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Recruiting Through Employee Referrals: An Examination of Employees' Motives

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Abstract

As previous research focused on the outcomes of employee referrals, not much is known about its determinants. This study examined employees' intrinsic, prosocial, and extrinsic motives for encouraging versus discouraging others to apply with their employer. In a sample of 232 employees from two organizations, job satisfaction, the desire to help job seekers find good fitting jobs, the desire to help the organization find good fitting employees, and rewards predicted positive referrals. Negative referrals were motivated by job dissatisfaction and the desire to help job seekers avoid bad fitting jobs. Moreover, in the organization rewarding employees for making referrals, more positive and less negative referrals were made than in the organization without referral program.

KEYWORDS: Recruitment; recruitment source; employee referral; motives; referral bonus; job satisfaction; prosocial motives.

Recruiting Through Employee Referrals: An Examination of Employees' Motives

Human capital is one of the most valuable assets of an organization and recruitment serves the important function of attracting the necessary talent (Chapman, Uggerslev, Carroll, Piasentin, & Jones, 2005). Demographic trends such as a smaller supply of younger workers and retirements among baby boomers indicate that recruitment and applicant attraction will be even more important in the future (Breaugh, 2008). Moreover, given that recruitment influences the quantity and quality of the applicant pool, it has implications for all other human resources practices (Carlson, Connerley, & Mecham, 2002). As a result, recruitment has become one of the most critical human resource functions for organizational success and survival (Saks, 2005).

Previous research has demonstrated that organizations can benefit from actively involving their current employees in the recruitment of new personnel (Breaugh, 2008). In fact, positive employee referrals have been found to be one of the most effective recruitment sources, given their positive impact on pre-hire recruitment outcomes such as organizational attractiveness and application decisions as well as on post-hire attitudes and job performance (Van Hove & Lievens, 2009; Weller, Holtom, Matiaske, & Mellewigt, 2009; Zottoli & Wanous, 2000). In addition, recent research suggests that negative organizational information from current employees can have a detrimental impact on organizational attraction (Kantar, Collins, & Bell, 2010; Van Hove & Lievens, 2007b).

On the basis of these findings, organizations have been advised to try to stimulate positive employee referrals (i.e., employees encouraging others to apply with their employer) and to minimize negative referrals (i.e., employees discouraging others from applying with their employer). However, prior research has left organizations with few clues about how to achieve this, as the focus has been on the outcomes of employee referrals, largely ignoring its determinants (Shinnar, Young, & Meana, 2004). For instance, even though more and more

organizations are applying employee referral programs that award incentives to current employees for recommending their employer to others (Williams, 2009), the effectiveness of these programs has not yet been investigated. Given this lack of previous research, we do not yet know what motivates employees to encourage or discourage others to apply with their employer.

The current study addresses this gap in the recruitment literature by drawing on theories of work motivation (Ambrose & Kulik, 1999; Grant, 2007) to advance our understanding of employee referrals as a particular kind of work behavior. Specifically, employees' intrinsic, prosocial, and extrinsic motives for providing positive and negative referrals are investigated. On a theoretical level, this study aims to contribute to an enhanced knowledge of the determinants of employee referrals. In terms of practical contributions, insight into the motives for employee referrals provides organizations with valuable information on how to stimulate this crucial recruitment source most effectively.

Employee Referrals as a Recruitment Source

Job seekers learn about job openings through a wide array of sources such as advertising, job sites, and word-of-mouth. Word-of-mouth as a recruitment source is defined as an interpersonal communication about an organization as an employer or about specific jobs, that is not under the direct control of the organization (for a detailed overview of the literature, see Van Hove, in press). Employee referrals can be regarded as a specific kind of word-of-mouth communication, with current employees of the recruiting organization acting as the source of interpersonal employment information (Ullman, 1966).

Although the effectiveness of recruitment sources is one of the most intensely researched aspects of recruitment, the focus has been on post-hire instead of pre-hire outcomes (Breaugh, 2008). The main finding is that employees recruited through informal sources such as employee referrals show higher job satisfaction, better job performance, and

lower turnover than employees recruited through formal sources such as advertising (Weller et al., 2009; Williams, Labig, & Stone, 1993; Zottoli & Wanous, 2000). In addition, recent studies indicate that recruitment sources can also have differential effects on pre-hire outcomes such as organizational attractiveness, application decisions, and the quantity and quality of the applicant pool, with informal sources generally outperforming formal sources (Collins & Han, 2004; Collins & Stevens, 2002; Jaidi, Van Hooft, & Arends, 2011; Van Hoyer, 2012; Van Hoyer & Lievens, 2009).

