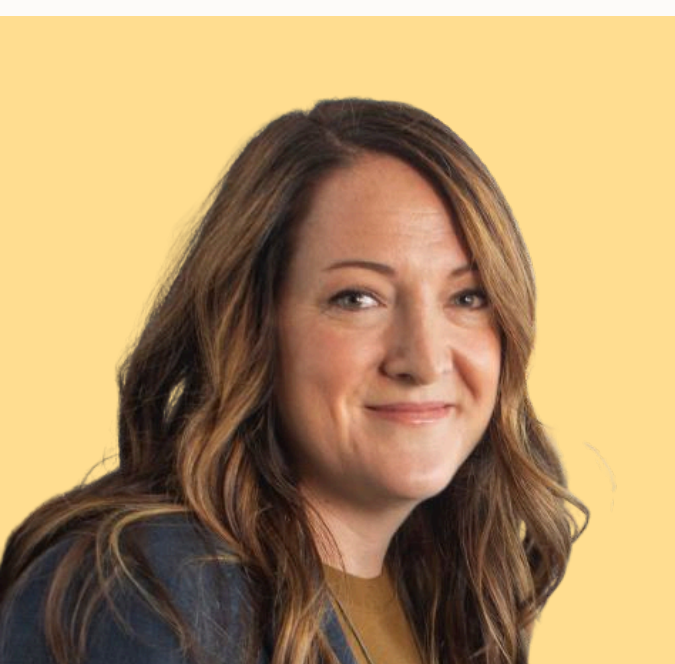


Toggl Hire Survey 2025: The Cost of a Bad Hire



Why companies make six-figure hiring mistakes—and how to stop the cycle with a skills-first approach



toggl

What’s inside?

Summary 3

ONE What is a ‘bad hire’? 4

TWO What’s the real cost of a bad hire? 6

THREE Hiring mistakes happen because teams move in the dark 12

FOUR Skills–based hiring sheds the light on candidates’ chops 14


FIVE Bad hires no more: Here’s how to fix your recruitment process 20

Toggl Hire: Smart hiring, zero guesswork 22



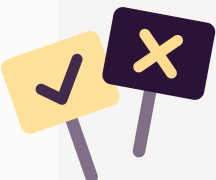
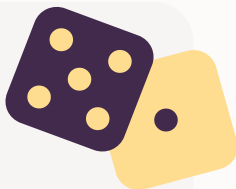
Summary

Finding great talent is like searching for a needle in a haystack—and sometimes, the haystack is on fire. The urgency to hire new talent faster and cheaper, often for brand-new roles, puts immense pressure on HR teams. And when the process breaks down, the cost of a single bad hire can burn through budgets.

 So, why do bad hiring decisions happen? And what can talent teams do to reduce the odds of making them and minimize their impact if they do?

You'll find the answers in this report.

Half of talent teams roll the dice with candidate decisions. They're unsure if their hiring process can identify the best matches.



42% struggle to verify the accuracy of resume claims, assess soft skills, and determine culture fit.


Lack of confidence in recruitment decisions inevitably leads to mistakes.

On the surface, the direct costs of a bad hire aren't that colossal.



48% waste between \$5-\$10K

29% waste between \$10K-\$20K

But recruitment-related costs like talent acquisition time, sourcing, and job promotion costs are just the tip of a much bigger "iceberg." 

The real cost of a bad hire includes rarely quantified but omnipresent **indirect costs**, adding another **\$30K-\$150K+ on top.**

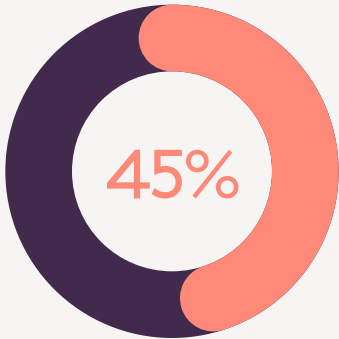
Following a bad hire...

- 60%** incur extra training costs
- 54%** see decreased team morale and performance
- 48%** struggle with higher employee turnover

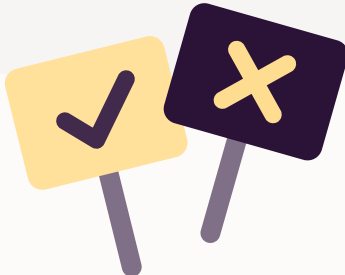


What is a ‘bad hire’?

A “bad” hire isn’t a literal menace—it’s someone who’s not fully right for your organization or the role you’ve hired them for.



