

who currently work for the organization or others who might endorse the organization. Although it's generally the case that these interpersonal recruiting sources will yield fewer applicants than broader media-based recruiting sources used in the individual approaches, there are some distinct advantages to social networks that we review below.

Employee Referrals

Employees currently working for an employer are a valuable source for finding job applicants.⁴⁹ Employees can refer people they know to their employer for consideration. Most estimates suggest that referrals are one of the most commonly used recruiting methods. The vast majority of organizations accept referrals, though only about half have formal programs. In some organizations, a cash bonus is given to employees who refer job candidates who prove to be successful on the job for a given period of time. Most bonuses range from a few hundred dollars to thousands of dollars. To ensure adequate returns on bonuses for employee referrals, it is essential to have a good performance appraisal system in place to measure the performance of the referred new hire. There also needs to be a good applicant tracking system to ensure that new hire performance is maintained over time before a bonus is offered.

Referral programs have many potential advantages, including low cost per hire, high-quality hires, decreased hiring time, and an opportunity to strengthen bonds with current employees. Research also shows that individuals hired through referrals are less likely to leave.

Employee referral programs may fail to work for any number of reasons. Current employees may lack the motivation or ability to make referrals. Additionally, employees sometimes don't realize the importance of recruitment to the organization. As a result, the organization may need to encourage employee participation by providing special rewards and public recognition along with bonuses for successful referrals. And finally, employees may not be able to match people with jobs, because they do not know about vacancies or the requirements needed to fill them. Hence, employees must regularly be notified of job vacancies and their requirements.

Former employees can be an ideal source of future applicants, either by recruiting them to come back to the organization or by asking them to provide referrals. As return employees, they will know the organization, its jobs, and its culture and will also be well known to those inside the organization. This not only cuts down on orientation costs but also means they can get into the flow of work more quickly. As referral sources, they can convey their personal observations to other job seekers, and thus those who decide to apply will be better informed. Using former employees as a recruiting source naturally means that the organization must remain open on good terms with departing employees and keep channels of communication open after employees leave. Many organizations that undergo cyclical layoffs or downsizing in lean times might also seek to rehire those who were laid off previously when the organization returns to an expansionary strategy.⁵⁰