Although most research has focused on sources of positive employment information, a few studies have also considered the effects of sources of negative information such as negative word-of-mouth and negative publicity on organizational attraction (Kanar et al., 2010; Van Hoyer & Lievens, 2005, 2007b). This is important because if job seekers are not initially attracted to organizations, they disappear from the recruitment process and cannot be reached by later recruitment or selection activities (Carlson et al., 2002). With respect to employee referrals, Van Hoyer and Lievens (2007b) and Kanar et al. (2010) found that negative word-of-mouth can have a detrimental impact on organizational attraction. Moreover, negative word-of-mouth had a stronger effect on attraction than positive word-of-mouth.

Together, these research findings imply that employee referrals represent one of the most effective sources for recruiting new employees. Therefore, organizations should try to stimulate positive referrals and to minimize negative referrals. However, contrary to the bulk of research on the consequences of employee referrals, there is a dearth of research on its antecedents (Shinnar et al., 2004). Hence, it is not clear how organizations can manage this crucial recruitment source.

In the next section, theories of work motivation are applied to better understand what motivates employees to encourage or discourage job seekers to apply with their employer

(Ambrose & Kulik, 1999; Grant, 2007). In addition, because of the lack of research on employee referral motives, marketing research on the motives for providing consumer referrals or word-of-mouth is relied upon to develop the hypotheses. This is in line with a recent trend in the recruitment literature to apply marketing concepts to recruitment issues (e.g., Collins & Han, 2004; Collins & Stevens, 2002; Van Hoya & Lievens, 2009).

Motives for Employee Referrals

Work motivation can be defined as the set of internal and external forces that initiate work-related behavior and determine its form, direction, intensity, and duration (Ambrose & Kulik, 1999). Traditionally, motivation research has distinguished between intrinsic and extrinsic motives (Deci, Koestner, & Ryan, 1999; Mayer, Faber, & Xu, 2007). Whereas intrinsic motivation refers to the motivation to engage in work behavior primarily for its own sake because it is interesting or satisfying, extrinsic motivation is the motivation to perform work behaviors primarily in response to something apart from the behavior itself such as rewards or punishments (Amabile, Hill, Hennessey, & Tighe, 1994; Ryan & Deci, 2000). More recent research has added a third kind of motivation, namely prosocial motivation or the motivation to engage in work behavior primarily to benefit other people (Grant, 2007). This three-component theory of work motivation has received substantial empirical support in that intrinsic, prosocial, and extrinsic motives have been shown to predict a wide range of work-related behaviors (Amabile et al., 1994; Ambrose & Kulik, 1999; Deci et al., 1999; Grant, 2008; Grant & Mayer, 2009; Ryan & Deci, 2000).

Given that employee referrals represent a specific kind of work behavior (Van Hoya, 2008), work motivation theories constitute a theory-driven basis for investigating employees' motives for providing positive and negative referrals. Along these lines, it is hypothesized that employee referrals are motivated by intrinsic, prosocial, and extrinsic factors. Empirical support for these theoretical arguments can be found in the marketing literature, where

consumers' motives for making referrals or spreading word-of-mouth information to other consumers have been studied more extensively (De Matos & Rossi, 2008).

First, some employees are likely to recommend their organization as an employer to others (or not) because they are intrinsically motivated (Ryan & Deci, 2000). Along these lines, marketing research has found that satisfaction with products or services is one of the main intrinsic determinants of word-of-mouth behavior (Bone, 1992; Brown, Barry, Dacin, & Gunst, 2005; Mangold, Miller, & Brockway, 1999; Wirtz & Chew, 2002). Whereas satisfied consumers recommend the product to others, dissatisfied consumers advise against buying the product (De Matos & Rossi, 2008). This represents an intrinsic motive for making referrals, given that the referral is based on the individual's own attitudes toward the product (Shinnar et al., 2004). Applied to a recruitment context, it is expected that employees who are satisfied with their job are intrinsically motivated to provide positive referrals while dissatisfied employees are likely to provide negative referrals.

Hypothesis 1: Job satisfaction will be positively associated with making positive employee referrals.

Hypothesis 2: Job dissatisfaction will be positively associated with making negative employee referrals.