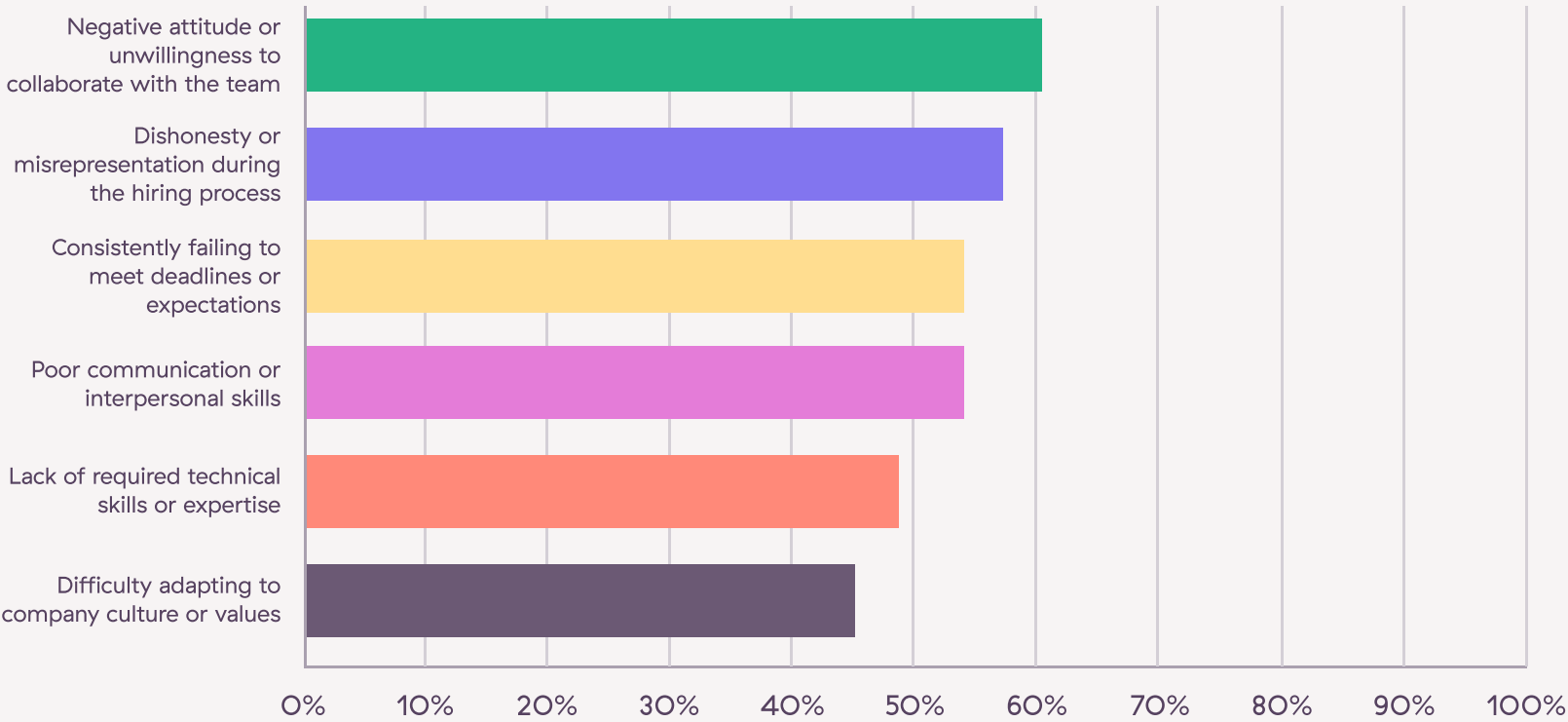
In the past 12 months, 45% of recruiters made **three or more** hiring decisions that resulted in turnover.



They brought in people who oversold their competencies during the recruiting process, didn’t vibe well with the company values, lacked solid people skills, and struggled to meet performance expectations. Eventually, they were either fired or exited voluntarily.

In your eyes, what qualifies someone as a 'bad hire?'

(Select all that apply)



ANSWER CHOICES BY RESPONDENTS	RESPONSES
Negative attitude or unwillingness to collaborate with the team	60.66%
Dishonesty or misrepresentation during the hiring process	58.20%
Consistently failing to meet deadlines or expectations	54.92%
Poor communication or interpersonal skills	54.10%
Lack of required technical skills or expertise	49.18%
Difficulty adapting to company culture or values	45.08%

Why do hiring mistakes happen?

In many cases, hiring mistakes start with the hiring managers.

| **33%** admit they **lack time** for proper screening

| **24%** don't have a good **definition of success** for the open role.

