The Dark Side of Employee Referral Bonus Programs: Potential Applicants' Awareness of a

Referral Bonus and Perceptions of Organizational Attractiveness

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The purpose of this study is to examine the effects of potential applicants' awareness of employees being rewarded for referrals on organizational attractiveness, based on credibility theory and the multiple inference model. In a first study (*N=450)*, final-year students were less attracted to the organization when they knew employee referrals were rewarded, which was partially explained by lower credibility perceptions. Moreover, varying the specific characteristics of the referral bonus program (i.e., timing, size, type, recipient) did not improve potential applicants' perceptions of credibility and attractiveness. A second study (*N=127)* replicated the negative effect of referral bonuses on organizational attractiveness and found that it could be explained by both potential applicants' inferences about the referrer's other-oriented motive and lower referrer credibility. Whether employees explicitly stated their referral reason was bonus-driven or not did not affect these results.

Introduction

Even in times of economic recession, the "war for talent" continues as organizations face fierce competition and budget constraints, but still need to hire the necessary talent to ensure organizational success and survival (Walker et al., 2013). Due to demographic challenges such as retiring baby boomers and a simultaneous decline of young workers (Saks, 2005), being an attractive employer that stands out from labor market competitors has become more important than ever (Breaugh, 2013).

Prior research has demonstrated that organizations can substantially improve their recruitment process by actively involving their current employees (Chapman, Uggerslev, Carroll, Piasentin, & Jones, 2005). Considerable evidence indicates that applicants referred by employees, are better qualified, more satisfied, and less likely to quit than applicants from other sources such as newspaper advertisements and job boards (Pieper, 2015; Weller, Holtom, Matiaske, & Mellewigt, 2009; Zottoli & Wanous, 2000). Additionally, positive word-of-mouth from employees can have a strong effect on an organization's attractiveness as an employer (Van Hoye & Lievens, 2009) given that employees are perceived as a credible interpersonal and independent source of employment information (Van Hoye, 2012).

To stimulate positive employee word-of-mouth, many companies offer their employees a reward in case of a successful employee referral (WorldatWork, 2014). Some evidence suggests that these employee referral bonus programs can (slightly) increase employees' extrinsic motivation to make a referral, although other motives such as job satisfaction and prosocial concerns (i.e., desire to help others) seem to be stronger determinants of employees' referral behavior (Van Hoye, 2013).

Unfortunately, however, we know little about the effects of organizations stimulating employee referrals on potential applicants (Van Hoye, 2013). Credibility theory states that more credible information sources are more effective in terms of changing attitudes (Eisend, 2004). Potential applicants' awareness of employee referrals being rewarded, however, might negatively affect their perceptions of referrer credibility and organizational attractiveness. In particular, the extent to which potential applicants believe that employees might benefit from promoting the organization may influence their reactions to the referrer and the organization (Van Hoye, Weijters, Lievens, & Stockman, 2016).

We contribute to the literature by integrating credibility theory (Eisend, 2004) and the multiple inference model (Reeder, 2009a; Reeder, Kumar, Hesson-McInnis, & Trafimow, 2002) to help us understand the effects of the awareness of employee referral bonuses on potential applicants' perceived organizational attractiveness. The multiple inference model theorizes that people will try to make sense of others' intentional behavior, such as making a referral, based on a number of situational and personal cues (Reeder, Vonk, Ronk, Ham, & Lawrence, 2004). In this paper we focus on exploring the role of situational cues in a referral bonus context. Based on credibility theory and the multiple inference model, we expect that the awareness of a referral bonus, being a situational cue in a referral context, will affect potential applicants' sense-making process (Study 2), leading to lower perceptions of referrer credibility (Study 1) and organizational attractiveness. In addition, we examine whether other situational cues such as the specific bonus characteristics (Study 1) and mentioning the bonus as the reason for referring (Study 2) might alter these relationships.

Employee Referrals and Organizational Attractiveness

Word-of-mouth in a recruiting context can be defined as (1) an interpersonal and informal

information source, (2) containing information about the organization itself or about specific jobs, and (3) not being under direct control of this organization (Van Hoye & Lievens, 2009).

Employee referrals represent a particular type of word-of-mouth recruitment in which employees – informally, interpersonally, and independently – provide information about their organization to potential applicants (Van Hoye & Lievens, 2009). Prior studies, which predominantly examined post-hire outcomes of employee referrals, found that referred new hires had lower turnover, better job performance, and higher job satisfaction than employees recruited through formal sources such as advertising (Weller et al., 2009; Zottoli & Wanous, 2000). With respect to pre-hire outcomes, recent research findings indicate that word-of-mouth is positively related to organizational image, organizational attractiveness, and application decisions (Van Hoye, 2014). This positive relation was found for various groups of job seekers, organizations, and countries, in both lab and field studies and all this beyond exposure to other recruitment sources (Van Hoye & Lievens, 2007b & 2009). These positive pre-hire outcomes are related to the high credibility of word-of-mouth (Breaugh, 2008; Cable & Turban, 2001).

Source credibility theory suggests that information is perceived to be credible when the source providing the information is perceived as truthful and has expertise on the topic (Allen, Scotter, & Otondo, 2004; Cable & Turban, 2001; Ilgen, Fisher & Taylor, 1979). Along these lines, employee referrals are perceived as more truthful because they are informal, interpersonal, and employees typically are assumed not to have any self-interest in promoting the organization but rather to be oriented towards sharing knowledge to help the organization find a new hire and/or a job seeker to find a job (Allen et al., 2004; Breaugh, 2008; Cable & Turban, 2001; Fisher, Ilgen & Hoyer, 1979; Van Hoye & Lievens, 2007a; Van Hoye, 2013). In addition, employees are considered to be experts related to their employer, which increases their perceived

credibility as well (Eisend, 2004; Pornpitakpan, 2004). Therefore, recruitment information provided by employees is likely to positively influence organizational attraction (Cable & Turban, 2001). In line with these theoretical assumptions, empirical evidence suggests that perceived source credibility mediates the relationship of word-of-mouth with applicant attraction (Van Hoye, 2012). Because of the context of this study we will from now on refer to perceived source credibility as referrer credibility, with the referrer being the employee that makes the referral.

Employee Referral Bonus Programs

Based on evidence indicating the beneficial effects of positive employee word-of-mouth, organizations are proactively managing employee referrals. For example, to obtain more qualified applicants through employee referrals, organizations use employee referral bonus programs (WorldatWork, 2014). Current employees are incentivized by their employers to convince qualified friends and acquaintances to apply to the organization, although the characteristics of these incentives vary across employers (Breaugh, 2008; Breaugh & Starke, 2000; Keeling, McGoldrick, & Sadhu, 2013; Pieper, 2015).

Prevalence of Employee Referral Bonus Programs

North American survey data indicated a high prevalence of employee referral bonus programs, as 63% of companies have installed such programs (WorldatWork, 2014). Data showed how several characteristics of referral programs varied across organizations. For example, with respect to timing, in 71% of the companies the new employee has to stay one and a half to six months before the referring employee receives the full referral bonus. In terms of bonus size, most companies report using a referral bonus between $1,000 and $2,500 (46%).

