

EMPLOYEE REFERRAL & HIRING/SIGNING BONUSES

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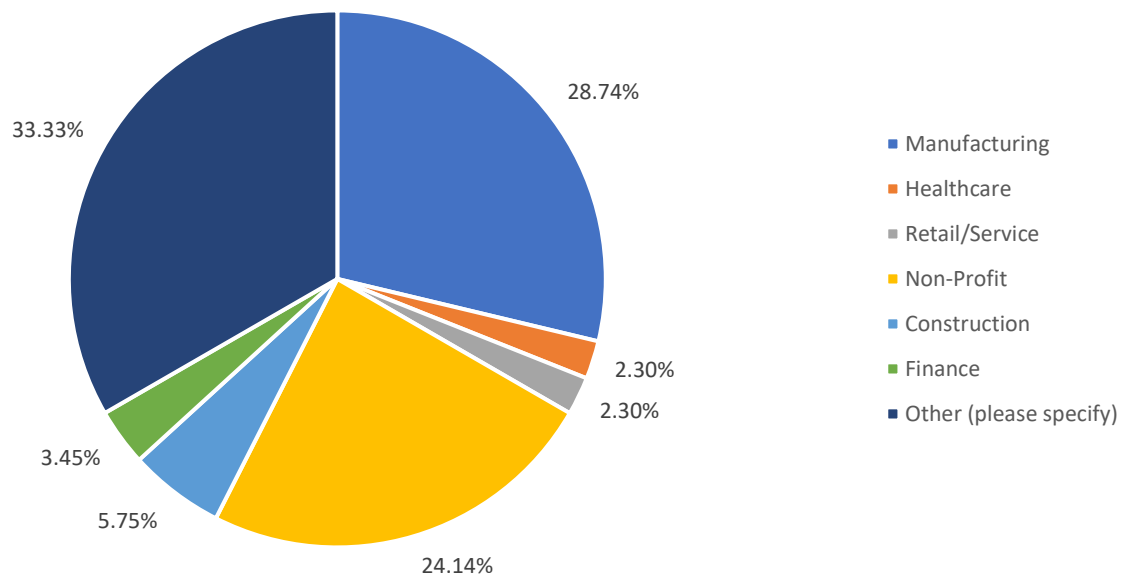
Total participants: 82 in Illinois, Indiana, Missouri & Florida

Demographics:

87% are non-union.

79% of respondents have fewer than 250 employees.

INDUSTRY



EMPLOYEE REFERRAL BONUSES

Position	Companies Responding	Average bonus per Referral
Production, Maintenance & Service Employees (Non-Union) (PMS-NU)	6	\$924
Production, Maintenance & Service Employees (Union) (PMS-U)	1	n/a
Non-exempt Office, Clerical & Technical (OCT)	6	\$2,397
Exempt Supervisory, Managerial & Professional (SMP)	4	\$2,536
All Positions	52	\$1,936
Do not have an Employee Referral Program	21	n/a

Summary of the program:

1. Eligibility Criteria:

- Referrer must be a current employee.
- Referral cannot be a former employee or independent contractor.
- Referral must be made by someone with direct knowledge of the candidate.
- HR members or those involved in hiring are not eligible for bonuses.
- Referral must be made before the candidate applies.
- Referral bonus is not applicable to temporary, summer, or contract employees.

2. Referral Process:

- Referrer's name must be provided during the application process.
- Referral must be submitted to HR before contact with the candidate.
- Referral bonus is paid after specific milestones (e.g., 90 days, 180 days) and completion of training or orientation.
- Referrer must be actively employed at the time of bonus payout.
- Referred employee must complete probationary period and be in good standing.
- Referred employee cannot report to the referrer.

3. Bonus Payment:

- Bonus is paid within a certain timeframe after the referred employee completes a specified period of employment (e.g., 90 days).
- Referrer may receive payments in installments after certain tenure milestones are reached.
- Bonus payment is contingent on the referred employee's performance meeting expectations.

4. Exclusions:

- Certain employees are excluded from participating in the referral program (e.g., members of leadership team, recruiters, hiring managers).
- Referring employee's name must be on the original application completed by the new hire.