Without clarity or capacity, the wrong candidates get through.

“Companies struggle to hire great candidates due to **rushed processes, misalignment of role expectations, and ineffective screening tools**,” says Nicole Griffin, Talent Acquisition Leader at Korn Ferry. “When hiring managers and recruiters aren’t aligned, or when roles evolve faster than hiring strategies, decisions are often made based on urgency rather than fit.”

Rushed decisions like these make a big dent in companies’ coffers. “An average of 23% of companies report up to five bad hires a year. That’s **potential losses reaching close to millions of dollars**,” adds Benjamin Buckingham, Managing Director at Lumenii.

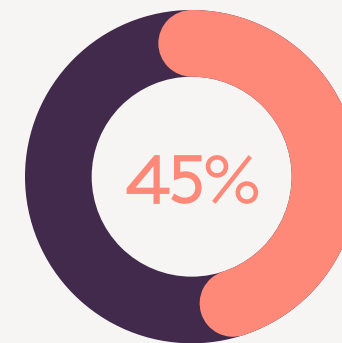




TWO

What's the *real* cost of a bad hire?

A mis-hire means you need to restart your recruitment cycle, meaning extra work for your team. Instead of filling a new role, they have to take a step back, re-post job ads, re-screen candidates, and schedule more interviews with the hiring managers, who already have their plates full of other tasks.



The majority (45%) of HRs need **two to three months to replace a bad hire**—time that obviously could be better spent.

In dollar terms, **48% of businesses spend between \$5–\$10K in direct costs**, which include hiring manager salaries to screen candidates again, time spent on interviews, job ad costs, and other miscellaneous expenses. **Another 29% spend between \$10K–\$20K.**

A bad hire can cost companies an
additional \$30K–\$150K+ in
indirect costs.

Direct costs of a bad hire

(TA salaries, job ads,
candidate screening, etc)

> 48% – \$5–\$10K

> 29% – \$10K–20K

Indirect costs of a bad hire

(Training costs, reduced productivity,
delayed projects, etc)

+ delayed projects

+ employee overtime

+ brand damage

+ culture hurt

Few people teams track the hidden costs of bad hires, but they feel the impact all the same. All respondents incurred net losses, either in the form of wasted training costs, productivity decline, or damage to company culture.

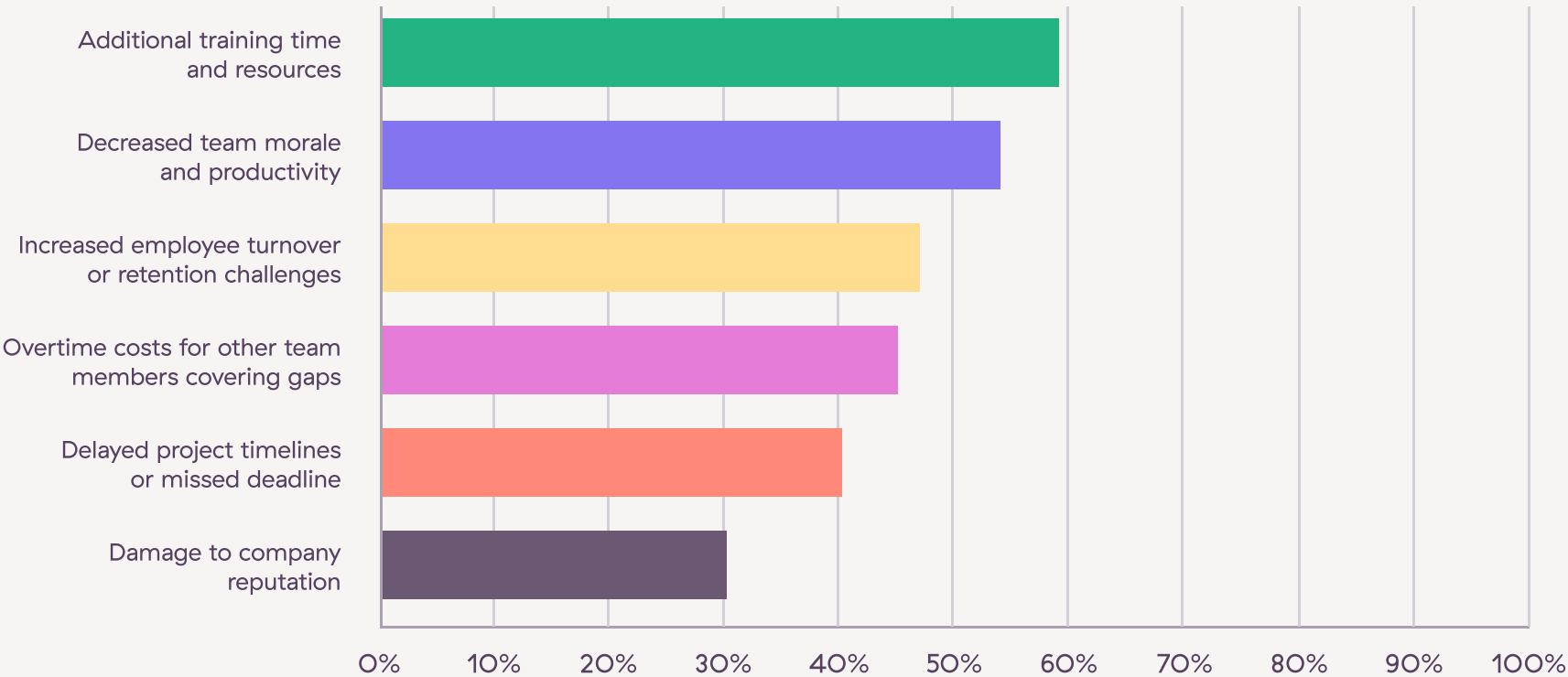
“The real cost of a bad hire goes beyond money. It drains time, morale, and productivity. **When the wrong person is hired, the team picks up the slack,** spends time retraining, and then repeats the entire process when it doesn’t work out. It’s frustrating, exhausting, and a major distraction from the work that actually moves the business forward.”

