



2026

The True Cost of a Bad Hire

**When Hiring Goes Wrong:
Understanding the Real Cost**

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When Hiring Goes Wrong: Understanding the Real Cost



The cost of a bad hire is constantly underestimated.

The cost of restarting recruitment may be obvious, but leaders often overlook the underlying factors. Work slows down before anyone calls it a problem. Managers get pulled into fixing things that shouldn't need fixing. The strongest people carry more than their share until it starts to wear them down.

Still, 74% of employers admit to hiring the wrong person for a role. Decisions get rushed, the bad things stand out in interviews, and settling feels easier than starting over. The true cost of hiring only becomes clear later, once the damage is done.

What You'll Learn:

- The hidden costs of bad hires beyond recruitment fees, including lost productivity, management time, and team morale impact
- Why 74% of employers admit hiring mistakes, and how early decisions compound into expensive problems
- How poor hires affect customer retention and why replacing good employees who leave costs even more
- Practical steps to reduce hiring risk through salary alignment, role clarity, structured selection, and effective onboarding
- Why professional recruiters deliver ROI by preventing costly mistakes rather than just filling positions

The first step in fixing that is to get clear on how expensive the wrong hire can be.

The Cost of a Bad Hire: The Direct Costs

Ask most leaders what recruiting costs are, and you'll get a sensible answer: salary, recruiter fees, interview expenses, onboarding, and equipment. Those are the numbers that get signed off, so they're the ones people remember.

Usually, it breaks down like this:

- Advertising or search fees often land at 15-25% of salary.
- Time spent interviewing, which adds up faster than most teams expect
- Onboarding and training, even for experienced hires
- Laptops, software access, and setup

On their own, those costs already matter. The average cost per hire sits at £6,125 in the UK, over \$5,000 in the US, and AU\$23,000 in Australia for non-executive roles, with senior hires climbing far higher (1.5 to 2x the employee's annual salary).

Roles also sit open for weeks. The UK averages 42 days, the US around 40 days, and Australia 40 days. During that time, work continues. It just gets redistributed. This is where the picture starts to blur. These figures suggest that hiring risk has been priced in. It hasn't.

The Hidden Expenses that Add to the True Cost of Hiring

When companies assess the basic costs of replacing a bad hire, they overlook key factors.

What doesn't get logged is what happens once the person starts. How long does it take for them to be genuinely effective? How often do managers step in to course-correct? How much quiet effort the rest of the team puts in to keep things moving.

Those costs don't appear neatly under recruitment or employee turnover, but they're where the price of a bad hire begins.

Productivity and Performance Costs

The first signs are usually small. Work takes longer to finish. Tasks need more checking. Output feels uneven.

Research from Leadership IQ found that nearly half of new hires don't succeed within their first 18 months. Many of those cases don't involve obvious incompetence. The person shows up, tries hard enough, and still doesn't quite fit.

Teams adjust without really noticing. One person double-checks the work. Someone else steps in to protect a deadline. At first, it feels manageable. Over time, that extra effort becomes routine, and the strain starts to show.

Management Time Gets Redirected

When performance isn't where it needs to be, managers do what managers are supposed to do. They step in. The problem isn't the support itself. It's the amount of attention it takes. Time that should be spent planning, developing people, or working with clients gets pulled into:

- Re-explaining basics
- Reviewing work line by line
- Fixing issues that weren't expected at this stage
- Dealing with interviews and follow-ups

That time rarely shows up anywhere. It doesn't fall under employee turnover costs, but it's one of the most expensive periods for a business.

Engagement and Morale Drops

Strong teams tend to compensate automatically. People pick up extra work to protect standards and keep things moving. At first, it feels manageable.

Over time, it changes how people feel about their role, and that's expensive. Companies with disengaged employees experience an average of 37% higher absenteeism, 18% lower productivity, and 15% lower profitability.

In big businesses, the cost is huge. S&P companies lose an average of £ 228 million annually due to disengagement and attrition.

Existing Employees Leave

When engagement drops, and work becomes more than an existing employee can handle, turnover increases. Studies show that high-performing employees are 54% more likely to leave a toxic work environment, and over 80% of decisions to leave are driven by other employees.

That's dangerous, because replacing one good person isn't a quick fix anymore. It can drag on for months, especially in specialist roles. In 2025, more than 80% of UK businesses said they were finding it hard to fill open positions, even when they were actively trying to recruit.

Customers Notice the Knock-On Effects

Internal strain eventually reaches the outside. Service becomes inconsistent. Deadlines slip. Communication gets patchy.

Studies have shown that many customers will walk away after a single poor experience. When that happens, the cost isn't just reputational. It's revenue that doesn't come back.

None of this is usually labelled as a hiring failure. It shows up as missed targets, team pressure, or frustrated clients. Yet this is where the cost of a bad hire does the most damage, long after the role was filled.

The Compounding Effect: Why One Bad Hire Leads to Another

A poor hire rarely stays contained. Over time, it changes how subsequent decisions are made.

The first shift is pressure. Work slows or needs redoing, yet deadlines stay the same. Teams stretch to cover the gap, and managers start thinking about relief rather than fit.

The next hire feels more urgent than the last.

That urgency shortens the decision window. Interviews get squeezed into busy diaries. Fewer candidates are compared properly. Small concerns are brushed aside because the role needs to be filled. That's why the likelihood of subsequent bad hires increases by 50% after the first.