Second, providing positive or negative referrals can also be based on prosocial motives or the desire to help others (Grant, 2008). In this respect, marketing research has identified two different kinds of prosocial or altruistic motives. On the one hand, consumers spread word-of-mouth because they want to help other consumers, for instance by helping them find a product that fits their needs (Mangold et al., 1999; Sundaram, Mitra, & Webster, 1998). On the other hand, word-of-mouth is sometimes motivated by a desire to help the organization or its representatives, for instance by helping them gain more customers (Sundaram et al., 1998). Both motives can be categorized as prosocial, because the referrals

are not based on consumers' own needs, but on the desire to fulfill others' needs (Grant & Mayer, 2009; Weinstein & Ryan, 2010). Translated to recruitment, employees are expected to make positive referrals because they want to help other people find good fitting jobs or because they want to help their organization find new good fitting employees. Along these lines, research has demonstrated that the compatibility between job seekers' and organizations' characteristics (i.e., person-organization fit) is associated with a broad range of positive work outcomes including organizational attraction (Kristof-Brown, Zimmerman, & Johnson, 2005). Importantly, negative referrals can also be driven by prosocial motives, particularly when employees think that there is a bad fit between the job seeker and their organization (Sundaram et al., 1998).

Hypothesis 3: The desire to help job seekers find good fitting jobs will be positively associated with making positive employee referrals.

Hypothesis 4: The desire to help the organization find good fitting employees will be positively associated with making positive employee referrals.

Hypothesis 5: The desire to help job seekers avoid bad fitting jobs will be positively associated with making negative employee referrals.

Hypothesis 6: The desire to help the organization avoid bad fitting employees will be positively associated with making negative employee referrals.

Third, some organizations have installed employee referral programs that award incentives (mostly monetary bonuses) to current employees for providing positive referrals (Williams, 2009). Although it is assumed that this will extrinsically motivate employees to recommend their employer to others (Deci et al., 1999), the effectiveness of these programs has not yet been investigated. Conversely, in a marketing context, Wirtz and Chew (2002) demonstrated that rewarding consumers with monetary incentives for recommending a service to others significantly increased their positive word-of-mouth referrals. Along these lines, it is

expected that rewarding employees for making positive referrals will increase their actual referral behavior.

Hypothesis 7: Rewards will be positively associated with making positive employee referrals.

Method

Participants and Procedure

To be able to examine the effect of extrinsic rewards on employee referrals, participants were recruited from two different organizations, one that has an employee referral program that rewards employees with a monetary bonus for making positive referrals (= *bonus organization*) and one that does not (= *no bonus organization*). Both organizations are based in Belgium, are manufacturing companies, are market leader in their specific industries, and are internationally active. In consultation with the human resources department, all white-collar employees in both organizations ($N = 574$) were sent an e-mail inviting them to participate in a study on employees' perceptions of their organization. It was stressed that participation was voluntary and anonymous, that answers would be used for research purposes only, and that participants should answer honestly on the basis of their own opinion or experiences, as there were no right or wrong answers. If employees agreed to participate, they could click on a link to an independent website especially created for this study where the questionnaire could be completed. Two weeks later, a reminder e-mail was sent to all employees.

In total, usable responses were received from 232 employees, yielding a response rate of 40%. Our sample consisted of 35% women and 65% men, with age varying between 21 and 60 years ($M = 38.25$ years, $SD = 9.46$). With respect to education, 16% obtained a high school degree and 84% a college degree. On average, employees had worked for their current organization for 11 years ($SD = 10.66$).

Whereas 97 employees (42%) worked for the bonus organization (46% response rate), 135 (58%) worked for the no bonus organization (37% response rate). The subsamples from the two organizations differed significantly in gender, $\chi^2(1) = 40.28, p < .001$, age, $t(227) = 4.94, p < .001$, and work experience, $t(212) = 8.89, p < .001$. Specifically, participants from the bonus organization were more likely to be female (59%) and younger ($M = 34.82$ years, $SD = 8.38$) and to have worked less long for their organization ($M = 5.51$ years, $SD = 6.33$) than participants from the no bonus organization (respectively, 18%; $M = 40.77$ years, $SD = 9.44$; $M = 15.87$ years, $SD = 11.09$). There was no significant difference in education, $\chi^2(1) = .90, p = .37$. All demographic variables were entered as control variables in the analyses comparing the two organizations.