We conducted a pilot study to assess the prevalence of employee referral bonus programs

in Belgium and conducted phone interviews with all companies that appeared in the Top 10 list of "Best Workplaces in Belgium" over the past five years. Of the 36 companies, 75% had an official employee referral bonus program. The contacted organizations offered various types of bonuses including gift vouchers, symbolic or experiential bonuses, monetary bonuses, and team-based or individual-based bonuses, with a monetary value ranging from €150 to €2,000.

Research on Employee Referral Bonus Programs

Despite its theoretical and practical relevance, almost no research has examined the effects of employee referral bonus programs. From a behavioral perspective, incentives might be effective in stimulating employees to make a referral (Shinnar, Young & Meana, 2004). However, research showed that employees can have various motives for making referrals. In this regard, Van Hoye (2013) found that both extrinsic (rewards) and intrinsic (i.e., job satisfaction, desire to help job seekers, and desire to help the organization) motives were related to making referrals. Nonetheless, the intrinsic motives were much stronger predictors of employees' actual referral behavior.

As mentioned above, information provided by an organization's employees is typically considered credible as employees are seen as an independent and experienced source of job information (Cable & Turban, 2001). However, based on credibility theory, we would expect that when potential applicants are aware that a bonus is provided to stimulate employee referrals, the perceived referrer credibility might be questioned (Breaugh, 2008; Fisher et al., 1979), resulting in diminished perceptions of organizational attractiveness.

To date, to the best of our knowledge, only one study has investigated the effect of awareness of rewarded referrals on perceived organizational attractiveness (Van Hoye et al., 2016). This experimental study examined specific conditions under which recruitment-related

word-of-mouth is most effective. One of these conditions consisted of promising people (including but not limited to employees) a €50 gift voucher if they convinced others to apply for a job in the company. When potential applicants were aware that the recommending person was rewarded for doing this, organizational attractiveness was negatively affected. However, the underlying reasons why this negative effect occurred were not examined.

In the current study, we extend source credibility theory (Eisend, 2004) with the multiple inference model (Reeder, 2009a; Reeder et al., 2002) to examine whether and how organizational attractiveness might diminish when an applicant is aware of a reward being provided.

The multiple inference model posits that people try to make sense of other people's intentional behavior in everyday interactions by engaging in a multiple inference making process in order to understand what is happening (Reeder, 2009a, 2009b; Reeder et al., 2002; Reeder, et al., 2004; Verlegh, Ryu, Tuk, & Feick, 2013). In other words, the observer of a certain intentional behavior will consider multiple possible motives underlying the behavior of the other person. To make sense of the situation, the observer will rely on certain characteristics of the situation (situational cues) and the person (personal cues) in order to come to one judgment about the situation (Reeder, 2009a; Reeder et al., 2004; Verlegh et al., 2013).

For instance, a potentially helpful behavior can be interpreted differently depending on the perceived underlying motives that provoked the action. One may, for example, attribute the behavior to other-oriented motives, such as helping others or to self-oriented motives, such as financial gain (Reeder, 2009a; Reeder et al., 2004; Verlegh et al., 2013). In particular, when a person receives a financial bonus for engaging in a helpful behavior, the financial bonus then is considered as a situational cue that might influence someone's motives and actions (Reeder et al., 2009a; Tuk, Verlegh, Smidts, & Wigboldus, 2009; Verlegh et al.,2013). Consequently, the

financial bonus may lead perceivers of the behavior to infer less other-oriented motives and might lead them to perceive the referral bonus as the main driver of the behavior (Reeder et al., 2002; Reeder et al., 2004).

In the context of an employee referral, which is an act that typically is perceived as helpful behavior (Van Hoye, 2013), the awareness of a referral bonus, as a situational cue, might influence applicants' sense-making process of the referrer's motives (Fan, Su, Chang, & Liu, 2014; Reeder 2009a; Reeder et al., 2004; Verlegh et al., 2013). Individuals might perceive the referrer as trying to convince them to apply for the job for financial reasons rather than because they genuinely want to help them. Therefore, all personal cues held constant, we expect that potential applicants' knowledge of a financial referral bonus will make them perceive the referring employee as less credible, resulting in lower organizational attractiveness (Van Hoye, 2012; Verlegh et al., 2013).

> *H1: Potential applicants' awareness of a referral bonus will decrease perceptions of referrer credibility.*

> *H2: Perceived referrer credibility will mediate the effect of awareness of the referral bonus on organizational attractiveness.*

An important assumption in this paper is that the referring employee will inform the potential applicant about the referral bonus offered by the organization. According to a qualitative study on social recruiting practices by Stockman, Carpentier, and Van Hoye (2016), a considerable number of employees are inclined to mention a referral bonus to potential applicants when making a recruitment referral. In this study of 44 interviewed employees, the majority (77%) claimed they would tell the referred person about the bonus. Of the 16 employees actually working in a company with a referral bonus program, even more people (88 %) would tell the

referred person about the referral bonus. The main reason cited by participants for telling about

the bonus was that they would feel awkward not to tell and still receive the bonus. This was

especially true when the referred person would be a friend and when providing referral bonuses

would be a formal policy of the company. Furthermore, employees feared negative reactions

from applicants they would not tell about the bonus but would find out later in the process, which

they think would be even worse.

In what follows, we build further on the findings of Van Hoye et al. (2016) and

investigate whether certain referral bonus characteristics might function as additional situational

cues (Reeder, 2009a; Reeder et al., 2004), besides the awareness of a reward, that might affect

potential applicants' sense-making process and perceptions of referrer credibility and

organizational attractiveness.

<div align="center">**Referral Bonus Characteristics**</div>

Referral Bonus Timing

In the only study that tested the effects of perceived referral bonuses on potential

applicants so far (Van Hoye et al., 2016), a bonus was provided immediately after applicants

submitted their application. However, the vast majority of companies only reward employee

referrals when they actually result in a new hire and most programs also require that the newly

hired employee remains in the company for a set amount of time (e.g., six months)

(WorldatWork, 2014). Such a "probation period" requires a certain applicant quality in order to

receive the referral bonus, based on the assumption that sufficiently qualified applicants will

remain employees for a minimum time period. Therefore, the referring employee needs to be

convinced that there is a good fit between the referred person and the organization (instead of just

encouraging everyone to apply). Based on source credibility theory and the multiple inference

model we theorize that a bonus program with a probation period may influence potential

applicants to infer that the referring employee is actually searching for a person who would really

fit in the organization, rather than making a referral for the reward only. We expect this to

increase the perceptions of referrer credibility.

>   *H3: Referral bonus timing will affect potential applicants' perceptions of referrer*
>
>   *credibility, such that perceptions will be more positive when a referral bonus is offered*
>
>   *after six months than immediately after hire.*

Referral Bonus Size

In the study of Van Hoye et al. (2016), rewarding employees with a €50 gift voucher

caused potential applicants to be significantly less attracted to the organization. However, the

WorldatWork data (2014) revealed that the most common bonus size for making a referral is

between $1,000 and $2,500, and our phone study revealed that bonuses in Belgium varied

between €150 and €2,000. In terms of perceived referrer credibility, we expect that the higher the

monetary value of the bonus, the more potential applicants will perceive employees as having

self-oriented financial motives for making the referral (Tuk et al., 2009). A large bonus might

result in the job information exchange process to be perceived as being influenced by the

organization and therefore less credible.

