employee recruitment to an all new level

Employee referral is a method wherein existing employees are encouraged to pick new recruits from their social network as well as acquaintances. The method has gained momentum lately in organisations because of its usefulness, budget cuts and pre-defined references for the incoming professional. The employee aiding the company in the referral process is generally rewarded through a monetary bonus.

Arvinder Soora, head – human resources, Planet Retail tells us why companies today like to use the referral method for recruitment, "A well-designed and highly visible employee-referral programme is a critical part of any company's recruitment strategy. There are several benefits attached to this mode of recruitment:

- Employee referral programme gives a good access to passive candidates especially for specialised roles/functions. This is because people tend to associate with others in their professions, which gives them access to specialised or rare talent.
- It is definitely a lesser expensive method of recruitment, since the incentive amounts and the same is as per the levels relevant to the organisation.
- It is a better quality pool to choose from, since the existing employees will refer only good qualified people. One, their own reputation will be at stake and two, the better a candidate more are his chances of getting selected and more are the chances of the employee also earning his referral incentive.

There is a general belief that employees recruited by this method are more loyal, efficient and have better retention rates. Seetharam Subramanyam, VP – HR (Global TA and RMG operations), CSS Corp, explains, "Indeed, candidates who are interviewed are thoroughly prepared resulting in superior interview to job offer conversion rates. In addition, successful candidates get up to speed faster compared to other recruitment methods. The candidate adapts to company culture, departments and teams faster and most importantly, the expectations of the candidate and employer are in sync.

This significantly increases the level of staff retention and builds a loyal and committed workforce, ultimately reducing the company's future recruitment requirements."

Dinesh Rai, AVP - HR, Mindteck, tells us the efficient method of conducting the referral process and the various loopholes associated with it, "Loopholes to an employee referral

programme are many. Employees refer someone from the family or the same alumni or a former colleague. This brings in a lot of uniformity. As much as organisations prefer to hire candidates through an employee referral programme, they also feel the need to have a diverse workforce as diversity brings about different ideas which increases productivity.

The lure of the referral bonus may distract an employee who spends too much time searching for the right candidate in his social network therefore neglecting his responsibilities. Solely depending on employees to refer candidates may not be very successful as employees may not have a huge network or know candidates who are the right fit for the organisation. Another major loop hole is if the referring employee were to quit the organisation and join another, there would be chances that s/he may influence his referral to follow suit."

Hence, employee referral programmes can indeed act very effectively in hiring new and efficient manpower.

- Palak Bhatia

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