Measures

Employee referrals. On the basis of more general measures of positive and negative word-of-mouth (Van Hove & Lievens, 2009), two scales were developed for measuring the extent to which employees had made positive and negative referrals of their organization as an employer to others in the past six months. Both positive and negative referrals were assessed with four items rated on a 5-point rating scale, with 1 = *never*, 2 = *rarely*, 3 = *occasionally*, 4 = *frequently*, and 5 = *very frequently* (Blau, 1994). An example item is “In the past six months, how frequently have you encouraged/discouraged others to apply for a job in your organization?”. The internal consistency reliability was .87 for positive employee referrals and .81 for negative employee referrals.

Motives for positive referrals. After assessing positive employee referrals, participants were asked to indicate the extent to which four motives had played a part in making these referrals (Sundaram et al., 1998). If participants had never made a positive referral in the past six months ($n = 8$), their motives were not assessed. On the basis of previous research, three items were developed for measuring each motive: job satisfaction

(Cammann, Fichman, Jenkins, & Klesh, 1983), desire to help job seekers find good fitting jobs (Mangold et al., 1999; Grant, 2008), desire to help the organization find good fitting employees (Sundaram et al., 1998), and rewards (Wirtz & Chew, 2002). Example items are: “All in all, I am satisfied with my job” (*job satisfaction*), “I thought the other person would like to work in my organization” (*helping job seekers – good fit*), “There was a vacancy in my organization for which the other person was suited” (*helping the organization – good fit*), and “My organization rewards its employees for encouraging others to apply” (*rewards*). All items were rated on a 5-point rating scale, ranging from 1 = *completely disagree* to 5 = *completely agree*.

A principal components analysis with varimax rotation indicated that two prosocial items (one from helping job seekers and one from helping the organization) loaded highest on the wrong prosocial factor. After deleting these items, four components were obtained corresponding to the intended scales and explaining the following proportions of variance: job satisfaction (25%), desire to help job seekers find good fitting jobs (16%), desire to help the organization find good fitting employees (17%), and rewards (28%). The internal consistency reliability of the final scales was .90 for job satisfaction, .77 for the desire to help job seekers find good fitting jobs, .78 for the desire to help the organization find good fitting employees, and .96 for rewards.

Motives for negative referrals. After assessing negative employee referrals, participants were asked to indicate the extent to which three motives had played a part in making these referrals. If participants had never made a negative referral in the past six months ($n = 73$), their motives were not assessed. On the basis of previous research, three items were developed for measuring each motive: job dissatisfaction (Cammann et al., 1983), desire to help job seekers avoid bad fitting jobs (Mangold et al., 1999; Grant, 2008), and desire to help the organization avoid bad fitting employees (Sundaram et al., 1998). Example

items are: “I am not that satisfied with my job anymore” (*job dissatisfaction*), “For the other person, my organization would not be a good place to work” (*helping job seekers – bad fit*), and “The other person was not the type of employee my organization was looking for” (*helping the organization – bad fit*). All items were rated on a 5-point rating scale, ranging from 1 = *completely disagree* to 5 = *completely agree*.

A principal components analysis with varimax rotation indicated that one prosocial item (from helping the organization) loaded highest on the wrong prosocial factor. After deleting this item, three components were obtained corresponding to the intended scales and explaining the following proportions of variance: job dissatisfaction (31%), desire to help job seekers avoid bad fitting jobs (32%), and desire to help the organization avoid bad fitting employees (20%). The internal consistency reliability of the final scales was .90 for job dissatisfaction, .89 for the desire to help job seekers avoid bad fitting jobs, and .79 for the desire to help the organization avoid bad fitting employees.

Results

Means, standard deviations, and correlations among all variables are presented in Table 1. On average, employees made positive referrals more frequently than negative referrals. A paired samples *t*-test indicated that this difference in means was significant, $t(231) = 20.42, p < .001$. Employees with a college degree made less positive and more negative referrals than employees with a high school degree. In addition, employees from the bonus organization made more positive referrals and less negative referrals than employees from the no bonus organization. Job satisfaction, desire to help job seekers find good fitting jobs, desire to help the organization find good fitting employees, and rewards were positively related to positive employee referrals. Job dissatisfaction, desire to help job seekers avoid bad fitting jobs, and desire to help the organization avoid bad fitting employees were positively related to negative employee referrals. Positive and negative referrals were negatively correlated.