>   *H4: Referral bonus size will affect potential applicants' perceptions of referrer*
>
>   *credibility, such that perceptions will be more negative when a larger referral bonus is*
>
>   *offered.*

Referral Bonus Type

Besides monetary bonuses, our pilot study indicated that organizations use different

bonuses such as gift vouchers, charity donations, experiential rewards, teambuilding activities,

and symbolic incentives such as being recognized as employee of the year. In a marketing

context, Verlegh et al. (2013) found that the negative effect of rewarding referrals on inferred

motives might be overcome by providing symbolic and experiential rewards instead of financial

rewards. Experiential rewards often take the form of a voucher to engage in a certain activity

(e.g., restaurant dinner or city trip). Similarly, in a recruitment context a purely monetary referral

bonus might be perceived as being less driven by the motive to help others and as less credible

because of the stronger link with a market context (Heyman & Ariely, 2004; Tuk et al., 2009).

Experiential referral bonuses, on the other hand, might reduce the perceptions of employees

referring for personal financial gain.

> *H5: Referral bonus type will affect potential applicants' perceptions of referrer*
>
> *credibility, such that perceptions will be more positive when an experiential referral*
>
> *bonus is offered rather than a monetary referral bonus.*

Referral Bonus Recipient

Previous research of Van Hoye et al. (2016) focused on solely rewarding the referring

person. However, some evidence from marketing research (Fan et al., 2014; Verlegh et al., 2013)

suggests that different allocation schemes can affect the reactions to customer referrals. Fan et al.

(2014) demonstrated that sharing the incentive between the referring and the referred customer

made referral motives and the reward for the referral be perceived as more fair. Considering

credibility theory and the multiple inference model, we expect that, when both the employee and

potential applicant are rewarded, the potential applicant's perception that the employee makes the

referral only for personal financial gain will be less salient.

> *H6: Referral bonus recipient will affect potential applicants' perceptions of referrer*
>
> *credibility, such that perceptions will be more positive when both the employee and*

potential applicant receive a referral bonus instead of only the employee.

Finally, in accordance with Hypothesis 2 and our reasoning for Hypotheses 3 to 6 outlined above, we expect referrer credibility to mediate the relationship between the employee referral bonus characteristics and organizational attractiveness, in line with credibility theory and the multiple inference model. More specifically, we expect that awareness of a referral bonus rewarded after six months (vs. immediately), of a lower (vs. a higher) bonus, an experiential (vs. financial) bonus, and a shared (vs. not-shared) referral bonus will lead to higher perceptions of organizational attractiveness through higher perceptions of referrer credibility (Van Hoye, 2012; Van Hoye, 2013; Verlegh et al., 2013).

> *H7: Perceived referrer credibility will mediate the effects of the (a) timing, (b) size, (c) type, and (d) recipient of the referral bonus on organizational attractiveness.*

Study 1

Method

Participants. To increase the relevance of our sample, we asked 697 Belgian students in their final year of higher education to participate in this study as they would soon be entering the labor market. We obtained a response rate of 83% (*N*= 580). After conducting a manipulation check (see below), our final sample consisted of 450 final-year students. Of these, 61% were women and age varied between 20 and 28 years (*M* = 22 years, *SD* = 1.17). The majority (72%) of the respondents studied Behavioral and Social Sciences, Cultural and Legal Sciences (17%), and Engineering Sciences (6%). Participants either were final-year master students (88%) or in the final year of their professional bachelor degree (12%). Additionally, our participants predominantly (89%) indicated being actual job seekers or planning to apply for a job shortly and specified that they had prior work experience (95%). Hence, we assume the respondents are an

appropriate research sample to participate in this research on potential applicants and organizational attractiveness.

Procedure. With the help of research assistants, Belgian graduating students were approached at their home universities or at job fairs. Participants were asked to participate in a research on "organizations and job vacancies". Students received a survey and were requested to evaluate an e-mail they received containing an employee referral. Beforehand, it was made clear that their responses would be treated anonymously and for scientific purposes only. It was stressed that only their honest opinion was important. The completion of the paper and pencil survey took about 10 minutes.

Design and materials. The materials were different versions of an e-mail sent by a friend about a vacant position at his organization. All respondents were asked to imagine themselves as job seeking graduates (similar to their own real life situation) and to evaluate an e-mail (printed) that they received from a friend "Tom Peeters" regarding a vacant job opening at his organization. We deliberately chose the sender to be a friend, given that research suggests that making a referral to a friend is more common (Van Hoye & Lievens, 2009) and has a larger impact on organizational attractiveness in comparison to a referral made by an acquaintance (Van Hoye & Lievens, 2007b). It also seems more likely for a friend to disclose receiving a referral bonus, compared to weaker ties (Stockman et al., 2016; Verlegh et al., 2013). Additionally, to increase realism, the e-mail was presented in a conventional outlook lay-out.

The first part of the e-mail was kept constant across all versions and contained general information about the organization, the work itself, and the salary. In the second part of the email the four referral bonus characteristics of timing, size, type, and recipient were manipulated. Thus,

we used a fully-crossed between-subjects factorial design (2 x 2 x 2 x 2) and a control group with no bonus information, resulting in 17 versions of the e-mail (see Appendix).

We operationalized the referral bonus *timing* as allocating a referral bonus to the employee immediately after hiring or after a new-hire trial period of six months. Referral bonus *size* was operationalized with a low bonus of €100 or a high bonus of €500. These amounts were chosen given the observed significant effect of the rather limited bonus of €50 on organizational attractiveness that was found in the study of Van Hoye et al. (2016) and given the substantially higher amounts observed in the WorldatWork survey (2014) and our own pilot survey. For the *type* of bonus, employees were provided with either a purely monetary bonus (i.e., cash amount) or with an experiential gift to the value of €100/€500 (Cf. Size), called a *Bongobon*. A *Bongobon* is a well-known concept in Belgium. It is a gift voucher that allows recipients to engage in a specific experience (e.g., wellness, restaurant, hotel) and is described by the company on its website as "*A gift you experience*". Finally, the referral bonus *recipient* was operationalized as either only the employee receiving the bonus (Cf. Size: €100 or €500) or dividing the reward between the employee and applicant while keeping the total amount constant (2*€50 or 2*€250, in line with prior marketing research on consumer referrals, Verlegh, et al., 2013). Finally, in a control group (*N*=37), no referral bonus was provided. One of these different versions of the referral e-mail was randomly assigned to the participants.

Measures. All items were in Dutch and rated on a five-point scale ranging from 1 = *completely disagree* to 5 = *completely agree*.

To assess *Referrer Credibility*, the perceived credibility of the referring employee, the 5-item credibility scale constructed by Van Hoye and Lievens (2007a) was used. An example of an

item is: "I think the information from Tom is reliable". The internal consistency of the scale

scores was .97.

To measure *Organizational Attractiveness*, we used the all-encompassing 15-item scale of

Highhouse, Lievens, and Sinar (2003) as our dependent variable. This scale had an internal

consistency of .93. An example of an item is "I would like to work for this organization".

