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Motivating employee referrals: The interactive effects of the referral bonus, perceived risk in referring, and affective commitment

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Abstract

Research has provided compelling evidence that employee referrals result in positive outcomes for organizations and job seekers, but it has been limited on how organizations can increase the likelihood of obtaining employee referrals. Using the theoretical lens of social exchange theory and tenets from expectancy theory, we tested two common assumptions of most employers: A referral bonus motivates employees to refer, and higher bonus amounts incite greater likelihood of referring. We theoretically developed and tested a model integrating the effects of perceived risk in referring and affective commitment and their interactions with the referral bonus to better explain the likelihood of referring. Results largely supported our predictions. Referral bonus presence, referral bonus amount, and affective commitment

positively related to likelihood of referring, while perceived risk in referring negatively related to likelihood of referring. The findings also suggest that larger referral bonuses can help offset perceived risk in referring and low affective commitment levels. We contribute to the literature by developing theory, expanding the scope of the current referral literature, and offering a quantitative examination of previously theorized variables in the referring process. We conclude with suggestions to practicing managers on ways to improve the motivating potential of their employee referral programs.

Keywords: affective commitment, employee referrals, recruitment, referral bonus characteristics, risk in referring

1 Introduction

Recruiting the right people for the job has been a pillar of cultivating and maintaining organizational success. However, organizations' recruitment activities are not always fruitful because they often lead to poor-fitting hires who voluntarily quit or are involuntarily terminated due to poor performance (Arthur, Bell, Villado, & Doverspike, 2006; Kristof-Brown, Zimmerman, & Johnson, 2005; Schneider, 1987). Because the cost of recruiting and training new employees is estimated to be 38% of the departing employee's annual wage (Morey, 2007), deficiencies in the recruiting process can be quite expensive. Recruitment costs, while varying across industries and jobs, can accumulate in general through advertising, job fair expenses, and third-party agency or recruiter fees, as well as salary and benefits for the recruitment team. An organization, therefore, must choose wisely when deciding on its menu of recruitment sources and would be best served by finding a recruiting method that both minimizes costs and results in sound hires that fit well in the organizational environment.

A popular approach to resolving this dilemma has been the use of employee referral programs, which are designed to encourage current employees (*referrers*) to match open positions with qualified candidates in their social network (*referred candidates/hires*). Employee referrals are attractive because many of the costs associated with formal recruitment practices can be avoided (e.g., advertising and third-party recruiter fees). In addition, because the labor market encompasses much uncertainty (Caggiano, Castelnuovo, & Groshenny, 2014; Rees, 1966; Storesletten, Telmer, & Yaron, 2001), organizations can leverage their employees' social networks to reduce informational asymmetries in the hiring process and facilitate better matches.

Because no organization or individual can acquire complete information in the job search process (Sattinger, 1995; Stigler, 1962), misfit hires may occur (Connelly, Certo, Ireland, & Reutzel, 2011), and those individuals often experience discomfort, unpleasant emotional reactions, and incompatibility with the organization (Billsberry & De Cooman, 2010; Follmer, Talbot, Kristof-Brown, Astrove, & Billsberry, in press). When hiring, the organization assumes risk about a candidate's potential behaviors and attitudes, while the candidate assumes risk about the actual nature of the job and the organization. Referrers can mitigate the uncertainty that underlies these risks. Unlike more traditional recruitment mediums (e.g., online job advertisements), referrals from employees within the organization can provide potential candidates with direct knowledge about the organization's behavioral and cultural expectations. This information acts similarly to realistic job previews (Wanous, 1980), allowing referred hires to enter into employment with more complete information thanks to the referrer's insights.

Beyond this information advantage, employee referral programs may attract candidates with attributes similar to those of the referrer (Bayer, Ross, & Topa, 2008; Rees, 1966; Taylor & Schmidt, 1983; Ullman, 1966; Williams, Labig, & Stone, 1993), which can act as a preliminary signal to the organization about the applicant's quality. An individual's social network tends to be homogeneous regarding behavioral and intrapersonal characteristics (McPherson, Smith-Lovin, & Cook, 2001). Intuitively, this similarity is beneficial in that the referrer has previously passed through the hiring stages and secured a position at the organization, suggesting that the referred candidate, who is part of the referrer's social network, may be more likely to gain employment with the organization. Such similarity also makes it easier for organizations to identify candidates who are compatible with its value system, reinforcing person-organization fit (Kristof, 1996).

Employee referrals also increase the likelihood of a successful hire (Brown, Setren, & Topa, 2012; Fernandez, Castilla, & Moore, 2000; Pieper, 2015), decreasing wasted resources during the hiring process. The literature provides consistent evidence that organizations benefit from referred hires' greater retention rates and higher performance than nonreferred hires (Barber, 1998; Breaugh & Starke, 2000; Brown et al., 2012; Burks, Cowgill, Hoffman, & Housman, 2015; Castilla, 2005; Pieper, 2015; Rynes, 1991; Rynes & Cable, 2003; Rynes, Heneman, & Schwab, 1980; Schwab, 1982; Taylor & Collins, 2000; Zottoli & Wanous,

2000). Referred candidates also benefit; they are more likely than non-referred candidates to receive a job offer (Fernandez et al., 2000; Holzer, 1988; Van Hove, van Hooft, & Lievens, 2009) and be hired (Brown et al., 2012). Additionally, a referral from incumbent employees is a relatively low-cost and efficient job-seeking mechanism to help job seekers locate a position (Marsden & Gorman, 2001). Given this evidence, it would thus seem natural that organizations and job seekers would prefer to use employee referrals if given the opportunity. However, the key piece—the referrer—must be motivated to refer for these aforementioned benefits to occur. Thus, an important and unanswered question arises concerning how organizations can motivate employees to refer.

Recent literature has given some theoretical attention to psychological factors that may affect an employee's likelihood of referring. Positive attitudes toward the employer, such as affective commitment (Bloemer, 2010) and job satisfaction (Van Hove, 2013), have been proposed as possibly influencing the likelihood an employee would recommend the employer to others (Shinnar, Young, & Meana, 2004). An employee also may recommend an employer out of a prosocial motive to help a friend find a respectable job or to help the employer find a good employee (Van Hove, 2013). While these studies have been influential, little empirical support has been provided to support their claims, and little attention has been given to the actions organizations take to motivate their employees to refer and the efficacy of such actions in affecting employees' motivations to refer.

The most common and popular action taken by an organization to entice employees to refer is offering employee referral bonuses for successful hires. A 2014 WorldatWork report indicated that 63% of 713 surveyed firms had employee referral bonuses in place, ranging from \$250 for entry-level positions to \$5,000 or more for executive-level positions (WorldatWork, 2014). This percentage has remained steady over the past decade, as the Society of Human Resource Management's (SHRM) survey in 2001 reported a similar figure (SHRM, 2001). Referral bonuses are based on the assumption that offering a financial incentive will incite behavior. However, the efficacy of the referral bonus in increasing the likelihood of referring remains to be fully understood; prior work has tended to narrowly conceptualize the referral bonus construct and has rarely emphasized the exigencies that may be integral to its effectiveness.