5. Dispute Resolution:

- Disputes or interpretations of the referral program are managed by HR.

6. How are bonuses distributed:

- The comments outline different approaches to rewarding employees for referrals or incentivizing new hires. These approaches primarily fall into two categories: lump sum payments and staggered payments. Lump sum payments involve a one-time payout, while staggered payments are distributed over time, often contingent on the new hire's tenure. The amounts and timing of payments vary, with some tied to specific milestones such as 30 days, 90 days, 6 months, or 1 year of employment. Overall, the comments reflect a range of strategies to encourage employee referrals and retention, offering flexibility in payment structures to suit different preferences and circumstances.
 - Lump Sum Payments:
 - These are one-time payments made in a single installment.
 - Amounts range from \$100 to \$2500, with variations depending on the duration of the new hire's employment or specific milestones.
 - Some examples include:
 - A lump sum of \$500 after 90 days.
 - \$1500 after 90 days and \$2500 after 1 year of the new hire's employment.
 - A lump sum of \$300 or \$500.
 - Specific amounts like \$750 at hire and \$750 after 6 months.
 - There are instances where the lump sum is divided into portions, such as half after 30 days and the other half after 90 days.
 - Staggered Payments:
 - These payments are spread out over time and often tied to specific milestones in the new hire's employment.
 - Amounts vary and may increase over time or remain consistent at each interval.
 - Examples include:
 - \$250 after 3 months and another \$250 after 6 months.
 - \$200 after 90 days, \$300 after 6 months, and \$500 after 1 year, totaling \$1000.
 - Payments at 30 days, 90 days, 180 days, and 1 year.
 - Some staggered payment structures offer flexibility, allowing for quarterly payments or two installments split between 6 months and 1 year.

7. Conditions and Additional Details:

- Many comments mention that payments are subject to taxes.
- Some specify that payments will be made on the first available pay date after certain conditions are met, such as the new hire beginning employment.
- Others mention requirements for the referring employee to still be employed to receive the full bonus.
- There are also instances of bonuses increasing based on the new hire's duration of employment, such as an additional bonus after 6 months or 1 year.
- Gift cards and specific amounts like \$50, \$100, or \$200 are mentioned in some cases.
- Overall, the detailed summaries showcase the variety of payment structures, amounts, and conditions involved in incentivizing employee referrals and new hire retention.

8. Timing and conditions for payment of referral bonuses:

- Timing of Payments:
 - Payments are often tied to specific milestones such as 30 days, 90 days, 6 months, or 1 year of employment.
 - Some payments are made within a week or up to 2 weeks after the milestone.
 - Quarterly payments may start 90 days after the referred employee is hired.
 - Payments can occur on the next available paycheck or payroll following the completion of the milestone.

- Conditions for Payments:
 - Referral bonuses are typically paid after the referred employee successfully completes their introductory or probationary period (usually 90 days).
 - Referring employees may need to be still employed to receive the full bonus.
 - Payment may depend on the completion of a certain number of hours (e.g., 800 hours).
 - Referral bonuses may be subject to eligibility criteria or completion of specific forms.
- Amount and Structure of Payments:
 - Payments vary in amount, with figures ranging from \$100 to \$4000.
 - Some bonuses are divided into multiple installments, with amounts increasing over time or paid in equal parts.
 - There are instances of bonuses being paid in full after 6 months or 1 year of employment.
- Other Details:
 - Payments may depend on payroll cycles or where the company is in a pay cycle.
 - Referral bonuses may be contingent on both the referral and the employee still being employed after a certain period.
 - The method of payment is typically through the regular payroll system.
 - Overall, the comments illustrate the diverse approaches companies take in structuring and timing referral bonuses, ensuring alignment with the new hire's tenure and the company's payroll processes.

9. Final thoughts:

- Supervisors ineligible for referral bonus if directly overseeing referred employee.
- No implemented referral bonus program due to criteria complexity.
- Employee referrals are the top recruitment source.
- Unlimited referral bonuses; annual \$2000 bonus drawing for recipients; semi-annual \$100 gift card drawing for qualified candidate referrals.
- Successful program in the first year.
- Bonus paid if referred employee stays active for 30 days.
- Flat bonuses given at 90 days and 1 year for referred employee.
- Referred employees may also receive bonuses.
- No formal program, but referrals are encouraged.