Ana Colak-Fustin
Founder of ByRecruiters.com



What indirect costs do you associate with a bad hire?

(Select all that apply)

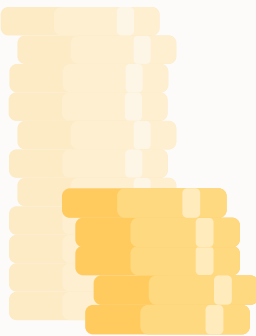


ANSWER CHOICES BY RESPONDENTS	RESPONSES
Additional training time and resources	59.84%
Decreased team morale and productivity	54.10%
Increased employee turnover or retention challenges	47.54%
Overtime costs for other team members covering gaps	45.90%
Delayed project timelines or missed deadline	40.16%
Damage to company reputation	30.33%

#1: Training costs

60% of HR experts polled associate extra training time and resources with bad hires. These include onboarding, compliance and process training, and knowledge transfer—all just to help the new hire settle in.

Training costs differ a lot depending on the role, seniority level, and industry, but they’re always present. Small US businesses' average annual training budget is \$374,207, and \$13,282,379 for large enterprises¹.



This translates to about **\$3K per employee for a small business** with 100 people and about **\$13K for an enterprise** employing over 1,000 people.

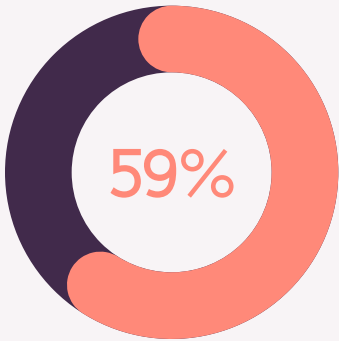


“Companies spend 2–3 months correcting a bad hiring error. That's 90 lost days of productivity and potentially another 3–6 months before a new hire can be trained to catch up,” says Peter Murphy Lewis, CMO & Author of ‘Interns to A-Players.’

¹ Training Mag. 2024 Training Industry Report. Available at <https://trainingmag.com/2024-training-industry-report/>. Retrieved, March 17th 2025

² Gallup. 8 Practical Tips for Leaders for a Better Onboarding Process. Available at <https://www.gallup.com/workplace/353096/practical-tips-leaders-better-onboarding-process.aspx>. Retrieved, March 17th 2025

#2: Productivity loss



59% of respondents say a bad hire had a moderate to **significant impact on the team's overall productivity.**

This is hardly surprising because new hires must be onboarded and trained before adding value. On average, a new employee needs 12 months to reach peak performance².



Bad hires can demoralize A-players, hurting team culture, and sowing doubts among other employees.

Over time, the wrong people in the wrong roles make your company **slower, weaker, and less competitive in the market**. Customers start noticing errors, partners become fed up with messy interactions, and top performers resent picking up the slack.

Talking of mistakes, an SME recently lost \$4.2 million after an employee added incorrect pricing labels to some of its washing machines, triggering a buying spree. Meanwhile, a bank had to do some explaining after an employee accidentally transferred \$81 trillion to a customer account instead of the intended \$280.

