

The advantages and disadvantages of using an employee referral campaign for recru...



There are both advantages and disadvantages in using an employee referral campaign (ERC) for recruiting staff members. A clear advantage is that a new candidate is brought to the notice of the management by an incumbent employee. And if the reputation of the incumbent worker is impressive, it can then be taken as a rough guideline of the candidate's likely proficiency. In this case, a certain degree of security is created through personal association between the established and the prospective employees.

Another advantage of employee referral campaigns is that they help promote the brand value of a company through word-of-mouth publicity. In order for an existing employee to bring his contacts into the company, he/she must first have a positive perception about the status and worthiness of the company. On the flip side, a poor response to an employee referral campaign can usually indicate an unmotivated workforce perceiving no incentive either for themselves or for their contacts in availing job opportunities with the company. One other obvious advantage of an ERC is that it cuts down recruitment related expenditure by eliminating the need for advertising, job fairs, hiring agencies, etc. In certain domains, highly specialized positions are best filled through personal channels and not through traditional recruitment processes, making a case for ERCs.

On the negative side, employee referral campaigns can also create conflict-of-interest scenarios for the management, when they make an assessment that is inconsistent with that of the referring employee's. For example, a candidate being recommended by an employee could be estimated to be either unsuitable or unqualified for the vacant position. In such a case, the management usually ends up causing disappointment for both parties by

declining to hire. More importantly, it's relationship with the currently employed worker might take a negative turn. Even if the candidate is found to be suitable and sufficiently qualified for the role, there is no way that the referring employee could be held liable for the performance and conduct of the candidate upon employment. We should also remember that an employee makes a referral for the monetary incentive and it is unlikely that he/she would either have the inclination or time to exercise discretion in the choices.

In most employee referral campaigns, the referring employee can avail of the incentive only at the end of a minimum stipulated period. This time lag can undermine the success of the referral program. The incidence of lawsuits in recent years as a result of disgruntled employees or dissatisfied employers is a worrisome trend. As of today, laws pertaining to common ERC issues are not very concrete. In this scenario, the legal process can get cumbersome and costly for the parties involved. This is making managers to think twice before unveiling an ERC in their organization. On the whole, the advantages are balanced by the drawbacks inherent in ERCs. It is probably a reflection of its overall effectiveness that the practice has been in currency in the corporate world for several years now.

Works Cited:

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