In response, we leverage social exchange theory (SET; P. M. Blau, 1964) and expectancy theory (Vroom, 1964) to explore a more nuanced explanation of the motivating potential of the referral bonus. We argue that referral bonuses should motivate employees to refer because they serve as a desired reward in exchange for a desired behavior. We first expand the approach to referral bonus conceptualization and measurement—one that commonly examines referral bonus presence (does offering a referral bonus matter?)—to also include the referral bonus amount (do larger referral bonus amounts increase behavior?). Next, we empirically examine the extent to which the referral bonus affects two factors we propose as relevant to motivating employees to refer: (a) the influence of *perceived risk in referring* on the likelihood of referring and whether the referral bonus offsets the proposed negative effect of risk; and (b) the role of *affective commitment* in influencing the likelihood of referring and whether the referral bonus reduces the proposed positive effects of affective commitment on likelihood of referring. Figure 1 presents the relationships tested here.

We seek to address two critiques of the employee referral literature: (a) it has primarily concentrated on outcomes of referring for referred hires and organizations, but “has left organizations with few clues about how to achieve [employee referrals]” (Van Hoye, 2013, p. 452); and (b) it has given little attention to the referrers (Pieper, 2015; Pieper, Trevor, Weller, & Duchon, in press). Our expanded focus on the characteristics of the referral bonus and how it interacts with two internal motives for referring (perceived risk in referring and affective commitment) integrates and extends existing theories on employee referrals (e.g., Bloemer, 2010; Shinnar et al., 2004; Van Hoye, 2013). For example, our study is the first to theoretically develop and empirically test the relationship between perceived risk in referring and likelihood of referring, despite the theoretically reasoned relationship (e.g., Linnehan & Blau, 2003; Marin, 2012; Rees, 1966). Our study finally offers valuable insight on the practical implications of offering a referral bonus and increasing its amount, managing perceived risk, and understanding the role of affective commitment to improve employee referral programs.

2 Theory and Hypotheses

2.1 *Motivating employee referrals through referral bonuses*

To motivate employee referrals, many organizations offer their employees monetary rewards in exchange for successful referrals. Previous scholarly work on employee referrals has given some attention to the influence of monetary incentives in the referring process. For instance, Shinnar et al. (2004) argued in their Employee Recommenders' Motivation and Outcomes (ERMO) model that organizational incentives can compel employees to refer. However, they primarily investigated and measured how providing an employee referral affects a referrer's normative commitment and job satisfaction levels, rather than the presence or characteristics of the referral bonus. In the research giving greater attention to the referral bonus, the construct is often narrowly conceptualized and operationalized by scholars considering only its presence or lack thereof. For instance, Van Hove (2013) considered the relationship between an employee's perception that a reward is offered for employee referrals in one's organization and the extent of positive (or negative) information conveyed to a candidate. Van Hove (2013) also compared two organizations—one that did not offer a referral bonus and one that did—and found that, within the previous six months, employees in the organization offering a referral bonus conveyed more positive and less negative information about their employer to potential hires, compared to employees in the organization without a referral bonus. Although this finding suggests that incentives matter, one cannot rule out alternative explanations (e.g., differential employment relations in one firm versus the other).

Integrating social exchange theory (SET) with aspects of expectancy theory, we explain the ways in which a referral bonus offered by an organization affects employees' referring likelihood. Social exchanges occur in situations of mutual dependence, in which individuals depend upon each other for the exchange of valued resources (tangible or intangible; Homans, 1961). Molm, Collett, and Schaefer (2007) state that there are different forms of social exchange that vary in reciprocity. These include direct negotiated exchange (a dyadic exchange characterized by expected and known reciprocity); direct reciprocal exchange (in which individuals perform acts that benefit each other but are unable to predict reciprocity); and generalized

exchanges (an exchange involving more than two actors, in which the one who receives the benefit does not reciprocate to the giver but to another in the social circle). We theorize that the presence of a referral bonus represents the first distinction, a direct negotiated exchange motivator. As such, a referral bonus is intuitive, in that to create desired employee behavior, organizations must provide an incentive.

Expectancy theory (Vroom, 1964), one of the more common theoretical frameworks for understanding the motivational consequences of pay (Gerhart & Rynes, 2003), is perhaps most applicable in this case. In this framework, we can conceptualize having referred a hired candidate as "successful performance." In exchange for this performance, organizations can give a referral bonus that is known and expected by employees. Based on expectancy theory, employees will be motivated to perform (engage in referring candidates) as a multiplicative function of three beliefs: valence (the perceived value of the reward), expectancy (the perceived likelihood that action or effort will lead to desired performance), and instrumentality (the belief that performance will be rewarded). Increasing any of these three beliefs will create greater motivation to perform (Vroom, 1964). The central premise is clear: Individuals will consider the value of the reward, how effort contributes to performance, and how that performance later translates to desirable outcomes (Lawler & Suttle, 1973). In this system, referral bonuses act as compensation in exchange for the employee's effort to locate an appropriate individual in his or her social network and communicate job information; individuals will perform to earn the reward (Kepes, Delery, & Gupta, 2009).

While we believe that a referral bonus mainly operates as a direct negotiated exchange, its presence, and/or the priming of the value of employee referrals to the organization in general, may also signal other direct reciprocal and generalized exchange opportunities as a part of the larger social exchange between employee and employer. According to SET, actors engage in exchanges over time in an effort to be mutually beneficial (Cropanzano & Mitchell, 2005). Actors perform reciprocal exchanges with one another when the exact returns for those exchanges are not necessarily explicitly stated (Molm, Takahashi, & Peterson, 2000) but perhaps generally expected at some future time (Cook & Rice, 2003). SET has been used extensively to explain why employees may perform actions beyond those that are contractually or formally required by the nature of the job (e.g., Bateman & Organ,

1983; Settoon, Bennet, & Liden, 1996). We believe that the presence of the bonus may send signals to employees (e.g., that their organization is fair and considerate of their well-being, that the organization values referrals) that incite them to engage in organizational citizenship behaviors, such as referring. Because many diverse resources may be exchanged in this process, including "love, status, information, money, goods, and services" (Foa, 1971, p. 346), referrers may perceive other possible future exchange opportunities for their willingness to refer, such as praise and appreciation. Given its motivating effect as a direct reward for desired behavior and its signaling of potential future exchanges, a referral bonus should increase the likelihood that employees will refer. We propose the following:

Hypothesis 1: *The presence of a referral bonus will positively relate to likelihood of referring.*

In addition, not all referral bonuses are equal; they range in value. Thus, a compelling empirical question is whether larger referral bonuses relate to a greater likelihood that individuals will refer. According to expectancy theory (Lawler, 1971; Vroom, 1964), increasing the referral bonus amount should increase the valence of the referral bonus. Because money is a valued resource in society for obtaining desired rewards or status (Zhou, Vohs, & Baumeister, 2009), larger referral bonuses should entice greater motivation to perform. This is aligned with research that has demonstrated a general relationship between valence and performance (Heneman & Schwab, 1972; Van Eerde & Thierry, 1996). For example, Kirchler, Fehr, and Evans (1996) provided evidence that when employers offer more money than necessary for the completion of a job or task, workers will feel more obligated to reciprocate. Similarly, based on SET, it could be argued that higher referral bonuses may act as a stronger signal to incumbent employees that their reciprocity is valued. With more money, one can acquire more goods and services; thus, larger bonuses should be more valued in the social exchange process, further encouraging one to engage in the exchange. We hypothesize the following:

Hypothesis 2: *Referral bonus amount will positively relate to likelihood of referring.*

2.2 Referral bonus amount, perceived risk in referring, and referring behavior

2.2.1 Main effect of perceived risk in referring

We contend that there is a generalized risk inherent in the social exchange process of referring and argue that perceptions of risk negatively impact whether one will refer. Although risk has been discussed briefly in the employee referral literature as a potential constraint (Montgomery, 1991; Yakubovich & Lup, 2006), it has been examined qualitatively only in interviews probing the impetus to refer (e.g., Marin, 2012; Smith, 2005). Thus, the construct needs further theoretical development and empirical investigation. We characterize perceived risk in referring as a general concept because our interest is in all possible effects of perceptions of risk, or costs, in referring (e.g., risk to one's status or reputation in the organization, repercussions to the relationship with the referral hire, or social risk with other employees who may not approve of the referral hire). Because working in an organization is rarely an endeavor in which parties separate quickly, employees will be concerned not only with short-term gains (i.e., referral bonus) but also with long-term impacts on subsequent social exchange opportunities within the organization. Individuals must consider both their immediate economic well-being and their continued economic and social stability (Lin, 2001; Smith, 2005).