HIRING BONUSES

12 companies responded to this section of the survey.

Average hiring bonus for all positions: **\$1,400**

Specifics of the Program:

1. Referral Bonus Eligibility:

- Referred employee must complete 90 days of employment.
- Referring employee must not be the direct supervisor.
- Referred employee must be in good standing.
- Certain positions or skillsets may qualify for bonuses during hiring difficulties.

2. Bonus Conditions:

- New hire must reach 6 months of employment for referring employee to receive bonus.
- Additional bonus after 1 year of employment.
- Referred employee must complete a 90-day probation period and remain in good standing.
- Referred employee cannot work under the person who referred them.
- Full-time employment required; cannot have worked for the company in the past 24 months.

3. Structure:

- Bonus Types:
 - Sign-on bonus: Lump sum payment.
 - Relocation bonus: Option for taxable lump sum or reimbursement with receipts.
 - Lump Sum Payments:
 - Lump sum bonuses after 30 days of employment.
 - Split lump sum: \$750 at new hire, \$750 after 6 months.
 - Staggered lump sum payments: \$250 at 60 days, \$250 at six months.
 - Staggered Payments:
 - Half payment at 3 months, remaining half at 6 months.
 - Staggered payments of \$250.00.
 - Staggered payments: \$250 at 60 days, \$250 at six months.

4. Payment Timing:

- Generally, bonuses are processed on the first payroll.
- Payments may also occur:
 - After 30 days of employment.
 - Following the referral's 30 days of employment.
 - After 90 days or 6 months of employment.
 - If still employed at payout milestones (90 days, 120 days, 180 days).
 - At the time of hire and after 90 days.

5. Payment Structure:

- Payments are typically divided:
 - 1/3 at 90 days, 1/3 at 120 days, and 1/3 at 180 days if still employed.
 - Half at the time of hire and half after 90 days.
- Bonuses are usually paid on the next available paycheck following the completion of the specified waiting period.

6. Additional Insights:

- Our employee referral bonuses have not been very successful. I don't feel that the new hire bonus has made a difference on whether people stay past the six months or not.

7. Adjustments made:

- Organizations have made several adjustments to its referral bonus program, including increasing the bonus amount multiple times and altering payout timelines periodically. Despite these efforts, increasing the bonus amounts hasn't significantly boosted interest or participation in the program, even during periods of adjustment such as during COVID-19.

HOW BOTH PROGRAMS SUCCESS IS MEASURED:

Success Strategies:

1. **Phone interviews for referrals:** Conducted to provide the best opportunity for employees to refer suitable candidates.
2. **Performance reviews:** Completed by managers at 30, 60, and 90 days for referred hires.
3. **Tracking and reporting:**
 - Running reports to monitor the number of employees hired through referrals.
 - Tracking turnover rates and data on hiring sources (e.g., job ads, referrals, social media).
 - Success and longevity of the referral program: Operational for three years with successful payouts and a majority of referred employees still with the company.
 - Monitoring retention: Keeping track of employees who received referral bonuses and their tenure with the organization.

Challenges:

1. **Challenges with Employee Participation:**
 - Difficulty in getting employees to fill out referral bonus request forms.
 - Tracking completion of paperwork and late submissions.
2. **Quality of Referrals:**
 - Despite having a referral program, finding quality candidates remains challenging.
 - Some referrals may not meet the criteria, such as incomplete training.
3. **Retention and Success of the Program:**
 - The retention rate for referred employees is around 50%, prompting uncertainty about the program's effectiveness.
 - Implementation of the program is generally smooth, but challenges include maintaining accurate record-keeping and communicating effectively with employees whose referrals are not selected.
4. **Management and Tracking:**
 - Use of Excel spreadsheets to calculate and track payment dates, involving payroll and HR for review.
 - Manual tracking of referrals due to limitations in the HRIS system.

5. Adjustments and Considerations:

- Changes in payment structure based on experience, such as splitting payments between 90 days and six months.
- Unique skill requirements for some positions pose challenges in finding qualified candidates who stay beyond 90 days.