

More Than Half of Companies in the Top Ten World Economies Have Been Affected By a Bad Hire, According to CareerBuilder Survey

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CHICAGO, May 8, 2013 /PRNewswire/ -- A new study from CareerBuilder shows that hiring the wrong person can have serious implications for companies. More than half of employers in each of the ten largest world economies said that a bad hire (someone who turned out not to be a good fit for the job or did not perform it well) has negatively impacted their business, pointing to a significant loss in revenue or productivity or challenges with employee morale and client relations.

For example, among those reporting having had a bad hire, 27 percent of U.S. employers reported a single bad hire cost more than \$50,000. In the Eurozone, bad hires were most expensive in Germany, with 29 percent reporting costs of 50,000 euros (\$65,231) or more. In the U.K., 27 percent of companies say bad hire costs more than 50,000 British pounds. Three in ten Indian employers (29 percent) reported the average bad hire cost more than 2 million Indian rupees (\$37,150), and nearly half of surveyed employers in China (48 percent) reported costs exceeding 300,000 CNY (\$48,734).

The global survey, conducted online by Harris Interactive[©] from November 1 to November 30, 2012, included more than 6,000 hiring managers and human resource professionals in countries with the largest gross domestic product.

Percentage of Employers Reporting Bad Hires

The BRIC countries (Brazil, Russia, India and China) – markets that house the largest number of employers planning to increase the hiring of full-time employees this year – were the most likely to report being affected by a bad hire in the last year. However, the majority of employers in all top ten markets reported similar experiences.

- Russia – 88 percent
- Brazil – 87 percent
- China – 87 percent
- India – 84 percent
- U.S. – 66 percent
- Italy – 66 percent
- U.K. – 62 percent
- Japan – 59 percent
- Germany – 58 percent
- France – 53 percent

"Making a wrong decision regarding a hire can have several adverse consequences across an organization," said Matt Ferguson, CEO of CareerBuilder. "When you add up missed sales opportunities, strained client and employee relations, potential legal issues and resources to hire and train candidates, the cost can be considerable. Employers are taking longer to extend offers post-recession as they assess whether a candidate really is the best fit for the job and their company culture."

Impacts of a bad hire

The BRIC countries were generally more likely to report a variety of negative effects tied to a bad hire such

as productivity and revenue losses while U.S. ranked high in citing an impact on employee morale and cost to recruit and train another worker. European countries ranked lower in almost every category, which may in part be attributed to slower hiring in those markets.

Lost Productivity

- China – 57 percent
- Russia – 45 percent
- India – 42 percent
- Brazil – 40 percent
- U.S. – 36 percent
- Italy – 31 percent
- Japan – 28 percent
- Germany – 25 percent
- U.K. – 23 percent
- France – 15 percent

Affected Employee Morale Negatively

- China – 37 percent
- U.S. – 32 percent
- Germany – 31 percent
- Japan – 31 percent
- India – 25 percent
- Russia – 24 percent
- Brazil – 23 percent
- Italy – 23 percent
- U.K. – 22 percent
- France – 19 percent

Negative Impact on Client Relations

- China – 32 percent
- India – 25 percent
- Russia – 22 percent
- Brazil – 21 percent
- Italy – 20 percent
- U.S. – 18 percent
- Germany – 17 percent
- France – 17 percent
- U.K. – 16 percent
- Japan – 13 percent

Fewer Sales

- China – 24 percent
- India – 24 percent
- Russia – 22 percent
- Japan – 13 percent
- U.K. – 12 percent
- France – 11 percent

- Brazil – 11 percent
- U.S. – 10 percent
- Germany – 9 percent
- Italy – 9 percent

Cost to Recruit and Train Another Worker

- Brazil – 35 percent
- U.S. – 31 percent
- India – 31 percent
- China – 30 percent
- Russia – 29 percent
- Italy – 23 percent
- U.K. – 22 percent
- Germany – 15 percent
- France – 12 percent
- Japan – 11 percent

Survey Methodology

This survey was conducted online within the U.S., Brazil, China, France, Germany, India, Italy, Japan, Russia and the U.K. by Harris Interactive[©] on behalf of CareerBuilder among 400 to 2,611 hiring managers and human resource professionals (employed full-time, not self-employed, non-government) in each country between November 1 and November 30, 2012 (percentages for some questions are based on a subset, based on their responses to certain questions). With pure probability samples ranging from 400 to 2,611, one could say with a 95 percent probability that the overall results have a sampling error between +/- 4.9 and +/-1.92 percentage points. Sampling error for data from sub-samples is higher and varies.

About CareerBuilder®

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