Perceived risk in referring may arise from a combination of possible exchange situations. First, and most obviously, if the referred hire fails to perform the job as expected, the referrer may be damaged through "guilt by association," facing criticism, either overtly or implicitly, for his or her inability to properly prescreen the applicant for person–job fit. Referrers, theoretically, are valuable for their ability to prescreen candidates; and, as noted earlier, misfits arise when incomplete information is disseminated to both parties (Connelly et al., 2011). Thus, it is partially the referrer's task to provide as much information as possible (Breaugh & Mann, 1984; G. Blau, 1990; Vecchio, 1995) and only attempt to refer applicants who they believe will perform well in the job (Kirnan, Farley, & Geisinger, 1989; Ullman, 1966). Employees may be leery of referring if they perceive risk to their status or reputation from their inability to perform these actions successfully.

The referrer also theoretically prescreens the potential candidate's fit within the cultural fabric of the firm and therefore may be penalized by coworkers if the referred hire does not fit with the organization's culture and social environment, despite possibly performing well. If the referred candidate is hired, the referrer may serve as an important agent for socializing the new hire into the organization (Fernandez et al., 2000). If referrers fail to perform these roles successfully, the organizational culture may be threatened with a misfit. New hires who fail to mirror the values of the organization are less likely to be accepted by its employees (Feldman, 1981), which can negatively influence cohesiveness in the workplace. Thus, a poor-fitting referred hire may strain the referrer's organizational relationships, putting subsequent social exchanges at risk.

Additional perceived risk may stem from the referrer–referral relationship. For instance, referred candidates may feel disappointed if, after being convinced to apply for a position, they are not eventually hired (Marin, 2012). If not hired, the referred candidate may give insufficient recognition or even fail to recognize the rendered social exchange on behalf of the referrer (i.e., the referring behavior). The referred candidate may also relay misinformation about the referrer's abilities to others, affecting the referrer's reputation (Lin, 2001) and the potential to engage in subsequent social exchanges. If the referred candidate is hired, the boundaries between work and nonwork may blur and create conflicting demands, which may negatively influence the relationship between referrer and referred hire (Wilson et al., 2004). The organization can suffer if the dyad's relationship turns sour (Labianca & Brass, 2006). Therefore, to the degree that employees perceive referring as generally risky, they will be less likely to refer.

Hypothesis 3: *Perceived risk in referring will negatively relate to likelihood of referring.*

2.2.2 Perceived risk in referring by referral bonus interaction

While risk in referring has been discussed in the literature as a mechanism that may influence referring behavior (e.g., Rees, 1966; Saloner, 1985), its theoretical coupling with the referral bonus has been minimal. Certain employees may incur risk in favor of the referral bonus and vice versa. For example, Linnehan and Blau (2003) proposed

that the ease with which employees can move within the labor market may lead them to favor the referral bonus over the risk because their long-term economic stability is not at risk from the damage of one bad referral. Other employees may be more hesitant, as was evident in interviews conducted by Marin (2012). Specifically, Marin (2012) found that information holders often would not communicate job openings to job seekers for fear of negative repercussions of a bad referral, despite a \$500 referral bonus for successful hires who stayed on the job for six months. Therefore, it seems evident that outcomes of referring include not only the desirable referral bonus but also perceptions of risk in referring.

We argue that when employees perceive risk in referring, they will avoid referring unless the potential reward is large enough to compensate for such risk. To better understand this interplay, we supplement our core theoretical frameworks, SET and expectancy theory, with some predictions from prospect theory (Kahneman & Tversky, 1979). From this perspective, individuals construct a "representation of the acts, contingencies, and outcomes that are relevant to the decision" and assess "the value of each prospect" to make the appropriate decision (Tversky & Kahneman, 1992, p. 299). A key assumption is that losses loom greater than gains (Kahneman & Tversky, 1979), meaning that because people are loss averse they generally consider the displeasure of losses to be greater than the pleasure of equal gains (Tversky & Kahneman, 1991). This complements a key assumption of SET: that actors "behave in ways which tend to increase outcomes they value positively and to decrease outcomes they value negatively" (Molm, 1994, p. 164).

In short, employees assess the gains and losses from each given outcome of the referring process and the probability that those outcomes will materialize, then decide whether to engage in referring behavior. In this process, they likely will consider their history of resources exchanged in the organization (e.g., informational expertise, status achieved, love/liking from others) as an asset they have psychological ownership over. Because individuals tend to ascribe a high value to assets they already have (Morewedge & Gliblin, 2015), they should consciously avoid the opportunity for bad events (e.g., damage from a poor referral) to threaten those assets, especially as bad events tend to be more impactful than comparable good events (Baumeister, Bratslavsky, Finkenauer, & Vohs, 2001).

Moreover, people typically avoid risk taking unless the potential reward is large enough to compensate for such risk (Kahneman & Tversky, 1979). The referral bonus amount therefore needed to get employees to engage in the social exchange of referring depends on their perceptions of the risks involved. As we argued earlier, expectancy theory (Lawler, 1971; Vroom, 1964) stipulates that increasing the referral bonus amount should increase the valence of the reward, which should lead to performance (engaging in referring) because of money's inherent value (Mitchell & Mickel, 1999; Zhou et al., 2009). Increasing the amount of the referral bonus may reduce the salience of perceived risk in comparison to the attractive monetary incentive. Research has documented similar relationships in studies that describe how incentive structure can influence risk-taking behaviors (Ross, 2004; Wright, Kroll, Krug, & Pettus, 2007). Thus, we expect the negative relationship between perceived risk and likelihood of referring to weaken such that when larger referral bonus amounts are awarded, individuals will be more likely to choose to refer than avoid the risk.

Hypothesis 4: *Referral bonus amount will moderate the perceived risk-in-referring effect on likelihood of referring. That is, when the referral bonus amount is large, the negative effect of perceived risk in referring will be weaker.*

2.3 Referral bonus amount, affective commitment, and referring behavior

2.3.1 Main effect of affective commitment

We propose that another force influencing likelihood of referring is affective commitment, defined as "the strength of an individual's identification with and involvement in a particular organization" (Porter, Steers, Mowday, & Boulian, 1974, p. 604). Individuals with a high level of affective commitment personally identify with the values and goals of the organization and are less driven by factors such as "side bets" or moral obligation to duty (H. S. Becker, 1960; Meyer & Allen, 1991; Wiener, 1982). Rather, affective commitment is caused by "a high degree of emotional identification" (Carmeli, 2005, p. 447), in which individuals feel attached to an organization (Meyer & Allen, 1991; Meyer & Herscovitch, 2001; Vandenberghe, Bentein, & Stinglhamber, 2004).