The first set of hypotheses suggested that positive employee referrals would be motivated by job satisfaction, helping job seekers find good fitting jobs, helping the organization find good fitting employees, and rewards. To test these hypotheses, a hierarchical regression analysis was conducted with positive employee referrals as the dependent variable. Education was entered as a control variable in the first step because of its significant correlation with positive referrals. The four motives were added in the second step. In addition, a relative weights analysis was conducted to determine the relative importance of these motives in predicting positive referrals (Johnson, 2000). Relative weights are defined as the proportionate contribution that each predictor makes to the predictable variance (R^2), considering both its unique contribution and its contribution when combined with the other predictor variables in the analysis (Johnson, 2000). For ease of interpretation, raw relative weights can also be expressed as percentages of R^2 .

As shown in Table 2, education was a negative predictor of positive referrals in the first step. Employees with a college degree made positive referrals less frequently than employees with a high school degree. The addition of the motives in the second step explained 33.6% of additional variance, $F(4, 215) = 28.38, p < .001$. Employees who were more motivated by job satisfaction, helping job seekers find good fitting jobs, helping the organization find good fitting employees, and rewards made positive referrals more frequently, supporting Hypotheses 1, 3, 4, and 7. Inspection of the relative weights reveals that the prosocial desire to help job seekers find good fitting jobs was the strongest motive, explaining almost half of the predictable variance. On the contrary, extrinsic rewards made the smallest contribution to predicting positive referrals.

The second set of hypotheses stated that negative employee referrals would be motivated by job dissatisfaction, helping job seekers avoid bad fitting jobs, and helping the organization avoid bad fitting employees. Therefore, a hierarchical regression analysis was

conducted with negative employee referrals as the dependent variable. In the first step, education was entered as a control variable because of its significant correlation with negative referrals. The three motives were added in the second step. Moreover, to evaluate the relative importance of these motives in predicting negative referrals, a relative weights analysis was performed.

As shown in Table 3, education was not a significant predictor in the first step. In the second step, the motives accounted for 21% of incremental variance, $F(3, 148) = 13.39, p < .001$. In support of Hypotheses 2 and 5, employees who were more motivated by job dissatisfaction and by the desire to help job seekers avoid bad fitting jobs made negative referrals more frequently. Contrary to Hypothesis 6, the desire to help the organization avoid bad fitting employees was not a significant predictor. In terms of relative weights, job dissatisfaction was the strongest motive for negative employee referrals, explaining more than half of the predictable variance.

To further explore the role of extrinsic rewards, two one-way analyses of variance were conducted to compare the frequency of positive and negative referrals made by employees in the organization with versus without an employee referral program. Gender, age, education, work experience, and job satisfaction were added as covariates. The results indicate that employees in the organization with referral bonuses made more positive referrals ($M = 3.28, SD = .82$) than employees in the organization without referral bonuses ($M = 2.87, SD = .85$), $F(1, 209) = 7.74, p = .006$, partial $\eta^2 = .036$. In addition, employees in the bonus organization made negative referrals less frequently ($M = 1.37, SD = .52$) than employees in the no bonus organization ($M = 1.63, SD = .57$), $F(1, 209) = 7.50, p = .007$, partial $\eta^2 = .035$.

Discussion

Even though employee referrals have been identified as one of the most effective recruitment sources, there is a dearth of research on its determinants. To the best of our

knowledge, the present study was the first to investigate employees' motives for making positive and negative referrals of their employer to others. In line with theories of work motivation and previous marketing research on consumer referrals, employees' intrinsic, prosocial, and extrinsic motives for making referrals were examined. This study yields several conclusions that enhance our knowledge of the determinants of employee referrals.

First, positive employee referrals were motivated by job satisfaction, the desire to help job seekers find good fitting jobs, the desire to help the organization find good fitting employees, and by rewards. As such, positive referrals were driven by intrinsic as well as by prosocial and extrinsic motives, which is consistent with theory and research on work motivation (Ambrose & Kulik, 1999; Grant, 2008) and consumer referrals (Mangold et al., 1999; Sundaram et al., 1998; Wirtz & Chew, 2002). Although all motives were significantly related to making positive referrals, the desire to help job seekers find good fitting jobs made the most important contribution to its prediction, whereas extrinsic rewards represented the weakest motive.