Test of measurement model. A confirmatory factor analysis conducted with Mplus 7.2

indicated that a two-factor-model, corresponding to the referrer credibility and organizational

attractiveness components described above, provided a significantly better fit to the data ($\chi^2(169)$

$= 673.16$, $p<.000$; $CFI = .92$; $RMSEA = .08$) than a one-factor-model ($\chi^2(170) = 2830.62$;

$p<.000.$; $CFI = .59$; RMSEA = .19). Furthermore, the comparative fit index (CFI) and the root

mean square error of approximation (RMSEA) constitute acceptable fit values (Browne &

Cudeck, 1992; Medsker, Williams & Holahan, 1994).

Control variables. *Age* and *gender* were incorporated as control variables. Marketing

research (Garbarinoa & Strahilevitz, 2004) and literature on gender differences (Brannon, 2008)

show us that men and women may respond differently to word-of-mouth. Women tend to be

more open in interpersonal relationships and communicate more often (Brannon, 2008). This

might influence their organizational attractiveness in a different way. With respect to age, people

of different ages seem to use different channels to look for information and do it with dissimilar

frequencies (Lenhart, Purcell, Smith, & Zickuhr, 2010).

Manipulation check. At the end of our survey, we conducted a manipulation check to

verify if respondents were aware of our referral bonus characteristics manipulations and whether

they had read the scenario with sufficient attention. Respondents that did not answer the five

questions about the presence and the specific characteristics of the referral bonus correctly (*e.g.,*

"When does the organization allocate the referral bonus?", 0 = *when hired*, 1 = *after six months on the job*) were removed from the dataset (*N* = 130).

Results

Mean values, standard deviations, and correlations are presented in Table 1.

Insert Table 1 about here

Hypothesis 1 predicted that awareness of referral bonuses will negatively influence potential applicants' perceptions of referrer credibility. To test this hypothesis, we conducted a hierarchical regression analysis, with referrer credibility as the dependent variable. The control variables age and gender were entered in the first step and the independent variable awareness of referral bonus in the second step. As shown in Table 2, the awareness of a referral bonus negatively influenced applicants' perceptions of referrer credibility (β = -.12; $p < .05$), supporting Hypothesis 1.

To test Hypothesis 2, in which we predicted that perceived referrer credibility mediated the relationship of the awareness of a referral bonus with potential applicants' perceived organizational attractiveness, we assessed whether the conditions of Baron and Kenny (1986) were met. The first condition, a significant relation between the independent (referral bonus) and the dependent variable (organizational attractiveness) is met as Table 2 shows that when potential applicants knew employees received a bonus for making a referral, organizational attractiveness (β= -.16; $p < .01$) was negatively influenced. The second condition (Cf. Hypothesis 1), the relation of the independent variable (referral bonus) to the mediator (perceived referrer credibility), was also satisfied. For the third and fourth condition, we checked whether credibility

was related to organizational attractiveness while controlling for the awareness of a referral

bonus. Table 2 shows that credibility is positively related to organizational attractiveness ($\beta =$

.50; $p<.001$), while the beta weight of referral bonus decreased but remained significant ($\beta = -.10$;

$p < .05$), suggesting partial mediation.

Insert Table 2 about here

To verify this finding, we used a bootstrapping procedure to test the indirect effect of the

awareness of an employee referral bonus on organizational attractiveness through referrer

credibility (Preacher & Hayes, 2004). We computed the unstandardized indirect effect for each of

10,000 bootstrapped samples and the 95% confidence interval. Results show a significant

negative indirect effect of a referral bonus on attractiveness through referrer credibility (indirect

effect = -.14, 95% CI [-.23, -.04]).

The hypotheses regarding the employee referral bonus characteristics and their impact on

referrer credibility were tested in the same way as described above. In a first step the control

variables were added. In a second step, the timing, size, type, and recipient of the employee

referral bonus were entered as predictors.

Insert Table 3 about here

Table 3 shows that none of the referral bonus characteristics significantly affected referrer

credibility or organizational attractiveness[1]. Consequently, as at least two of the four conditions

of Baron and Kenny (1986) were not met, no mediating effect of referrer credibility on the

relation between the bonus characteristics and organizational attractiveness was found. Similarly, no significant indirect effects were found through the bootstrapping procedure. Hence, Hypotheses 3-7 were not supported.

Preliminary Discussion

Our findings suggest that providing employee referral bonuses can negatively affect potential applicants' attraction to the organization when they are aware that there is an incentive in place. Consistent with our theoretical framework and extending prior research (Van Hoye et al., 2016), we found that lower credibility perceptions partially explained this finding. Such results suggest that when applicants are aware of the promised incentive, the referring employee might be perceived as providing positive information about job openings for personal gain, which diminishes the perceptions of the referrer credibility and organizational attractiveness (Verlegh et al., 2013).

Moreover, varying the specific characteristics of the employee referral bonus such as its timing, size, type, or recipient did not make a difference regarding referrer credibility and applicants' perceived attractiveness. Results indicated that applicants' awareness of rewarded referrals had an overall negative effect that could not be undone by changing certain specific characteristics of the employee referral bonus program. Different bonus characteristics do not seem to be salient situational cues affecting potential applicants' sense-making process. As soon as a referral bonus is mentioned, no matter its form, potential applicants appeared to question the credibility of the referring employee.

To test the generalizability and robustness of our findings, we conducted a second study. Following the significant findings of Study 1, we again examine the effects of being aware of a referral bonus on potential applicants' perceptions of organizational attractiveness through

perceived referrer credibility. In addition, given the non-significant findings for bonus characteristics, we investigate another situational cue that might affect potential applicants' sense-making process by focusing on how the bonus is mentioned by the referrer (as the main reason for referring or not). Finally, in line with the multiple inference model and given the only partial mediation by referrer credibility in Study 1, we investigate potential applicants' inference of a specific referrer motive (i.e., inferred other-oriented motive) as an additional mediator of the relationship between awareness of a referral bonus and organizational attractiveness.

Study 2

In line with Study 1, we test Hypotheses 1 and 2, which state that awareness of a referral bonus relates to lower referrer credibility, which (partially) mediates the negative relationship with perceived organizational attractiveness.

In addition, in line with the multiple inference model, in Study 2, we want to investigate whether potential applicants' inference of the referrer's motives can explain part of the relationship between being aware of a referral bonus and perceived organizational attractiveness. When a referral is made, multiple motives can underlie this behavior and can consequently be inferred by the potential applicant (Reeder, et al., 2002, 2004; Van Hoye, 2013). In this study we focus on one possible inferred motive, the other-oriented motive. We define inferred other-oriented motive as the extent to which the employee is perceived as making a referral to help a friend find a job, driven by his knowledge of the job, of the organization and of his friend's profile. Other-oriented motives are proven to be the strongest predictor of referral behavior (Van Hoye, 2013). Other-oriented motives for making a referral will more often originate from someone's expertise or knowledge, in this case about the organization, job, and potential applicant, and not from the chance of personal financial gain (Verlegh et al., 2013). Based on our

theoretical framework, we expect that the awareness of a referral bonus will cause potential applicants to infer that the referrer is sharing knowledge about a job opening for self-oriented financial reasons rather than to genuinely help a friend and will relate to lower perceived organizational attractiveness (Verlegh et al., 2013).