In previous research, this attachment has been linked primarily with lower turnover or turnover intention (Arnold & Feldman, 1982; Blue-dorn, 1982; Cohen, 1993; Koch & Steers, 1978; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002; Werbel & Gould, 1984) and other performance-related behaviors (Lee, 1971; Meyer et al., 2002; Steers, 1977). When levels of commitment are high, employees are more confident that their social exchanges will be reciprocated by the organization, either formally or informally (Wayne, Shore, & Liden, 1997). Thus, research suggests that employees with higher levels of affective commitment are more likely to enter exchange relationships with their employers (Tsui, Pearce, Porter, & Tripoli, 1997). We extend this body of research by suggesting that individuals more affectively committed to their organization are more likely to engage in the exchange of making a referral.

G. J. Blau (1986) describes the basic principle underlying social exchange as the following: The one who supplies a reward automatically obligates the other to repay. If the resources offered by the other person are of value to an individual, that individual will likely supply more services to incentivize the other to increase their exchanges to avoid becoming indebted. Those with higher affective commitment likely place greater value on the resources of their organization, and thus may be more likely to provide services to indebt the organization to future exchanges. Thus, those with higher affective commitment may be more likely to refer.

Additionally, individuals more affectively committed see the organization as congruent with their own values and goals, causing attraction. Given this alignment, employees may feel an obligation to exert effort beyond what other individuals may feel is warranted (Meyer & Allen, 1991). When employees have this alignment, they find their jobs more fulfilling (Van Scotter, 2000) and may be more inclined to help ensure the continued success of the organization. We contend that this desire to maintain such elevated levels of emotional identification will be seen in individuals who are more apt to actively refer potential applicants for job openings, not only because they are concerned about their own self-interest in regard to the organization's continued operation, but also because they recognize the value that the organization provides.

Hypothesis 5: *Affective commitment will positively relate to likelihood of referring.*

2.3.2 Affective commitment by referral bonus amount interaction

Finally, we discuss how referral bonuses are more motivating at low rather than high levels of affective commitment. First, we argue that the personal gain of the monetary referral bonus can compensate for, or offset, the nonmotivating effect of low affective commitment levels. The notion of a compensatory effect has been applied across many research domains (e.g., employee knowledge sharing in Chen, 2011; entrepreneurial resource acquisition in Zhang, Soh, & Wong, 2010). An implicit assumption of the norm of reciprocity is that each party values the resources exchanged and the benefits for each are equal (Gouldner, 1960). In the case of referring, this would mean that employees will refer when they value the exchanged resources (e.g., monetary value of the referral bonus or future exchange opportunities). In line with our earlier argument, employees with lower affective commitment will be less likely to enter exchange relationships with their employer because they place less value on the employer's resources and thus are less likely to provide services to indebted the employer to reciprocate. Employees with lower affective commitment will be less likely to refer because they place lower value on the potential for future exchange opportunities with the organization; therefore, they will need to be incentivized to refer. Because referral bonuses are valued for their monetary nature, we argue that they will compensate for the effect of low commitment and motivate such individuals to enter the social exchange with the employer. This is like Chen's (2011) finding that employees who felt in conflict with their colleagues were more willing to engage in knowledge sharing in their firm when they were offered a high monetary reward for doing so. That is, the monetary bonus is the primary compensation for the employee with a low level of affective commitment.

For individuals higher in affective commitment, we argue that the referral bonuses will be less meaningful and, thus, motivating to these individuals. More specifically, and tying to expectancy theory, consider the reward for referring as composed of two parts: (a) the actual monetary bonus and (b) a signal of future reciprocal behaviors to be paid by the organization. Unlike individuals who have low affective commitment, those with higher affective commitment likely place a higher valence on the potential for future social exchange opportunities than the immediate gain of the monetary award. In addition, research has demonstrated that direct reciprocal exchanges (where reciprocation

is unknown) provide greater opportunities than direct negotiated exchanges (where reciprocation is negotiated and known) for exchange partners to demonstrate their trustworthiness in the future (Molm et al., 2000). Given this finding, the offer of a referral bonus may be less influential to an employee's motivation to perform goodwill behaviors and demonstrate trustworthiness. Therefore, those with high levels of affective commitment to their organizations likely choose to refer as a means to indebted the organization to the more valuable future reciprocity opportunity. In turn, the referral bonus effect is not as impactful for individuals higher in affective commitment. In summary, we hypothesize the following:

Hypothesis 6: *Referral bonus amount will moderate the affective commitment effect on likelihood of referring. That is, larger referral bonus amounts will have a stronger effect for employees with lower levels of affective commitment than employees with higher levels of affective commitment.*

3 Methods

3.1 Sample and procedure

We recruited full-time professionals who were working and residing in the United States, had a bachelor's degree in a business-related field, were at least 19 years old, and were not self-employed or contract workers. Such participant qualifications enhanced the external validity of our findings. Participants were recruited from Qualtrics' (www.qualtrics.com) panel sample to participate in a web-based survey. Recent organizational research has used such a sampling strategy as a reliable data source (e.g., Courtright, Gardner, Smith, McCormick, & Colbert, 2015; DeCelles, DeRue, Margolis, & Ceranic, 2012; Long, Bendersky, & Morrill, 2011), which helps minimize concerns about external validity (Aguinis & Lawal, 2012). As detailed below, we took several conservative precautions to preserve the internal and external validity of these data. Participants earned an equivalent of \$5 in points that they could accumulate and redeem for rewards.

Within the survey, participants first responded to the following scenario: "Your company is searching for someone to fill a job similar

to your own. Do you know someone qualified for this job?" An implicit assumption in our research study design is that all employees of an organization know someone they can refer. However, evidence from qualitative studies, such as Marin (2012), suggest that not all employees may readily know someone to refer to a given position. We included in this study's sample only those who responded yes to this question. The vignette enhances the realism of the study because it personally immerses individuals into their work situation (Aguinis & Bradley, 2014). They were next asked to provide the first name of the individual they knew to further increase the study's realistic nature. They then read and responded to one of seven randomly assigned scenarios that varied by referral bonus characteristics. The no-referral-bonus scenario stated, "Your company is searching for someone to fill a job similar to your own. How likely are you to refer [name of person]?" The remaining six scenarios varied by referral bonus amount and a tenure benchmark for the referred new hire. The tenure benchmark was considered as a control variable because prior research has suggested a possible relationship between tenure benchmarks and likelihood of referring (Pieper, 2015), and because organizations often couple the referral bonus with a tenure benchmark (SHRM, 2001; WorldatWork, 2014). The scenario stated:

Your company is searching for someone to fill a job similar to your own and is offering a referral bonus to employees who refer someone to this position. If your referral is hired, [and remains employed for at least 6 months], you will be awarded a lump-sum referral bonus of [\$500, \$1,500, \$3,500]. How likely are you to refer [name of person]?

After responding to the scenario, participants then responded, with their current employer in mind, to questions about perceived risk in referring, affective commitment, demographics, and other measures included as potential covariates.