“

The more senior the role, the higher the chance that the damage will **extend beyond the business** and into client relationships too. ”

Benjamin Buckingham
Managing Director at Lumenii



To speed up time-to-productivity, companies spend a ton of resources on effective employee onboarding, resulting in extra costs. But even the best onboarding can't fix issues such as lack of necessary competencies or cultural compatibility. When these problems surface, they often trigger a cascade of setbacks.

Poor contribution leads to rework and overtime for others. **45% said mis-hires resulted in overtime for other team members as they covered gaps, and 40% faced project delays and missed deadlines.**

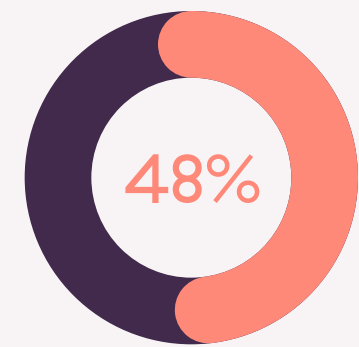
“

I've seen how bad hiring decisions can delay entire projects, **forcing companies to scramble for replacements** instead of moving forward. The longer a key role stays unfilled, the heavier the burden on the rest of the organization. ”

Julia Stalnaya
CEO at Unbench



#3: Retention



48% of respondents experienced retention challenges and **higher employee turnover** after a poor hiring decision.

Bad hires can cause a daisy-chain reaction, demoralizing A-players, hurting team culture, and sowing doubts among other employees.

An Australian study noted that the loss of key personnel erodes organizational memory and reduces social capital, leading to breakdowns in communication and coordination³. Knowledge loss following an employee exit also often **slows task completion and reduces work quality** among other staff. “Our rule of thumb: If someone leaves within a year, that’s a bad hire,” says Hayden Cohen, CEO of Hire With Near. “Once you replace them, you often trigger more turnover. The remaining team takes on extra work, morale drops, and the hiring cycle repeats itself.”

³ Emerald Insight. Measuring the impact of knowledge loss: a longitudinal study. Available at <https://www.emerald.com/insight/content/doi/10.1108/jkm-08-2016-0338/full/html>. Retrieved, March 17th 2025

THREE

Hiring mistakes happen because teams move in the dark



HR lacks effective methods for candidate assessments, with **50% lacking confidence their hiring process identifies the best candidates.**

Every job seeker knows the drill—you need to create a resume in the right format, stuff it with keywords from the job description to appease the ATS, and perhaps ask ChatGPT to write a cover letter.

As a result, most submitted resumes look the same, and those straying from the cookie-cutter template are auto-downgraded by many recruitment tools.



“

The majority of positions require flexibility, communication, and strategic thinking, yet companies **screen applicants for years of experience** instead of observing these abilities in practice.

”

Peter Murphy Lewis
CMO & Author of ‘Interns to A-Players’





Resume scans and standard interviewing techniques *don't* reveal real candidate competencies.

| 42% find it **difficult to verify** resume claims, assess soft skills, and determine cultural fit

| 37% **lack a standardized method** for verifying candidates' competency levels

| 36% have limited time and resources **to properly evaluate** each candidate

A strong emphasis on resumes and hiring based on past experiences isn't doing companies any favors. Many end up hiring people who look great on paper (if they have the right degree or required years of experience) but lack functional competencies—aka everything they need to do well in a role.

⁴ Revelio Labs. Rising Cost of Living Forces Millennials to Work Two Jobs to Get By. Available at <https://www.reveliolabs.com/news/business/rising-cost-of-living-force-millennials-to-work-two-jobs-to-get-by/>. Retrieved March 17th, 2025.

⁵ Deloitte. 2024 Gen Z and Millennial Survey. Available at <https://www.deloitte.com/global/en/issues/work/content/genz-millennialsurvey.html>. Retrieved March 17th, 2025.

⁶ Newsweek. Most Companies Say College Isn't Worth It for Their Employees. Available at <https://www.newsweek.com/college-not-worth-it-companies-say-study-1846780>. Retrieved March 17th, 2025.