All the while, turnover continues to increase as strong performers notice the imbalance, disengage, or leave . Attracting talent becomes more difficult when employees stop advocating for the business and start complaining.

This is how one wrong decision becomes several, not through neglect, but through momentum.

Getting It Right First Time: Salary, Structure, and Risk Control

When hiring works, it's simple. The person settles in, the work moves forward, and attention shifts elsewhere. When it doesn't, the reasons usually trace back to a small number of early decisions teams made.

Salary Sets the Tone Before Interviews Even Start

Pay shapes who engages with the role long before interviews begin. When salary is out of step with the market, the candidate pool changes in predictable ways.

- Strong candidates rule themselves out early
- Others accept while continuing to look elsewhere.
- Counter-offers and early exits become more likely.

Research cited by SHRM and Harvard Business Review consistently shows that replacing an employee can cost between half and twice their annual salary. Against that backdrop, underpaying is less a saving and more a risk multiplier.

Role Clarity Prevents Misalignment Later

A lot of hiring trouble starts before anyone meets a candidate. Expectations aren't fully thought through. Job descriptions focus on what the role involves, not what good actually looks like once someone's in it. That usually comes back later as:

- Disagreement about what "good" performance looks like
- Frustration on both sides during probation
- Shifting expectations once the role is underway

When success is defined early, especially in the first 90 days, there's far less chance that initial uncertainty will turn into frustration or disengagement.

Selection Needs Structure, Not Intuition

Interviews still rely heavily on judgement/judgment and instinct. That's understandable, but it carries risk when it isn't balanced with structure.

Unstructured interviews tend to:

- Reward confidence over consistency
- Miss gaps in judgement or working style
- Overlook cultural misalignment

This is why early failures are so often about fit rather than capability.

Onboarding Decides Whether Issues Stay Small

Even strong hires can falter without the right support. The first few weeks set habits that are hard to reverse. When onboarding lacks structure:

- Productivity takes longer to build
- Problems surface later, when they're harder to fix.
- Managers remain more closely involved than planned.

Taken together, salary, role clarity, selection, and onboarding form one system. When they're aligned, risk drops. When they aren't, the cost of a bad hire grows regardless of how strong the candidate looked at the interview stage.

Why Professional Recruiters Are a Strategic Investment

Most hiring issues don't come from carelessness. They come from pressure. Work needs to be done, people are stretched, and decisions are made with less information than anyone would like.

That's usually where recruiters are so helpful.

They don't promise perfect hires. What they do is remove some of the blind spots that arise when hiring is rushed or handled alongside other priorities.

One of the biggest differences is access. Many strong candidates never apply for roles. They're already employed, selective, and cautious about change. Recruiters spend time in that part of the market, which shifts the quality of conversations early on.

That tends to show up as:

- Fewer interviews with people who are curious but not committed
- Shortlists built around fit, not availability
- Candidates who've thought properly about why they'd move

Recruiters also bring market context that internal teams rarely have day-to-day. They see patterns across roles, not just in a single vacancy.

That context helps clarify:

- Whether the salary is realistic for the role and timing
- How competitive is the search really is
- Why candidates hesitate, withdraw, or say no

- They also introduce small checks that are easy to skip under pressure
- Clear role briefs before the search starts
- Consistent questions across interviews
- Early conversations when something doesn't quite add up

None of this means success, though it does reduce the likelihood of an expensive mistake. When weighed against the cost of a bad hire, that risk reduction makes recruiters worthwhile.

Opportunity Cost No One Budgets For

The real cost of a bad hire isn't only what shows up in reports. It's the work that didn't move, the people who carried more than they should have, and the decisions that were delayed while attention went elsewhere.

This is why the conversation matters. Not to assign blame, but to recognise what's really at stake. Getting hiring right protects more than budgets. It protects momentum and trust and frees leaders to focus on what comes next.

A little about Sarah Bishop and Recruit Recruit Ltd



Whether you're a sole trader hiring your first team member, a VC-backed startup needing to scale fast, or a corporate looking for top-tier C-suite talent, one thing stays true:

Your business grows when your people grow.

I help founders, CEOs and business leaders build brilliant teams through:

- **Recruitment:** finding and placing the right people for the right roles or embedding a talent team into growing businesses
- **Sales & Leadership Training:** developing high-performing teams that sell, lead and deliver
- **Speaking & EmCeeing:** energising events and conferences with insight, humour and practical takeaways
- **Coaching:** supporting leaders to grow confidently, communicate better, and build culture that sticks

Over the years, I've supported businesses at every stage, from bedroom startups to scale-ups and established firms navigating change. What they all have in common? A vision to grow and the ambition to get the right people on board to make it happen.

I bring no-nonsense advice, energy, empathy and results, whether I'm:

- Hiring a game-changing leadership role
- Training a founder-led team to sell with confidence
- Speaking on stage about team-building, fearless follow-up, or people strategy
- Coaching a business owner through their first ever hire

So, let's talk if:

- You're ready to grow and want to hire with confidence
- You need training or coaching to get more from your team (or yourself!)
- You're planning an event and want a speaker or EmCee who brings both energy and value

Drop me a message or connect - let's build something brilliant together.

Now - #1 Bestseller on Amazon -

Scale Up!: The Founders' Guide to Accelerating Growth by Building Dream Teams by Sarah Bishop

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