Second, this study also considered negative employee referrals. It is important to understand what drives negative referrals because if job seekers receive negative employment information, they might irreversibly disappear from the recruitment and selection process (Van Hove & Lievens, 2009). The findings of this study indicate that negative employee referrals were motivated by intrinsic job dissatisfaction and to a lesser extent by the prosocial desire to help job seekers avoid bad fitting jobs. This is in line with theory and research on work motivation (Ambrose & Kulik, 1999; Grant, 2008) and consumer referrals (De Matos & Rossi, 2008; Mangold et al., 1999; Sundaram et al., 1998). Contrary to the expectations, the desire to help the organization avoid bad fitting employees was not a significant predictor of negative referrals. It might be that making a negative referral was not perceived as benefiting the organization. Although it might be beneficial for the organization to keep off job seekers

with a bad fit, negative word-of-mouth about the organization might spread to other, better fitting job seekers and negatively affect the organization's image as an employer (Van Hove & Lievens, 2007b).

Third, with respect to extrinsic motives for making employee referrals, we found that employees in the organization that provides monetary bonuses for making positive referrals made more positive and even less negative referrals than employees in the no bonus organization, supporting the effectiveness of employee referral programs. In line with motivation (Ryan & Deci, 2000) and consumer research (Wirtz & Chew, 2002), rewarding employees with monetary incentives for making referrals seems to affect their actual referral behavior. Whereas the present study was conducted in two different organizations with and without a referral program, it would be very interesting for future research to examine how the installment of an employee referral program changes employees' referral behavior within one and the same organization.

Limitations

This study has some limitations that call for caution in the interpretation and generalization of the results. First, self-reports gathered by a single survey were used. As a result, the observed relationships might be partly due to common method variance. In addition, it might be that participants perceived some motives as less socially desirable to report (e.g., extrinsic) than others (e.g., prosocial). However, investigating referrals in two organizations with and without an employee referral program adds a quasi-experimental aspect to this field study. Moreover, in line with recommendations (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003), several precautions were taken to reduce common method variance and social desirability concerns such as the application of a procedure aimed at protecting participant anonymity and reducing evaluation apprehension and the use of different response scales. Second, the cross-sectional design of this study prevents drawing causal conclusions.

Future longitudinal research should shed more light on the causal relationships between motives, employee referrals, and referral outcomes. A last limitation relates to the generalizability of the results. White-collar employees from two Belgian manufacturing companies participated in the study. It might be that this specific context affected some of the observed relationships. Therefore, future researchers should examine the generalizability of these findings in other settings, populations, and countries.

Directions for Future Research

To further advance our understanding of employee referrals, the following avenues for future research are suggested. Whereas the present study investigated employees' motives for making referrals, previous research has typically focused on the outcomes of employee referrals (Zottoli & Wanous, 2000). A fruitful area for future research would be to integrate both research streams by examining how different motives are related to referral behavior and subsequently to referral outcomes such as organizational attraction of referred job seekers and organizational attitudes of referred new-hires.

Second, given the dearth of research on the antecedents of employee referrals, future research should investigate other determinants in addition to motives. Along these lines, marketing research has found that consumer referrals are also determined by individual difference variables such as sociability and self-confidence as well as by situational factors such as organizational image and social networks (Lau & Ng, 2001).

Finally, given that this was the first study to explore the effectiveness of employee referral programs, more research is sorely needed. A promising direction for future research would be to investigate possible side effects of employee referral programs. For instance, although rewarding employees increases their extrinsic motivation for making referrals, this might also undermine the credibility and thus the impact of these referrals if job seekers would perceive employees as having a self-interest in promoting the organization (Van Hoya

& Lievens, 2007a). Moreover, rewards might negatively affect employees' intrinsic motives for making referrals, given that previous motivation research has consistently found that extrinsic rewards can significantly decrease intrinsic motivation (Deci et al., 1999).

Practical Implications

Given that previous research has provided ample evidence of the impact of employee referrals on organizational attraction as well as on post-hire outcomes (Zottoli & Wanous, 2000), organizations should actively try to stimulate referrals as a source of recruiting new employees. The present study is the first to provide organizations with evidence-based suggestions on how to manage this important recruitment source. First, the results imply that programs rewarding employees with monetary incentives for making referrals may be effective in stimulating positive referrals. However, even though extrinsic motives were significantly related to employee referrals, they were not the strongest predictors, suggesting that there are other and perhaps more important ways to influence referrals. Specifically, the strongest motive for making positive referrals was the desire to help other people find good fitting jobs. Therefore, appealing to this prosocial motive seems to be an especially effective way to stimulate positive referrals. For instance, organizations might communicate current and future vacancies to employees and urge them "to help friends and relatives find the job of their life". The results further indicate that appealing to the desire to help the organization find good fitting employees might also result in more positive referrals. Finally, enhancing current employees' job satisfaction is also an important strategy for stimulating positive referrals and even more so for reducing negative referrals.