“Resumes tell you what someone has done, but **not what they can do for you.”**
—Peter Murphy Lewis

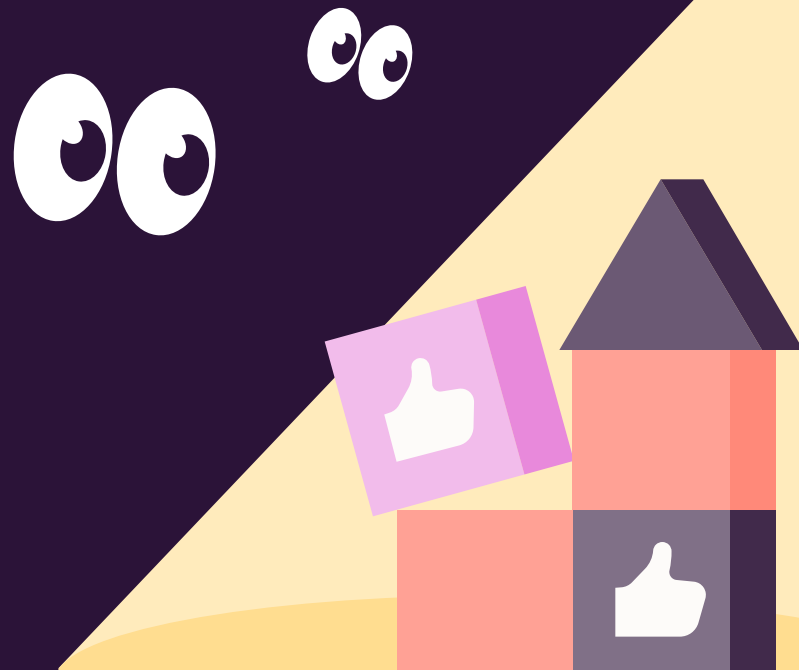
Traditional screening techniques also grow less effective as the workforce composition changes. Fewer young workers have conventional candidate profiles. **59% of millennials have a side hustle on top of a waged job⁴**, which helps them build valuable skills, but not always the official titles a standard ATS tool can pick up.

A third of Gen Z and millennial workers also opted out of higher education⁵, entering the workforce earlier and building their skill sets via alternative methods. Companies, too, are becoming disillusioned with the merit of degrees. **90% of employers believe higher educational institutions don't produce graduate students with relevant skills** that today's business community needs⁶.

“The only way to avoid the bad hiring cycle is to **move to a new approach to hiring**,” encourages Benjamin Buckingham. “In my experience, it's about changing from resume-first hiring to science-based selections.”

FOUR

Skills-based hiring sheds the light on candidates' chops



The **inability to verify candidates' skills is the main driver for bad hiring decisions**. “Skills-based hiring offers a strong alternative by focusing on real competencies rather than just resumes or degrees,” says Nicole Griffin.

“Through structured assessments, job simulations, and real-world problem-solving exercises, companies can better evaluate candidates and expand their talent pool, improving diversity and reducing bias.”



Almost half of HR teams plan to **implement skills-based hiring in the next 12 months** because they're hooked by the benefits.

Benefits of skills-based hiring



Higher quality of new hires



Lower odds of mis-hire



Stellar candidate experience



Lower cost-per-hire




Better employee retention




Improved diversity, equity & inclusion (DEI) metrics

Faster and more-predictable hiring


Skills-based hiring addresses three root causes of mis-hires:



Lack of time
(33%)



Poor role definition
(24%)



Poor candidate assessment tools (21%)

“**Hiring teams are short on time.** If a recruiter is screening 100+ applicants for a position, they don't have the resources or time to properly identify who will be successful in the long term,” says Peter Murphy Lewis.

A growing number of companies are switching to skills-based hiring because it offers **greater accuracy in matching talent to roles, reduces the time to hire, and leads to better employee retention.**



Traditional recruiting

TAs have to manually review resumes, cross-check claims, and ask for references for each candidate. Some also lack a full understanding of the candidate's skill sets, especially technical roles, meaning they have to tag hiring managers.

That's a mountain of work, given that an average job post attracts several dozens of applicants (or even thousands for remote roles).



VS

Skills-based hiring

Pre-employment testing methods like skills assessments, case studies, or open-ended homework assignments can be created once and distributed among hundreds of thousands of applicants in several clicks.

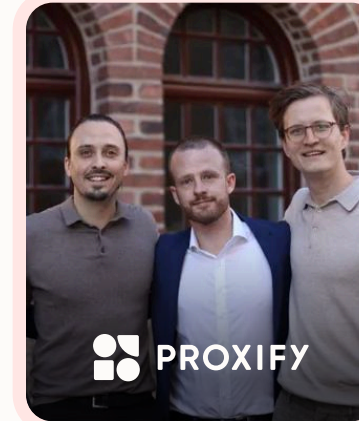
Tools like Toggl Hire offer a customizable test library, cheat-proof evaluations, and automatic grading for extra efficiency.