> *H8: Potential applicants' awareness of a referral bonus will decrease inference of an other-oriented motive for making the referral.*

> *H9: Inferred other-oriented motive will mediate the effect of awareness of the referral bonus on organizational attractiveness.*

Next, we examine whether explicitly stating whether or not the bonus is the main reason for referring might serve as an additional situational cue that influences the applicant's inference making process (Reeder, 2009a; Reeder et al., 2002). In line with the multiple inference model and credibility theory, we expect that emphasizing a bonus-driven reason for making the referral will lead potential applicants to question the referrer's motives and credibility even more, as they will be more likely to think the referrer is making the referral in his or her own self-interest. We thus expect that mentioning a bonus-driven reason for referring will lead to lower inferences of an other-oriented motive and to lower perceived credibility, which in turn relate to lower organizational attractiveness perceptions.

> *H10: Explicitly stating a bonus-driven reason for referring will decrease (a) potential applicants' inference of an other-oriented motive for making the referral and (b) perceptions of referrer credibility.*

> *H11: Inferred other-oriented motive (a) and perceived referrer credibility (b) will mediate the effect of stated bonus-driven referral reason on organizational attractiveness.*

Method

      Participants. Our sample consists of Belgian students from various branches of study. Of the 212 online surveys started, 57 incomplete surveys were removed. After a manipulation check (see below), 127 valid responses remained. Of the resulting sample, 75% were women, with a mean age of 23 years (*SD* = 1.61). The majority (63%) of the respondents studied Behavioral and Social Sciences, Cultural and Legal Sciences (12%), and Medical Sciences (10%). The majority of the students were in their final year (75%) as master students (63%) or professional bachelor students (37%). Most of the students (64%)[2] indicated being actual job seekers now or in the near future and the vast majority (98%) mentioned having working experience.

      Procedure, design, and materials. For Study 2, we used an online Qualtrics questionnaire instead of a paper-and-pencil survey as a different method to increase generalizability. Students were approached through mail and online student fora. To allow for a comparison of the results, similar instructions and materials were used as in Study 1. One of four different versions of the referral e-mail was randomly assigned to the participants (see Appendix). This included two control groups and two experimental groups. The two control groups differed on whether the absence of a referral bonus was discussed (which was not the case in Study 1). A control group in which the absence of a referral bonus was explicitly stated was added in Study 2 to rule out the possibility that respondents may have presumed a referral bonus when no referral bonus was mentioned.

      The experimental conditions manipulated the *Stated Referral Reason* for providing information about the job opening as a situational cue. In both experimental conditions, the employee mentioned he would receive a bonus of €100 if the applicant were to be hired through him. In the stated bonus-driven reason condition, the employee says that the referral bonus is the

reason why he is sending the e-mail. In the stated non-bonus-driven reason condition, the employee says that the referral bonus does not matter to him.

Measures. To measure *Referrer Credibility* and *Organizational Attractiveness*, the same scales as in Study 1 were used, with an internal consistency of .96 for referrer credibility and .91 for organizational attractiveness.

We measured *Inferred Other-oriented Motive* with three items, based on Van Hoye (2013): "I think Tom sends this email because he wants to help me find a job", "I think Tom sends this email because he thinks the job description fits me", and "I think Tom sends this email because he thinks I would like working in his organization" ($\alpha = .86$). All items were rated on a five-point scale ranging from 1 = *completely disagree* to 5 = *completely agree*.

Test of measurement model. The results of a confirmatory factor analysis of a three-factor-model, corresponding to the referrer credibility, organizational attractiveness, and inferred other-oriented motive scales, showed a satisfactory fit ($\chi^2(227) = 371.77$, $p<.000$; $CFI = .92$; $RMSEA = .07$), which represented a significantly better fit than a one-factor-model ($\chi^2(230) = 845.29$; $p<.000.$; $CFI = .68$; $RMSEA = .15$; Browne & Cudeck, 1992; Medsker et al., 1994).

Control variables. Besides *age* and *gender*, *perceived labor market opportunities* and *familiarity with rewarded employee referral programs* were included in Study 2 as additional control variables, as they might relate to how referral bonuses are perceived. We measured perceived labor market opportunities with a three item-scale ($\alpha =.87$) based on the self-reported labor market demand scale of Wanberg, Hough, and Song (2002). An example of an item is: "There is little demand for the type of skills and interests I have". Items were rated on a five-point scale ranging from 1 = *completely disagree* to 5 = *completely agree*. We measured

participants' familiarity with rewarded referral programs by asking them if they had already heard of such a recruiting practice (0 = *no,* 1 = *yes*)

Manipulation check. Just like in Study 1, we only used the responses of the students that passed the manipulation test. At the end of the questionnaire, questions on the manipulations of the bonus ("Does Tom get a bonus if someone gets hired through him?", 0 = *no*, 1 = *yes*) and the stated referral reason ("Does Tom state in the e-mail that the bonus does not matter to him?", 0 = *no*, 1 = *yes,* 2 = *does not apply*) were asked. In total 28 respondents failed the manipulation test and were subsequently removed from the dataset.

Results

First, we conducted a multivariate analysis of variance (MANOVA) to test if the two control groups were significantly different in terms of organizational attractiveness, perceived referrer credibility, and inferred other-oriented motive. Results showed that there was no multivariate significant difference between the two control groups (Wilks' Lambda = .97, $F(3,53)$ =.60, p =.62). In addition, no univariate differences were observed on any of the dependent variables. Therefore, to increase statistical power, the two groups were merged into one control group ($N = 64$) and included in the analyses accordingly.

Means, standard deviations, and correlations of all variables are presented in Table 4.

Insert Table 4 about here

To test Hypotheses 1 and 8, postulating that awareness of a referral bonus would decrease potential applicants' perceptions of referrer credibility and inference of an other-oriented motive, two hierarchical regression analyses with referrer credibility and inferred other-oriented motive

as respective dependent variables were conducted. In a first step we entered the control variables gender, age, familiarity with rewarded referral programs, and perceived labor market opportunities. In a second step, the independent variable awareness of a referral bonus was added. The results in Table 5 indicate that applicants' awareness of a referral bonus was negatively related to perceptions of referrer credibility ($\beta = -.23$; $p < .05$), similar to Study 1 and further supporting Hypothesis 1. In addition, when applicants were aware of a referral bonus, they were less likely to infer an other-oriented motive for making the referral ($\beta = -.31$; $p = .001$), supporting Hypothesis 8.

Insert Table 5 about here

Hypotheses 2 and 9 proposed that inferred other-oriented motive and employee credibility would mediate the effect of awareness of the referral bonus on organizational attractiveness. Table 5 shows that after adding the control variables in the first step of the regression analysis, awareness of the referral bonus was negatively related to organizational attractiveness in the second step ($\beta = -.20$; $p < .05$). In the third step, both inferred other-oriented motive ($\beta = .40$; $p < .001$) and employee credibility ($\beta = .34$; $p < .01$) were positively related to organizational attractiveness, while the effect of the referral bonus was no longer significant, suggesting full mediation. A bootstrapping procedure (10,000 bootstrapped samples) also showed significant negative indirect effects of awareness of a referral bonus on organizational attractiveness through inferred other-oriented motive (indirect effect $= -.13$, 95% CI [-.27, -.05]) and credibility (indirect effect $= -.08$, 95% CI [-.18, -.02]; Preacher & Hayes, 2004), thus supporting both Hypotheses 2 and 9.