Based on "best practice" recommendations by several scholars who research the integrity of data from such crowdsourcing platforms as Qualtrics (e.g., Chandler & Paolacci, 2017; Keith, Tay, & Harms, 2017), we carefully designed our study to address as many concerns about this sampling method as possible (such as participant imposers and careless or low-effort responding) to ensure the integrity of

our data. First, to minimize participant imposters, potential participants answered a set of qualifying questions about their employment status, country of residence and working location, age, and education before being invited to participate in the study. To qualify for participation in our study, they had to pass all the inclusion criteria questions. Furthermore, we set the survey up so that individuals could not retake the qualifying questions more than once to “guess” what the correct qualifying answers were (i.e., Qualtrics’ “Prevent Ballot Box Stuffing” option). Second, we incorporated an attention-filtering question (“This is an attention filter. Please select ‘very important’ for this statement.”) to screen for careless or insufficient-effort responding, which is a serious issue for sampling in general because it results in error variance (Huang, Bowling, Liu, & Li, 2015; Meade & Craig, 2012). Participants failing the attention-filtering question were directed out of the survey by Qualtrics and did not receive payment.

A total of 227 participants met our inclusion criteria and passed the attention-filtering question. We further excluded 41 participants who failed a manipulation check that we included after our focal referring questions and before the demographic questions. Participants were instructed to select the referral bonus amount provided in the scenario they read earlier (“There was no bonus,” “\$500,” “\$1,500,” “\$3,500,” or “Do not remember”). Importantly, the results were similar when we included the excluded participants’ data, except that the results for the bonus characteristics were slightly weaker. Finally, we took one more approach to screening out low-effort responders by following the approach of Huang, Curran, Keeney, Poposki, and DeShon (2012), which entails removing participants who took less than 2 seconds to respond per item. This guideline translates to 86 seconds for our study, and all the remaining participants took longer than 86 seconds to complete the survey (*Mean* = 9 minutes; *Median* = 6 minutes); thus, no further participants were excluded. The final sample number was 186.

3.2 Measures

3.2.1 Referring behavior

We assessed their *likelihood of referring* the person they knew on a 5-point Likert-type scale ranging from 1 (“extremely unlikely”) to 5 (“extremely likely”). Wanous, Reichers, and Hudy (1997) demonstrated adequate reliability for single-item measures.

3.2.2 *Referral bonus presence*

We created a dummy variable, *referral bonus presence*, coded as 1 if a referral bonus was present in the scenario to which the participant was randomly assigned and 0 if the participant was assigned the no-bonus condition.

3.2.3 *Referral bonus amount*

We treated the referral bonus amount variable as ordinal data and used dummy variables to examine its effects. The *\$500 referral bonus* was coded 1 if the participant responded to the scenario with the \$500 referral bonus, and 0 otherwise. The *\$1,500 referral bonus* and *\$3,500 referral bonus* dummy variables were coded similarly. In our analyses, the *no referral bonus* dummy variable was the omitted (or reference) variable.

3.2.4 *Perceived risk in referring*

We operationalized *perceived risk in referring* by asking participants to indicate their agreement (1 = strongly disagree; 5 = strongly agree) with the following two statements: "I believe that referring someone to a job at my company is risky," and "At my company, there is risk involved when referring." Coefficient alpha for this measure was .81.

3.2.5 *Affective commitment*

We measured *affective commitment* with Meyer, Allen, and Smith's (1993) 6-item affective organizational commitment scale. An example item is "I would be happy to spend the rest of my career with this organization." Coefficient alpha for this scale was .84 in our sample.

3.2.6 *Control variables*

We measured and assessed several covariates that we expected to be related to referring behavior to possibly increase the sensitivity of our analysis.¹ Importantly, the findings presented here were robust to the inclusion of all control variables. However, for the sake of parsimony and given the exploratory nature of the controls we used due to the dearth of studies empirically examining these relationships, we followed T. E. Becker's (2005) statistical control recommendations and reported the results testing our hypotheses with only statistically significant covariates. Thus, our models included the dummy variable,

referred to own job, coded as 1 for those participants who were referred to their job and 0 otherwise. We standardized continuous predictor variables in our analyses.

4 Results

We took steps to assess the degree of common method variance (CMV) underlying our data because our data were cross-sectional and self-reported. First, we performed the Harman's single-factor test to examine whether a general factor explained most of the variance for all items in our measures of perceived risk in referring, affective commitment, and likelihood of referring (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). The results revealed two distinct factors (eigenvalues > 1), with the first factor explaining only 42% of the variance. Importantly, the items loaded on their respective latent constructs. The single item measuring likelihood of referring loaded on a third factor with an eigenvalue of .87. Finally, a more rigorous test is to control for an unmeasured latent method factor, in which items are specified to load on the method factor as well as their first-order theoretical factor (Johnson, Rosen, & Djurdjevic, 2011; Podsakoff, MacKenzie, & Podsakoff, 2012). To assess the significance of CMV, the magnitudes of the factor loadings of the model without the latent CMV factor are compared to the 95% confidence intervals around the loadings of the model with the latent CMV factor. Specifically, if a factor loading value from the proposed model falls outside the confidence interval, then one can conclude that two values are significantly different from each other (Johnson et al., 2011; Stajkovic, Lee, Greenwald, Raffiee, 2015). All but two factor loadings fell within the confidence interval. However, it is important to caution that this test has the potential to overstate the effects of CMV (Johnson et al., 2001). In sum, our empirical checks regarding CMV, in general, suggest that it is not likely of major significance to the relationships studied here.

Table 1 presents the descriptive statistics and correlations. The increasingly positive correlations between the three referral bonus amounts and likelihood of referring ($r_{\text{no referral bonus}} = -.20, p < .01$; $r_{\$500 \text{ referral bonus}} = -.12, p = .11$; $r_{\$1,500 \text{ referral bonus}} = .09, p = .24$; $r_{\$3,500 \text{ referral bonus}} = .17, p < .05$) indicate that likelihood of referring increases as the referral bonus increases. Perceived risk in referring is negatively and

significantly related to likelihood of referring ($r = -.26, p < .001$), and affective commitment is also positively and significantly associated with likelihood of referring ($r = .24, p < .001$).

To test our hypotheses, we used multiple linear regression. Table 2 displays the results. Hypothesis 1 predicted that the presence of a referral bonus would increase likelihood of referring. This was supported, as the referral bonus presence coefficient was positive and significant ($b = .60, p < .001$; Model 2 in Table 2). Related to this, we predicted in Hypothesis 2 that larger referral bonus amounts would also lead to a higher likelihood of referring. We found support for this hypothesis (Model 3 in Table 2).² We conducted Wald tests of coefficient equality to further assess whether pairs of referral bonus conditions were significantly different from each other. The \$500 referral bonus condition was significantly different from the \$1,500 referral bonus condition ($F(df = 1, 179) = 4.65, p = .03$) and the \$3,500 referral bonus condition ($F(df = 1, 179) = 7.21, p = .008$). However, there was not a significant difference between the \$1,500 and \$3,500 referral bonus conditions ($F(df = 1, 179) = .12, p = .73$).

Our results indicated that perceived risk in referring is negatively related to likelihood of referring ($b = -.23, p < .001$; Model 2 in Table 2), supporting Hypothesis 3. We also predicted in Hypothesis 4 that the negative effect of perceived risk in referring would be weaker as the referral bonus amount increased because larger bonuses may be lucrative enough for someone to risk the potential consequences of a bad referral. Because we treated the referral bonus as ordinal data with 4 amount conditions, we first conducted a Wald test assessing whether the joint interaction for all conditions was significant and found it to be statistically significant for likelihood of referring ($F(df = 3, 176) = 3.45, p = .02$; Model 5 in Table 2); see Figure 2. We also used STATA's margin command to examine the simple slopes of perceived risk in referring under each referral bonus condition and found that as the bonus amount increased, the effect of perceived risk in referring weakened (*No Bonus*_{simple slope} = $-.60, p < .001$; *\$500 Bonus*_{simple slope} = $-.34, p < .01$; *\$1,500 Bonus*_{simple slope} = $-.29, p < .01$; *\$3,500 Bonus*_{simple slope} = $-.03, p = .75$).