Conclusions

In conclusion, employee referrals have proven to be an effective way to attract and retain the most talented workforce, which is crucial for organizational success and survival. This study was the first to examine employees' motives for making positive and negative

referrals of their employer to others. The findings suggest that organizations can stimulate employee referrals by appealing to employees' intrinsic, prosocial, and extrinsic motives.

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Table 1

Means, Standard Deviations, and Correlations Between Study Variables

Variable	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8	9	10	11	12	13
<i>Demographic variables</i>															
1. Gender ^a	.65	.48	-												
2. Age	38.25	9.46	.37**	-											
3. Education ^b	.84	.37	-.10	-.15*	-										
4. Work experience	11.44	10.66	.33**	.77**	-.27**	-									
5. Organization ^c	.42	.49	-.42**	-.31**	.06	-.48**	-								
<i>Motives positive referrals</i>															
6. Job satisfaction	4.27	.71	.01	.04	-.13	.06	.14*	-							
7. Helping job seekers (good fit)	3.46	.86	-.05	-.01	-.06	.01	.19**	.30**	-						
8. Helping organization (good fit)	3.36	1.12	.11	.10	-.11	.08	.08	.11	.48**	-					
9. Rewards	2.34	1.47	-.26**	-.21**	.00	-.38**	.82**	.11	.18**	.12	-				
<i>Motives negative referrals</i>															
10. Job dissatisfaction	1.69	.85	-.05	-.17*	.16*	-.18*	.05	-.76**	-.23**	-.09	.03	-			
11. Helping job seekers (bad fit)	2.09	.92	.17*	.00	-.02	.03	-.06	-.27**	-.16*	-.18*	-.07	.27**	-		
12. Helping organization (bad fit)	2.45	1.05	.05	-.02	.04	.02	.05	-.13	-.16*	-.20*	.05	.14	.60**	-	
<i>Employee referrals</i>															
13. Positive referrals	3.05	.86	.02	-.05	-.19**	-.10	.24**	.35**	.51**	.35**	.23**	-.33**	-.18*	-.12	-
14. Negative referrals	1.52	.56	.08	-.07	.14*	.03	-.23**	-.34**	-.22**	-.14*	-.21**	.42**	.32**	.20*	-.25**

Note. *N* = 154 for Variables 10-12. *N* ranges from 223 to 232 for all other variables.

^a 0 = female, 1 = male. ^b 0 = high school, 1 = college. ^c 0 = no bonus organization, 1 = bonus organization.

* $p < .05$. ** $p < .01$.

Table 2

Regression of Positive Employee Referrals on Motives

Predictor	β		Relative weights	
	Step 1	Step 2	Raw	% R^2
<i>Control variable</i>				
Education ^a	-.17*	-.10	.02	6.7
<i>Motives</i>				
Job satisfaction		.23**	.08	21.5
Helping job seekers (good fit)		.37**	.16	46.3
Helping organization (good fit)		.14*	.06	17.1
Rewards		.12*	.03	8.4
R^2	.028*	.364**		
Adjusted R^2	.024*	.349**		
ΔR^2	.028*	.336**		

Note. $N = 221$. ^a 0 = high school, 1 = college.

* $p < .05$. ** $p < .01$.

Table 3

Regression of Negative Employee Referrals on Motives

Predictor	β		Relative weights	
	Step 1	Step 2	Raw	% R^2
<i>Control variable</i>				
Education ^a	.13	.08	.01	5.5
<i>Motives</i>				
Job dissatisfaction		.35**	.14	61.5
Helping job seekers (bad fit)		.22*	.06	26.1
Helping organization (bad fit)		.01	.02	6.9
R^2	.017	.227**		
Adjusted R^2	.010	.206**		
ΔR^2	.017	.210**		

Note. $N = 153$. ^a 0 = high school, 1 = college.

* $p < .05$. ** $p < .01$.