Based on Hypotheses 10a and 10b, we tested whether mentioning a bonus-driven reason for making the referral, as a situational cue, would decrease the inference of an other-oriented motive (a) and referrer credibility (b). We examined this assumption in the same way as Hypothesis 8. In a first step, the control variables were added and in a second step the stated referral reason variable was entered.

Insert Table 6 about here

Table 6 shows no significant effect of stated referral reason on inferred other-oriented motive or on referrer credibility, and thus Hypotheses 10a and 10b were not supported. Additionally, stated referral reason was unrelated to organizational attractiveness, and the bootstrapping procedure revealed no significant indirect effects. There was thus no support for Hypotheses 11a and 11b.

Discussion

Positive word-of-mouth has proved to be an effective recruitment source in terms of increasing organizational attractiveness (Collins & Stevens, 2002). Engaged in the "war for talent", organizations often allocate rewards for successful referral hires in order to stimulate their own employees to spread positive word-of-mouth to help them attract new employees (WorldatWork, 2014). Given the absence of research investigating and explaining the effects of these referral bonus programs on potential applicants' perceived organizational attractiveness, this study examined the effects of applicants' awareness of referral bonuses on organizational attractiveness, by integrating credibility theory and the multiple inference model.

First, across two studies, our results indicate that employee referral bonuses can indeed negatively relate to potential applicants' organizational attraction when they are aware of this incentive. In line with our theoretical reasoning based on the source credibility theory (Eisend, 2004) and the multiple inference model (Reeder, 2009a; Reeder et al., 2002) and extending prior research (Van Hoye et al., 2016), we found, in Study 1 that lower referrer credibility perceptions partially explained the negative effect on perceived organizational attractiveness. Study 2 confirmed these findings and showed that additional variance in organizational attractiveness was explained by the inference of a less other-oriented referral motive by potential applicants.

Making a referral is considered to be a social activity between two people in which the presence of an incentive is not expected (Reeder et al., 2002; Reeder, et al., 2004; Tuk et al., 2009). Providing monetary bonuses as an incentive makes people think in market terms instead of social relationship terms (Heyman & Ariely, 2004; Tuk et al., 2009) and makes the underlying motives of the referring person seem less oriented towards genuinely wanting to help people and the referrer as being less credible (Reeder, 2009a & 2009b; Reeder et al., 2004; Tuk et al., 2009; Verlegh et al., 2013).

Moreover, in both studies, we found that additional situational cues such as the specific characteristics of the employee referral bonus or explicitly stating that the referral is bonus-driven did not alter the effect of perceived referral bonuses on organizational attractiveness. The awareness of an employee referral bonus seems to trigger negative inferences and reactions from potential applicants, regardless of its specific appearance.

According to the multiple inference model, applicants can take into account not only situational cues, but also person-related factors, in order to understand what motivates someone's intentional behavior (Reeder et al., 2009a; Reeder et al., 2002). For instance, evidence from

recruitment and marketing research indicates that tie strength (Van Hoye et al., 2016; Verlegh, et al., 2013; Wirtz & Chew, 2002) and the source's experience level (Van Hoye et al., 2016) can influence how individuals respond to referrals. In our scenarios person-related cues, such as tie strength (i.e., friend) and experience level of the referrer (i.e., current employee) were kept fixed across the scenarios. Thus, future studies could study the effects of person-related characteristics of the referring sources. For instance, they could examine whether a referral (rewarded or not) by a friend (vs. acquaintance) or by an employee at a higher (vs. lower) hierarchical level would differentially affect potential applicants' inferences and perceptions. Moreover, future research could contribute to the multiple inferences model by looking at possible interactions between these situational (high vs. low bonus) and personal cues (friend vs. acquaintance).

In addition to other personal cues, and given our significant results regarding the role of inferred other-oriented motives when processing rewarded referrals, future research could measure other possible inferred motives as well. In Study 2, we focused on other-oriented motives, but different inferred motives might play a role (e.g. the person may make the referral to help his or her organization find a well-fitting new employee, or to make a positive impression on the potential applicant by promoting his employer) (Shinnar, et al., 2004; Van Hoye, 2013).

Overall, our results indicate that rewarded referrals, a common recruitment practice aimed at increasing employees' willingness to share job vacancies and recommend their employer to others (Worldatwork, 2014), can have unintended negative effects on applicant attraction when potential applicants are aware of the referral bonus. Given that prior research among employees also suggests that extrinsic rewards are not the strongest motivation for making referrals (Van Hoye, 2013), more research is needed on alternative ways to intrinsically motivate employees.

Limitations and Directions for Future Research

We note that our study has some limitations from which we can draw inspiration for future research. First, our samples of potential applicants were Belgian higher-education students. Although the majority of our student sample (89% and 64%) indicated being actual job seekers or at least planning to apply for a job, future research should look for more experienced and other types of job seekers (both familiar and not familiar with referral bonus practices) in other organizational and cultural contexts.

Additionally, despite that an experimental design allowed us to manipulate specific situational cues in order to establish causality and rule out alternate explanations (Highhouse, 2009), participants might not have processed the information as they would if it concerned a real job opportunity and there might be issues of external validity. Therefore, a field study in which real-life applicants are surveyed with a pre- and post-measurement of their organizational attractiveness and with control for applicants' familiarity with referral programs, could be used to further verify our findings.

With respect to the relationships between the mediating variables and organizational attractiveness, we cannot draw causal conclusions and there might be a risk of common method bias, despite our satisfactory CFAs. Future longitudinal research is needed to explore the causal chain between awareness of a referral bonus, applicants' inferences and perceptions of referrer credibility, and organizational attractiveness.

Finally, concerning the operationalization of the referral bonus characteristics in Study 1, only two levels were studied for each characteristic. In addition, the combination of the other characteristics with bonus size raised some issues, such as having to put a monetary value on the experiential bonus as well and dividing the bonus amount in case of two recipients. Future studies

should therefore explore other operationalizations of the investigated referral bonus characteristics as well as examine other possible characteristics, including personal cues.

Practical Implications

Our findings suggest that employee referral bonuses can have a negative impact on organizational attractiveness when potential applicants are aware of it. Moreover, this negative impact could not be undone by changing the characteristics of the referral program or the information provided by the employee. Hence, we urge employers, when considering or evaluating their bonus referral program, to not only take the effects on the organization and employees into account, but also the possible negative effects on (potential) applicants. In addition, organizations should look for other ways to motivate their employees by stimulating their other-oriented motives to make a referral (Van Hoye, 2013). This could be done by installing an ambassadorship program or by emphasizing how employees can help their network by sharing job vacancies.

Conclusion

Organizations often reward their employees with a referral bonus when they help in recommending and hiring new staff. However, referral bonus programs can decrease perceptions of organizational attractiveness as applicants may question the referrer's motives and credibility when they are aware of a referral bonus. At the very least, these results indicate that more research in this area is much needed. Future studies should investigate the consequences of employee referral bonus programs at multiple levels (including organizational outcomes, impact on employee attitudes and behavior, and the effects on applicant perceptions and decisions) and should explore more intrinsically-based alternatives to stimulate employee referrals.

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Footnotes

[1] Separate hierarchical regression analyses for each of the bonus characteristics showed no significant results either.

[2] Analyses were conducted with and without a dummy control variable that accounted for whether or not someone was a job seeker (now or soon). Because no significant changes in the results were found and in order to be more aligned with Study 1, we did not incorporate this variable in further analyses.