Finally, we explored the effect of affective commitment on likelihood of referring and the effect of the referral bonus amount on its efficacy. In support of Hypothesis 5, affective commitment was positively and significantly related to likelihood of referring ($b = .19, p < .01$;

Model 2 in Table 2). Finally, we found support for Hypothesis 6, which predicted that at high levels of affective commitment, larger bonuses would be less important, whereas larger bonuses would compensate for low levels of affective commitment. The Wald test demonstrated that the joint interaction for all referral bonus amount conditions was statistically significant for likelihood of referring ($F(df = 3, 176) = 2.95, p = .03$; Model 6 in Table 2); see Figure 3. Based on a simple slope analysis (*No Bonus*_{simple slope} = .41, $p < .01$; *\$500 Bonus*_{simple slope} = .35, $p < .01$; *\$1,500 Bonus*_{simple slope} = .09, $p = .44$; *\$3,500 Bonus*_{simple slope} = .01, $p = .93$), as shown in Figure 3, larger referral bonuses become less influential at high levels of affective commitment and compensate for low levels of affective commitment.

5 Discussion

Research has provided compelling evidence that employee referrals yield positive outcomes for job seekers and organizations, justifying the popular use of referral hiring in organizations. While scholars have given attention to some of the psychological motivations explaining why employees refer, such as positive job attitudes (Bloemer, 2010; Van Hoye, 2013) and prosocial desires (Van Hoye, 2013), we note that little empirical attention has been given to these motivations. Moreover, little attention has been paid to the organizational actions that motivate employees to refer and the exigencies integral to their efficacy. The primary purpose of our study was to examine how organizations can better motivate employees to refer through the common practice of offering referral bonuses. Our study presents a nuanced understanding of two referral bonus characteristics (i.e., presence and amount) coupled with two individual factors that we also predict to relate to likelihood of referring—perceived risk in referring and affective commitment.

First, we found support that the presence of a referral bonus leads to increased likelihood of referrals. We then tested the common employer assumption—and what most pay theories predict—that larger referral bonuses positively relate to employees' likelihood of referring. While our results indicated that employees were more likely to refer when large (\$1,500/\$3,500) rather than small (\$500) bonuses were offered, there was not a significant difference between the effects of

the \$1,500 and \$3,500 referral bonus amounts on likelihood of referring. Thus, these findings suggest that larger bonuses are more motivating, but the effect of the referral bonus amount is likely attenuated at large amounts.

Next, our findings about perceived risk in referring emphasized the importance of considering and minimizing perceived risk to most effectively motivate employees to refer. In fact, compared to the referral bonus presence effect, perceived risk in referring explained significantly more incremental adjusted variance (5.53%) in likelihood of referring than the presence of a referral bonus (4.69%). The interaction between perceived risk in referring and referral bonus amount also demonstrates that larger referral bonus amounts weaken the negative effect of perceived risk in referring on likelihood of referring; and, at the largest bonus amount (\$3,500), the effect of risk on likelihood of referring became nonsignificant. Thus, large financial incentives may completely offset the perceived risk of making a referral; however, there are other consequences for employers to consider based on our findings regarding affective commitment (e.g., gaining referrals from less affectively committed employees).

Finally, we argued that employees with high affective commitment may be willing to refer because of their relationship with the organization. As expected, affective commitment positively influenced likelihood of referring. In addition, our results provide support for a crowding-out effect, in which the positive effects of affective commitment are attenuated when the referral bonus amount increases. As shown in Figure 3, higher bonus amounts (\$1,500 or \$3,500) had little influence on referring likelihood at the high levels of affective commitment. However, our results demonstrate that large referral bonus amounts can compensate for low levels of commitment. Thus, while a referral bonus may offset for the effect of affective commitment on likelihood of referring at low commitment levels, the bonus may be less useful for organizations that work to foster affective commitment to generate referrals when affective commitment is already high or when a large referral bonus is offered.

5.1 Theoretical implications

Our study is an important departure from prior research that primarily concentrates on outcomes associated with referrals. We give

attention to the initial phase in the referral hiring process, specifically the period in which employees are motivated to refer individuals from their social networks. This approach allows us to answer calls to give greater attention to the referrers (Pieper, 2015) and to illuminate theories on how organizational actions can lead to employee referrals (Van Hoye, 2013).

We find that the referral bonus does matter in generating referrals. The referral bonus as an incentive and/or the content of the information exchanged through the bonus offer encourages employees to make the referral. Increasing the referral bonus amount proved effective in increasing the likelihood of referring only between the \$500 bonus amount compared to the \$1,500/\$3,500 bonus amounts. One explanation for this, from a social exchange perspective, is the principle of eventual reduced marginal utility (G. J. Blau, 1986). Essentially, the more of a given resource an individual has, the less value he or she places on additional increments of the resource. We add to the literature the first empirical support for the proposed negative effect of perceived risk in referring on likelihood of referring. We theorize that the potential for perceived negative social exchanges exists in the referring process and may put at risk opportunities for the future social exchange of resources with the organization or its members, due to a host of ways in which the referral could turn into a negative experience (e.g., underperforming referral and cultural misfit of the referral). Increased bonus amounts do offset the negative effects of perceived risk.

However, higher referral bonuses may lessen the need for employer reciprocity of additional resources and decrease opportunities for employees to demonstrate altruism and trustworthiness. These factors seem particularly relevant to those with higher affective commitment. Our results support the idea that those with higher affective commitment are more likely to refer; however, at these elevated levels, the referral bonus becomes less important, demonstrating the importance of considering both financial and nonfinancial factors within the social exchange process and in subsequent referral research. Employees may attach different meanings to the exchange of particularistic (e.g., affect, altruism) versus nonparticularistic (e.g., money) resources with the former being more specific to the exchange partner and relevant to trust building (Molm et al., 2000). These findings likely would have theoretical implications for models of the referring

process and practical implications for employers when designing and improving their employee referral program. The various forms of social exchange (direct negotiated versus direct reciprocal and generalized exchanges) may have differential effects on subsequent behavior and on anticipated future social exchanges. Future research can disentangle the various forms of social exchange present in the referring process.

5.2 Practical implications

Because organizations often want to leverage their employees' social networks in the hiring process to reduce recruitment costs and facilitate better hire matches, referral bonuses are one tool to do so. A key takeaway from our study is that the presence of a referral bonus is important. Managers who want to increase employee referrals should, at a minimum, offer a referral bonus. The amount offered depends on the needs of the organization and the common reaction of spending more money on something to further motivate may not be ideal when it comes to best managing one's referral program. Our finding that the \$3,500 referral bonus did not result in an increased referring likelihood compared to the \$1,500 referral bonus suggests that the referral bonus effect may attenuate as the amount increases. Furthermore, a key premise of work motivation theories is that different people are motivated by different things (Kanfer, Frese, & Johnson, 2017). Thus, the referral bonus's valence may differ for employees who are more (or less) affectively committed to the organization and for risk-averse employees. Employers should therefore be cognizant of such individual factors when offering referral bonuses.