CONTENT EDITING

✓ LANGUAGE DATA ANALYSIS

PROGRAMMING ✓ MARKETING

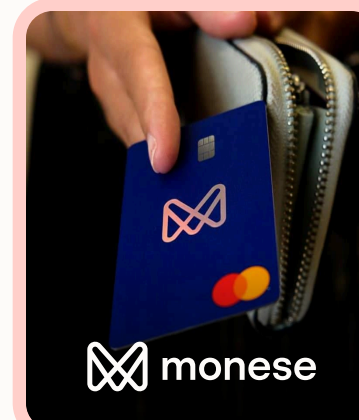
Real results



Proxify benefits from 93% predictive hiring confidence for technical roles.



Producement **saves 400+ hours** on hiring skilled remote product engineers



Monese makes **100 hires in 5 months** with an 86% reduction in time-to-hire.

Beyond speed, skills-based hiring also brings clarity and objectivity into the process.

By comparing candidates against the same internal benchmarks (aka performance on tests and assignments), you’re removing biases from the process. Each person, regardless of their background, age, or years of experience, gets a fair chance to be considered. This leads to better hires.

“
I’ve seen this in my own company—
when we standardized our interviews
and assessments, **our**
hires became stronger
fits and stayed
longer.”

Julia Stalnaya
CEO at Unbench



Skills assessments complement rather than replace resume screens or interviews

The strength of skill testing lies in its flexibility. It can add value at any stage of the recruitment process, wherever your teams need extra support in candidate selection. At Toggl, we **use skills testing as the first pre-screen method**, effectively replacing resumes. Candidates who meet the passing threshold are then reviewed by our Talent team for further assessment. Depending on the role, the next step could be either an async video introduction, an interview with someone from our TA team, or a longer open-ended homework assignment.

By using skills tests as an initial filter, we can market the role to the widest talent pool without overwhelming the hiring team. Candidates, in turn, appreciate the fast and effective assessment, plus the instant feedback they get on their application status.
4 out of 5 candidates love their experience with Toggl Hire. 🌟



Quickly pre-screen hundreds of candidates for open roles

- ✓ Simplified application experience = attract more diverse candidates
- ✓ Streamlined candidate screening = built for high-volume hiring
- ✓ Smart talent pooling = reengage pre-screened candidates for future roles

Where do skills assessments fit best in the recruitment process?



In our case, **skills assessments don't replace interviews**, either. They merely make the candidate pool more manageable, saving TAs time on scheduling and hiring managers' time on selection.

“Pre-employment testing works best alongside structured interviews, behavioral assessments, and cultural fit evaluations to ensure long-term success,” agrees Nicole Griffin, Talent Acquisition Leader at Korn Ferry.

What works for us might look different for you, and that's okay. Many companies use pre-employment testing later in the hiring process—after a resume screen, a hiring manager interview, or even during final selection to benchmark top candidates.

Skills assessments can **add value at any part of the hiring cycle**.

A sneak-peek under the hood: Breaking down Toggl's hiring process



We built a prototype of Toggl Hire after several failed (and costly) attempts to hire developers who had to be let go within several months because they lacked the necessary skills. Since 2017, Toggl Hire has powered Toggl's recruitment, and it works like a charm (so much so that we expanded it out into a full-cycle hiring software!). Here are the real numbers and process steps for a recent hire for our Revenue team. As always, we built a custom skills test in Toggl Hire to check if the applicants could do the job we were hiring for. Then:



“

Adding a skills assessment at the start allowed us to **focus on the top 5% of candidates** with the skills we knew the new hire needed to succeed in the role. The candidates who made it through to the interview stages were all very highly qualified, and Toggl Hire made it easy to immediately provide feedback to other candidates to avoid wasting their time, as we knew exactly what skills gaps we needed to fill.

The person hired for the role has onboarded seamlessly to the team and has hit the ground running, adding value from day one, which ultimately demonstrates how accurate skills testing can be when used correctly as part of the full recruitment cycle. ”

Elizabeth Thorn
Hiring Manager





FIVE

Bad hires no more: Here's how to fix your recruitment process

Hiring should be driven by data, not gut instinct. With a few quick changes to your recruitment process, you can dramatically reduce—or even eliminate—the massive costs of suboptimal hires. Here's how top people leaders recommend doing it:

Pre-Sourcing

Candidate Screening

Post-Offer

“ Define clear candidate criteria: Know exactly what skills, experience, and traits success in the role requires. This creates a shared target for everyone on the hiring team.

— Julia Stalnaya, CEO at Unbench



“ Be upfront about working conditions such as remote vs. in-person, expected hours, or role responsibilities. When new hires don't get what they signed up for, they leave fast.