Appendix

Stimulus Examples Study 1 and Study 2

Below, a stimulus example is shown (translated from Dutch), reflecting the operationalization of the situational cues; referral bonus and its characteristics (in brackets) in Study 1. A Bongobon is a Belgian example of an experiential gift voucher (http://www.bongo.be). In comparison to a non-experiential gift voucher, a Bongobon is directly linked to a particular activity (e.g., trip to a museum, a restaurant, a wellness center, etc.). It is a well-known concept in Belgium, that is why we left it untranslated. The (translated) instructions were:

"Imagine finding yourself in the following situation as well as possible: You are about to graduate and you are looking for a job that suits you. You are closely following several job boards and you have let your friends and family know that you are looking for a job. When opening your inbox, you see that Tom, a friend of yours, has sent you an email regarding an open job vacancy at his employing organization. Please read this email carefully and answer the accompanying questions."
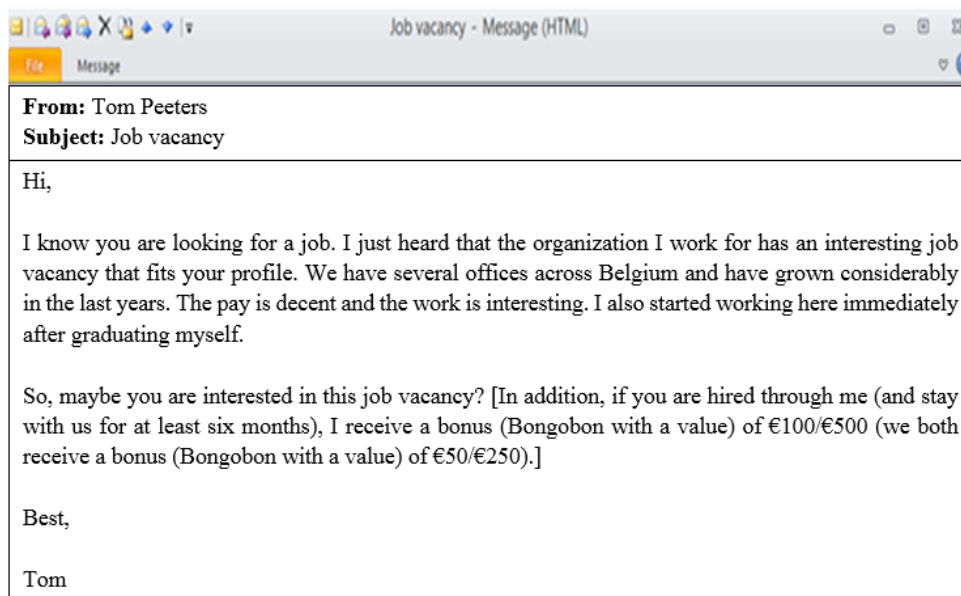
The stimulus example below (translated from Dutch) shows the operationalization of the situational cues, the referral bonus and the stated bonus-driven referral reason (in brackets) in Study 2. The instructions were the same as in Study 1.
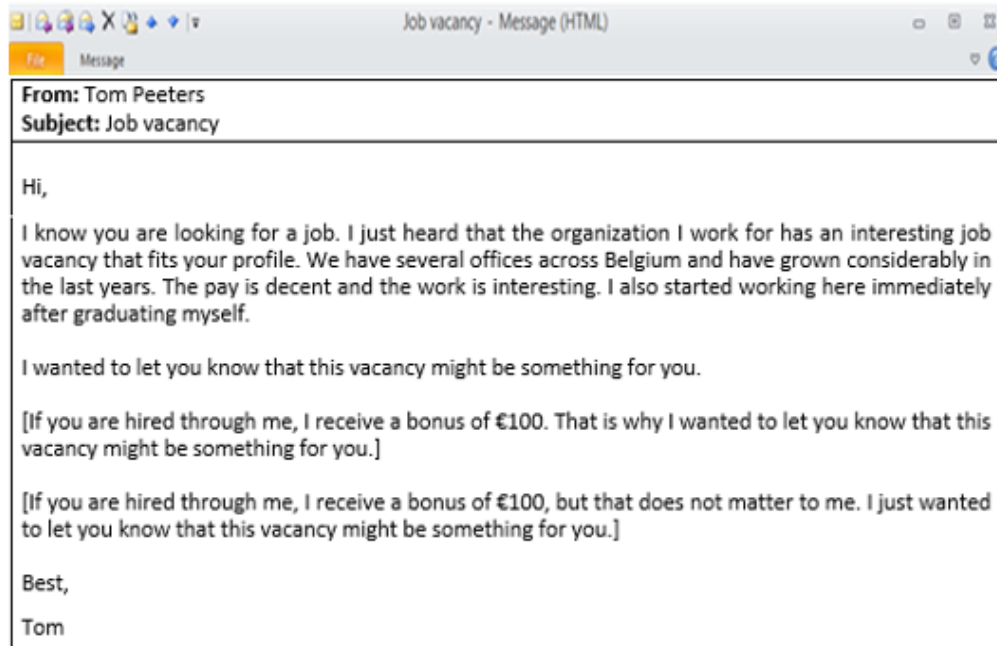
Only in the second control group, the following information was shown on the next page of the survey, clearly separated from the email:

Table 1

Mean Values, Standard Deviations, Alpha Reliabilities, and Correlations of Study 1 Variables

Variable	M	SD	1	2	3	4	5	6	7	8	9
Control variables											
1.Gender[a]	.61	.49	-								
2.Age	22.39	1.17	-.17**	-							
Independent variables[b]											
3.Referral bonus[c]	.92	.28	-.09	.07	-						
4.Timing	.47	.50	-.04	-.02	-	-					
5.Size	.49	.50	.01	-.08	-	.02	-				
6.Type	.48	.50	.05	-.01	-	-.01	.02	-			
7.Recipient	.48	.50	.01	.03	-	.05	-.02	.01	-		
Mediating variable											
8.Referrer credibility	3.28	.96	-.02	.07	-.11*	-.03	.07	.05	.03	(.97)	
Dependent variable											
9.Organizational attractiveness	3.02	.64	.05	.00	-.16**	.02	.06	.03	.01	.50*	(.93)

Note: $N = 450$.
[a] Gender was dummy coded as 0 = *Male* and 1 = *Female*.
[b] All referral bonus characteristics were dummy coded. Referral bonus: 0 = *No bonus*; 1 = *Bonus*. Timing: 0 = *After hiring*; 1 = *After 6 months*. Size: 0 = *€100* or *2*€50*; 1 = *€500* or *2*€250* (In case both the employee and the potential applicant received a bonus, the bonus was split in half instead of doubled, keeping the total size constant). Type: 0 = *Monetary bonus*, 1 = *Experiential bonus*. Recipient: 0 = *Employee*; 1 = *Both employee and potential applicant*.
[c] Correlations between referral bonus and specific referral bonus characteristics could not be calculated (indicated by – in the table), given that if no referral bonus is provided, there is also no information on its characteristics.
*$p<.05$; **$p<.01$.