Because existing evidence demonstrates that the quality of the referral is often like the quality of the referrer (e.g., Pieper, 2015), it is important for employers to consider what type of rewards may generate the referrals they desire. For example, if the firm has many open positions to be filled (e.g., a call center with a high turnover rate), awarding larger referral bonuses would be advantageous because they motivate referrals even from employees with lower affective commitment, a group that may make up a sizable portion of a high-turnover firm's employee base. However, for organizations with more particular hiring needs, increasing referral bonus amounts may not be the best approach. Higher referral bonus amounts for affectively committed

employees could even be perceived as limiting and potentially devaluing the types of resources the employee wishes to exchange with the organization (e.g., love, affect, altruism, trust). Employers attempting to gain referrals from affectively committed employees should consider the particularism of the resource the employee exchanges with the organization and attempt to also match that particularism in exchange for referrals. While the best way to decide what resource to exchange would be to ask the referrer(s), other examples of ways to demonstrate appreciation that may increase referral motivation of affectively committed employees include a dinner with the CEO, a thank-you lunch with one's manager, special recognition at a company event, and so forth. Because those who are affectively committed to the organization tend to emotionally identify with the organization's values and goals, giving them the opportunity to provide input to individuals leading said values and goals or providing special recognition may exchange the more particularistic resources that they value.

In addition to offering a referral bonus, another means for organizations to generate referrals is to mitigate perceived risk in referring. One possible tactic to help manage perceptions of risk could be to inform employees about the characteristics of a "good" hire. Some organizations or positions may mainly focus on values and work ethic, while others require specific schooling and experience. Organizations could focus their communication strategies with employees in terms of what types of individuals the organization seeks. An organization may consider the following: whether it provides easy real-time employee access to job-posting information and whether it adequately educates employees on the referral process (e.g., the organization's point of contact for employee referrals, whether the point of contact differs for each position, and what is typical in the application and interview process). A lack of knowledge about the process may make the referrer doubt his or her abilities to manage the ins and outs of making a referral, both on the organization side and in responding to questions from the referral. Any self-doubt an employee may feel about his or her abilities to handle the referral process will likely lead to higher perceived risk in making the referral and thus fewer referrals. Alternative referring routes could also be made available to employees, such as letting employees make referrals anonymously through the human resources department so that the bonus could still be awarded but no other responsibilities or subsequent expectations of

future social exchanges would be implied. More explicitly, employers could inform employees that there are no consequences to them if they do happen to refer a bad match.

5.3 Limitations and future research

Our research has several limitations. First, our desire to manipulate the referral bonus amount was best facilitated using a scenario instead of surveying employees of a real-life company seeking referrals. However, we incorporated several design aspects to potentially offset this limitation: We used currently employed individuals working full-time, instructed participants to consider their own job when responding to the survey, and asked participants if they knew someone to refer and, if so, to provide that person's name. To enhance realism, our study design populated that person's name into subsequent questions. Examining referral bonus effects in real organizational settings is needed in future research.

As we discussed earlier, another limitation was that the data were cross-sectional and self-reported, possibly raising the concern of common method variance. While there is no theoretical rationale to expect spurious interaction effects due to CMV (Evans, 1985; Schmitt, 1994) and the results of our tests to assess the degree of CMV affecting our relationships suggest it is not a significant factor biasing our findings, future scholars should collect longitudinal and multisource data to further minimize this concern. Additionally, we also took steps to minimize it through the study's design. For example, we varied the response scale across the survey, ensured participants that there were no right or wrong answers, and used midpoints in scales (Podsakoff et al., 2003). Other recommendations were not practical here (e.g., obtaining measures by different individuals or sources was not desired) because our main constructs assessed individual perceptions of risk and willingness to refer.

We conceptualized about the various forms of social exchange (direct negotiated exchange versus direct reciprocal and generalized exchanges) that referring may demonstrate. However, we did not empirically disentangle employee perceptions of reciprocity in making referrals or the extent to which they valued the immediate exchange opportunity (the referral bonus) and probable future exchange opportunities resulting from referring. Such factors may moderate some

of the findings reported here. Future research can build on our work to disentangle the various forms of social exchange present in the referring process.

Finally, additional research should further examine how large referral bonuses affect outcomes associated with referral hiring (e.g., referral quality, performance, and tenure). Our focus on the referrer also can be expanded to unpack the underlying theoretical mechanisms explaining why referred hires tend to perform better and stay longer. Referrer motivations and behaviors both pre- and post-referral hire, such as prescreening candidates and providing realistic information about the job and organization to the potential referral, as well as on-the-job mentorship, may play a role. In addition, more research attention on risk in referring is warranted by our findings. For example, individual differences in risk propensity (Meertens & Lion, 2008; Nicholson, Soane, Fenton-O’Creevy, & Willman, 2005) may play a role in likelihood of referring. Perceptions of risk could be further unpacked. We kept our measure as general as possible to capture multiple forms of risk. Separating the effects of the various risks that individuals perceive when referring may be beneficial, so organizations can further target and reduce perceived risk in referring.

6 Conclusion

The organizational practice of using referral bonuses to motivate employees to refer is prevalent, and many employers assume that offering a referral bonus, or a larger one, will lead to more referrals. Our findings generally support these assumptions, yet we also provide insight into nuances regarding perceived risk in referring and affective commitment. Our findings offer theoretical and practical evidence that the characteristics of the referral bonus, management of perceived risk in referring, and affective commitment play key roles in motivating employees to refer. Given the robust evidence that employee job referrals result in positive organizational and job seeker outcomes, focused research on employee motivations to refer seems a logical and needed extension.

Notes

1. We considered variables such as reputation importance (i.e., the degree to which individuals valued their reputation in the workplace); referred to own job (i.e., whether the person was referred to his/her job); prior referrer (i.e., whether the participant had referred a candidate to their employer in the past); tenure benchmark included in scenario (1 = yes, 0 = no); perceived difficulty in hiring (i.e., a participant's perception of the difficulty in hiring a candidate for a job similar to his/her own); and a number of covariates relevant to a fulltime working sample that we thought may affect our results (e.g., age, tenure, salary, and education). In analyses not shown here but available from the first author, we examined the influence of these covariates on likelihood of referring, and only one (i.e., referred to own job) accounted for significant variation in likelihood of referring, which we retained in the models we present here. Inclusion of all covariates slightly weakened the coefficients of our independent variables but did not change the direction or significance of our findings.
2. In results not shown here, but available upon request, we examined the results when the referral bonus amount variable was treated as a continuous measure. We found a significant, positive relationship between referral bonus amount and likelihood of referring. Interaction effects with referral bonus amount treated as continuous were also like those for the referral bonus amount tested with dummy variables.