— Hayden Cohen, CEO of Hire With Near





Pre-Sourcing

Candidate Screening

Post-Offer

“ Train hiring managers—not just on interviewing but also on defining job needs clearly and recognizing cognitive biases that lead to poor hiring decisions like the halo effect or similarity bias. When hiring managers learn to spot these biases and make more objective decisions, the risk of a bad hire drops significantly.

— Ana Colak-Fustin, Founder of ByRecruiters.com



“ Use structured assessments and competency-based evaluations to measure more than just role fit. We also look at learning agility—their ability to learn and grow. For us, this has almost completely mitigated hiring mistakes and led to reliably onboarding the correct candidates.

— Benjamin Buckingham, Managing Director at Lumenii



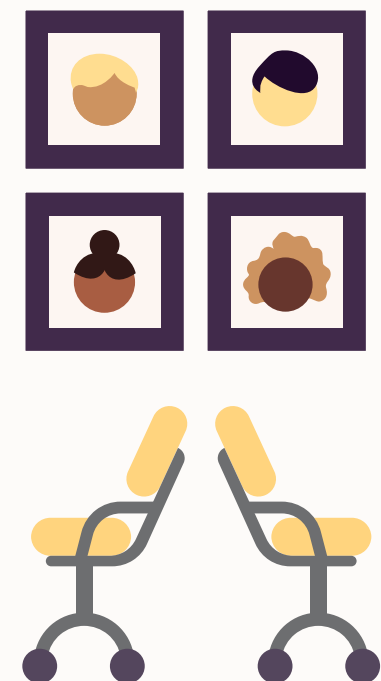
Pre-Sourcing

Candidate Screening

Post-Offer

“ Onboarding is equally important. Even great hires fail in bad systems. A structured 30–60–90 day onboarding plan makes sure employees get ramped up quickly. Assigning a mentor from day one. New hires should have a go-to person for guidance. Host daily reflection surveys to track learning progress and engagement. Offer cross-training employees outside their role, so they grow into leaders instead of staying stuck in a single skill set.

— Peter Murphy Lewis, CMO & Author of ‘Interns to A-Players’



Toggl Hire:

Smart hiring, zero guesswork

Resumes don't tell the whole story; skills do. Toggl Hire helps you create and replicate effective hiring funnels in any way you like.

Customize hiring steps while keeping all candidate insights visible and easily sortable.

Add different types of skills assessment at any stage of the funnel to ground decisions in data.

Streamline candidate communication to offer stellar experience and progressively grow your talent pool to hire the right people each time.



Skills-testing

Build skills tests and open-ended assessments from our bottomless test library of expert-made assessment questions. Move beyond resumes and verify real competencies with cheat-proof evaluations and skill-based score breakdowns.



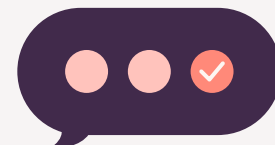
Ready-made hiring pipelines

Save time with pre-made pipelines (yours or ours) to quickly pre-screen, progress, and prioritize candidates. Use smart filters, robust search, and comment fields to collaborate with everyone involved without the usual chaos.



Robust reporting

Track every stage of the hiring cycle with actionable real-time data insights. From time-to-hire to top-performing skill sets, our reporting tools optimize your quality of hire and recruitment efficiency.



Candidate relationship management

Delight candidates with a straightforward job application experience. Use our optimized job templates to communicate the value proposition, create branded job application pages, and provide instant feedback on applications in one click.

Survey methodology

This research was conducted online in the US by a B2B audience research company on behalf of Toggl between February 24th and February 27th, 2025. Participants included 122 full-time employees who identified as working in human resources roles across the US.

Written and edited by

Elena Prokopets

Elena specializes in corporate communication for technology, consulting, and HR companies, with a focus on talent strategy and the future of work. Over the past decade, she’s supported hiring and training for remote, fractional, and full-time content teams — while doing reporting and executive ghostwriting for outlets like Forbes, Tech.Co, The Next Vweb, and more. She also leads content for a global business leader survey that informs growth strategies for executives in 150+ countries.



Rebecca Noori

Rebecca Noori is an HR tech writer and researcher with over a decade of experience crafting content about talent strategy, workplace culture, and people-first business practices. She produces thought leadership articles and original research reports for leading HR technology companies, with bylines and ghostwritten contributions featured in Forbes and Entrepreneur. As a member of the Josh Bersin Academy, Rebecca recently earned a certification in "People as a Competitive Advantage," reflecting her deep interest in how businesses can unlock growth through their people.



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