Table 2

Regression Results for Awareness of Employee Referral Bonus in Study 1

Predictor	Referrer credibility		Organizational attractiveness		
	Step 1	Step 2	Step 1	Step 2	Step 3
Step 1: Control variables					
Gender[a]	-.01	-.02	.05	.04	.04
Age	.07	.07	.01	.02	-.02
Step 2: Predictors					
Referral bonus[b]		-.12*		-.16**	-.10*
Step 3: Mediating variable					
Referrer credibility					.50***
R^2	.005	.018*	.002	.028**	.265***
Adjusted R^2	.000	.012*	-.002	.021**	.259***
ΔR^2	.005	.014*	.002	.025**	.238***

Note: $N = 450$. The values presented in the table are standardized regression coefficients (β).
[a] Gender was dummy coded as 0 = *Male* and 1 = *Female*.
[b] Referral bonus was dummy coded as 0 = *No bonus* and 1 = *Bonus*.
*$p<.05$; **$p<.01$;***$p<.001$.

Table 3

Regression Results for Employee Referral Bonus Characteristics in Study 1

Predictor	Referrer credibility		Organizational attractiveness		
	Step 1	Step 2	Step 1	Step 2	Step 3
Step 1: Control variables					
Gender[a]	-.03	-.04	.04	.04	.06
Age	.08	.08	.02	.03	-.02
Step 2: Bonus characteristics[b]					
Timing		-.03		.02	.03
Size		.08		.07	.03
Type		.05		.03	.01
Recipient		.03		.01	-.01
Step 3: Mediating variable					
Referrer credibility					.50***
R^2	.008	.019	.002	.007	.256***
Adjusted R^2	.003	.004	-.003	-.007	.243***
ΔR^2	.008	.010	.002	.005	.248***

Note: $N = 413$. The N varies across the analyses because for the cases in which no referral bonus is provided ($N = 37$), no characteristics are defined either, and thus are left out of these analyses. The values presented in the table are standardized regression coefficients (β).
[a] Gender was dummy coded as 0 = *Male* and 1 = *Female*.
[b] All referral bonus characteristics were dummy coded. Timing: 0 = *After hiring*; 1 = *After 6 months*. Size: 0 = *€100* or *2*€50*; 1 = *€500* or *2*€250 (*In case both the employee and the potential applicant received a bonus, the bonus was split in two instead of doubled (*2*€50 or 2*€250))*. Bonus type: 0 = *Monetary bonus*, 1 = *Experiential bonus*. Recipient: 0 = *Employee*; 1 = *Both employee and potential applicant*.
*p<.05; **p<.01;***p<.001.

Table 4

Mean Values, Standard Deviations, Alpha Reliabilities, and Correlations of Study 2 Variables

Variable	M	SD	1	2	3	4	5	6	7	8	9
Control variables											
1.Gender[a]	.40	.49	-								
2.Age	22.76	1.61	.10	-							
3. Perceived labor market opportunities	2.59	.99	-.16	-.04	-						
4. Referral familiarity[b]	.53	.50	.13	.05	-.11	-					
Independent variables[c]											
5.Referral bonus[d]	.50	.50	-.02	.01	.10	-.15	-				
6.Stated referral reason	.56	.50	.01	-.17	-.08	-.09	-	-	-		
Mediating variables											
7. Inferred other-oriented motive	3.40	.82	-.03	.04	-.01	.10	-.31**	.08	(.86)		
8.Referrer credibility	3.49	.80	.08	-.02	-.20*	.14	-.24**	.12	.69**	(.96)	
Dependent variable											
9.Organizational attractiveness	3.26	.51	-.04	-.02	.05	-.01	-.20*	-.07	.62**	.56**	(.91)

Note: $N = 127$.

[a] Gender was dummy coded as 0 = *Male* and 1 = *Female*.

[b] Referral familiarity was dummy coded as 0 = *Not familiar with organizations with rewarded referrals* and 1 = *Familiar with organizations with rewarded referrals*.

[c] All independent variables were dummy coded. Referral bonus was dummy coded: 0 = *No bonus*; 1 = *Bonus*. Stated referral reason: 0 = *bonus-driven referral reason*; 1 = *non-bonus-driven referral reason*.

[d] Correlations between referral bonus and stated referral reason could not be calculated (indicated by – in the table), given that if no referral bonus is provided, there is also no information on how the referral reason was stated.

*p<.05; **p<.01.

Table 5

Regression Results for Awareness of Employee Referral Bonus in Study 2

Predictor	Inferred other-oriented motive		Referrer credibility		Organizational attractiveness		
	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2	Step 3
Step 1: Control variables							
Gender[a]	-.04	-.04	.04	.04	-.04	-.04	-.03
Age	.03	.03	-.05	-.05	.01	.01	.01
Perceived labor market opportunities	.01	.03	-.17	-.16	.05	.06	.10
Referral familiarity[b]	.11	.06	.14	.11	.01	-.02	-.08
Step 2: Predictors							
Referral bonus[c]		-.31**		-.23*		-.20*	.01
Step 3: Mediating variables							
Inferred other-oriented motive							.40***
Referrer credibility							.34**
R²	.013	.107**	.060	.112*	.004	.043*	.451***
Adjusted *R²*	-.021	.069**	.029	.074*	-.030	.002*	.418***
Δ*R²*	.013	.095**	.060	.051*	.004	.039*	.408***

Note: $N = 123$. The *N* varies across the analyses because of missing values of some of the cases on certain items. The values presented in the table are standardized regression coefficients (*β*).
[a] Gender was dummy coded as 0 = *Male* and 1 = *Female*.
[b] Referral familiarity was dummy coded as 0 = *Not familiar with organizations with rewarded referrals* and 1 = *Familiar with organizations with rewarded referrals*.
[c] Referral bonus was dummy coded: 0 = *No bonus*; 1 = *Bonus*.
*$p<.05$; **$p<.01$;***$p<.001$.

Table 6

Regression Results for Stated Referral Reason in Study 2

Predictor	Inferred other-oriented motive		Referrer credibility		Organizational attractiveness		
	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2	Step 3
Step 1: Control variables							
Gender[a]	-.06	-.06	.02	.02	-.13	-.13	-.10
Age	-.08	-.07	-.20	-.18	.17	.17	.25**
Perceived labor market opportunities	.02	.03	-.15	-.14	.03	.02	.05
Referral familiarity[b]	.11	.12	.13	.14	-.12	-.12	-.22*
Step 2: Predictors							
Stated referral reason[c]		.06		.07		-.03	-.09
Step 3: Mediating variable							
Inferred other-oriented motive							.51***
Referrer credibility							.29*
R²	.019	.023	.070	.074	.052	.053	.583***
Adjusted *R²*	-.050	-.064	.005	-.008	-.014	-.031	.529***
ΔR²	.019	.004	.070	.004	.052	.001	.530***

Note: *N* = 62. The *N* varies across the analyses because for the cases in which no referral bonus is provided, no bonus characteristics are defined either, and thus are left out of these analyses. The values in the table are standardized regression coefficients (*β*).
[a] Gender was dummy coded as 0 = *Male* and 1 = *Female*.
[b] Referral familiarity was dummy coded as 0 = *Not familiar with organizations with rewarded referrals* and 1 = *Familiar with organizations with rewarded referrals*.
[c] Stated referral reason was dummy coded: 0 = *bonus-driven referral reason*; 1 = *non-bonus-driven referral reason*. *p<.05; **p<.01;***p<.001.