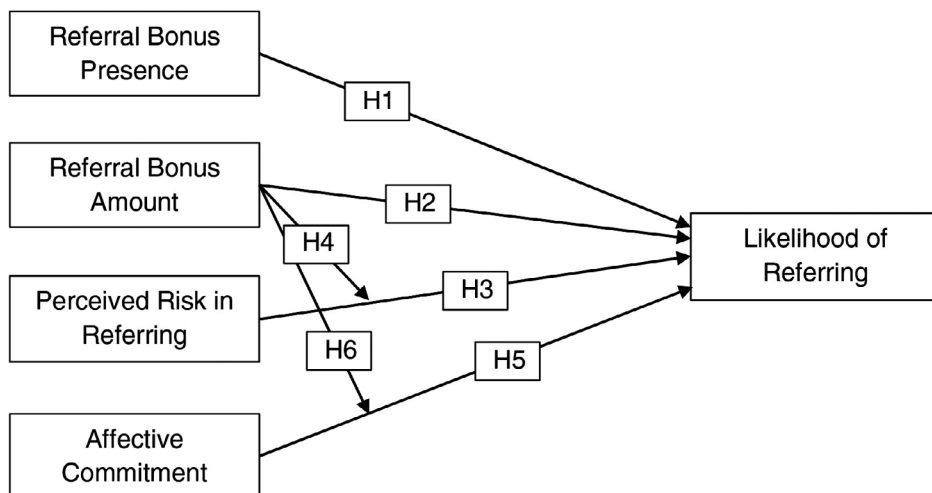


Figure 1. Relationships tested

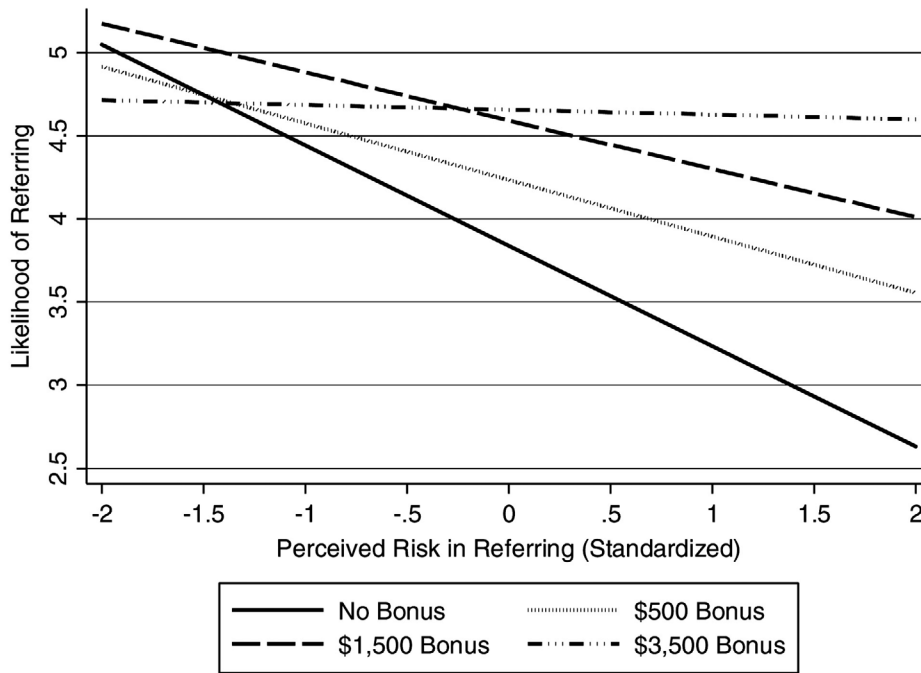


Figure 2. Interaction effect of perceived risk in referring and referral bonus amount on the likelihood of referring

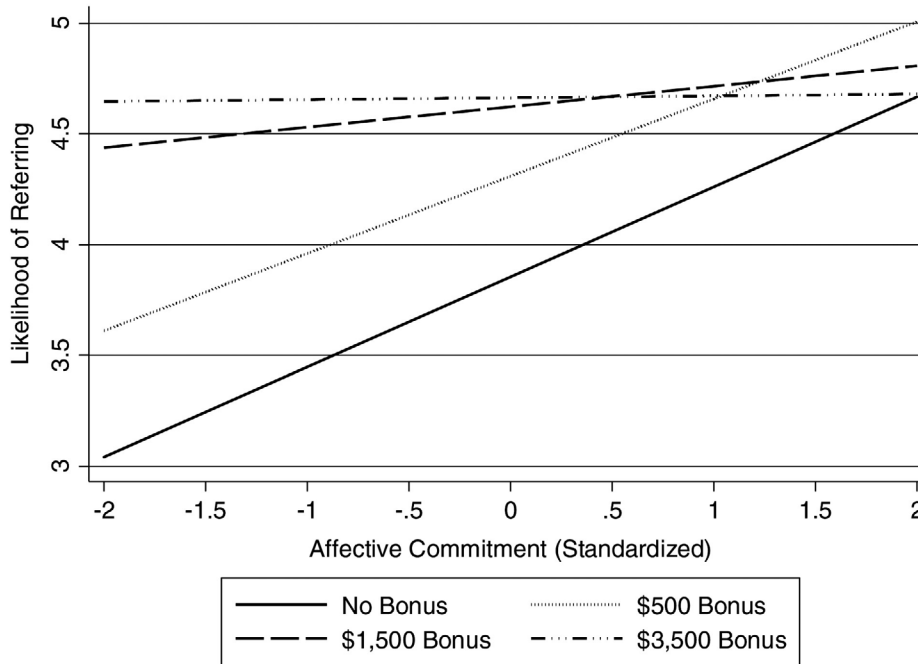


Figure 3. Interaction effect of affective commitment and referral bonus amount on the likelihood of referring

Table 1. Descriptive statistics and correlations—likelihood of referring

<i>Variable</i>	<i>Mean</i>	<i>SD</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1 Likelihood of referring	4.46	.86									
2 Referred to own job	.25	.44	.17								
3 Perceived risk in referring	2.37	1.04	-.26	.10							
4 Affective commitment	3.57	.95	.24	.03	-.17						
5 Referral bonus presence	.88	.33	.20	.07	.03	-.14					
6 No referral bonus	.12	.33	-.20	-.07	-.03	.14	-1.00				
7 \$500 referral bonus	.30	.46	-.12	.00	-.07	-.05	.25	-.25			
8 \$1,500 referral bonus	.25	.43	.09	-.08	.04	-.01	.22	-.22	-.38		
9 \$3,500 referral bonus	.33	.47	.17	.12	.06	-.04	.26	-.26	-.46	-.40	

N = 186. Variable statistics reported in their unstandardized metric.

Correlations greater than .15 are significant at $p = .05$.

Two-tailed tests reported.

Table 2. Likelihood of referring regressed on referral bonus characteristics, perceived risk in referring, and affective commitment

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Intercept	4.37*** (.07)	3.82*** (.17)	3.82*** (.16)	3.76*** (.16)	3.74*** (.17)
Referred to own job	.33* 0.14)	.33* (.13)	.32* (.13)	.31* (.13)	.34* (.13)
Perceived risk in referring		-.22*** (.06)	-.23*** (.06)	-.60*** (.18)	-.20*** (.06)
Affective commitment		.19** (.06)	.19** (.06)	.15** (.06)	.41** (.15)
Referral bonus presence		.60*** (.18)			
No referral bonus (reference condition)			—	—	—
\$500 referral bonus			.36† (.19)	.40* (.19)	.46* (.20)
\$1,500 referral bonus			.69*** (.20)	.75*** (.20)	.77*** (.20)
\$3,500 referral bonus			.75*** (.19)	.82*** (.19)	.81*** (.20)
No referral bonus X Perceived risk in referring				—	
\$500 bonus X Perceived risk in referring				.26 (.21)	
\$1,500 bonus X Perceived risk in referring				.31 (.21)	
\$3,500 bonus X Perceived risk in referring				.58** (.20)	
No referral bonus X Affective commitment					—
\$500 Bonus X Affective commitment					-.06 (.18)
\$1,500 bonus X Affective commitment					-.31† (.19)
\$3,500 bonus X Affective commitment					-.40* (.18)
<i>N</i>	186	186	186	186	186
<i>Df</i>	1	4	6	9	9
<i>R</i> ² _{adjusted}	.02	.17	.20	.23	.23

Continuous independent variables are standardized.

Standard errors in parentheses. Two-tailed tests reported.

† $p < .10$; * $p < .05$; ** $p < .01$; *** $p < .001$

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