



# The Hidden Cost of a Bad Attitude

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- BUSINESS DRIVEN BY SCIENCE -

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## The Hidden Cost of a Bad Attitude

We all know that hiring the wrong person is costly.

But most people tend to think of a bad hire as one in which *job skills* are lacking. Job skills are important, of course, but they can be improved through training.

A truly wrong hire – and the costlier mistake – is when an employee lacks the right *attitude* toward work. As I've mentioned in earlier articles ([Want Exceptional Employees: Hire for Attitude](#) and [Helping Companies Hire for Attitude](#)), the successful strategy E•A•S•I-Consult has developed is to *first* hire for attitude, *then* train for skills.

So, how costly is it to hire employees without the right attitude? More than you might think.

Let's start with the most obvious costs. We reviewed a variety of sources – from textbooks covering the cost of a bad hire to publications from the U.S. Department of Labor

Statistics and Society for Human Resource Management.

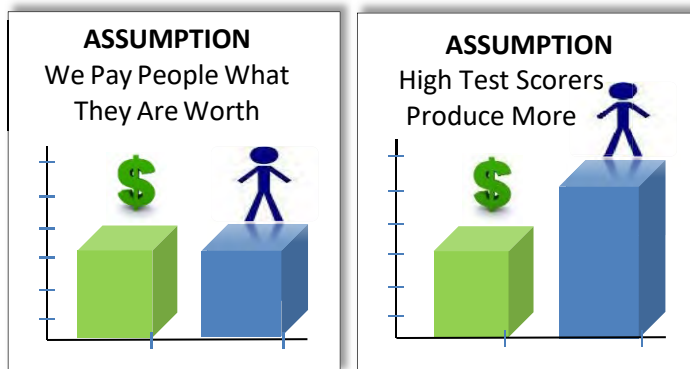
All these sources focus on the cost of recruiting, interviewing, testing, onboarding, training, etc., and rightly so. For hourly employees, estimates of losses from a bad hire vary widely – **from thousands to tens of thousands of dollars** per hire. But few of the sources we found provide a procedure for calculating the cost of productivity loss. And none isolate the cost based on the work attitude of the employee.

### A Closer Look at Cost

So, E•A•S•I-Consult conducted its own scientific study using a return on investment (ROI) approach that looked at the cost of hiring someone with a poor attitude toward work. The study was restricted to the cost of productivity loss. We looked at the average annual salary of employees in a manufacturing company and the standard deviation (difference) in performance (using supervisor ratings) between those scoring high and those scoring low on a test for work attitude. (See ROI study, [Hiring for a Stronger Workforce](#) — E•A•S•I-Consult. Also see [Work Styles Predictor®](#).)

Annual salaries of employees were used as a point of analysis based on the following logic:

- In well-run companies, an employee's productivity (the value they bring to the company) is equal to or more than the amount they are paid
- Without this, the company could not make a profit and therefore, could not continue to exist.



The study focused on the increase in productivity of those scoring high on a work attitude test. Using an estimated annual salary of \$27,000, we found an increase in productivity of \$3,100 *annually* for each hire. If this manufacturing company could improve the work attitude of 20 percent of its 500-person workforce, productivity would, in turn, increase.

The ROI would be a minimum of \$310,000 annually.

But it doesn't stop here.

We don't know the impact of one employee's negative attitude on coworkers. It's the "bad apple" syndrome, in which all companies should also be concerned.

### Bad Apples

Let's try to translate this dynamic into dollars and cents. Taking conservative estimates, assume that one person with a bad attitude toward work influences the attitude of 30 percent of the workforce, or 150 employees. Now, assume the impact is only 50 percent of the cost of productivity of the original bad hire, or \$1,550.

We can calculate the impact of a bad hire on other employees by multiplying \$1,550 X 150, which equals \$232,500. (Sorry for making you do math!) ***If your workforce is made up of 500 employees, the total annual cost of one bad hire, based on work attitude, is \$232,500 annually.***

You could call this collateral damage, damage you shouldn't – and don't – have to sustain.

## Summary

To summarize, the impact of hiring employees who lack the right attitude toward work is a cost no company should have to pay, given the screening tools available. All it takes is the right focus during the selection process.

For more than a decade, E•A•S•I-Consult has been conducting research and building objective assessment tools for the selection of employees with strong attitudes toward work. We are convinced that the ROI for focusing on work attitude, described here, is grossly underestimated.

Concern about employee attitude is not a new one for organizations. Collectively, companies have spent millions on work satisfaction and employee engagement surveys, as well as work commitment measures.

These are important, but *they occur after the fact*. Employees coming into organizations bring their attitudes with them. Yes, they are then influenced by factors, such as

management practices, pay and work environment. But starting on the right foot goes a long way toward the relationship between an employee and employer.

All organizations should develop procedures for measuring work attitude *before* an employee is hired.

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For more information on the Work Styles Predictor® see <https://www.relateucation.com/wsp>

*David Smith, PhD, is the president and CEO of E•A•S•I-Consult. E•A•S•I-Consult works with Fortune 500 companies, government agencies, and mid-sized corporations to provide customized Talent Management solutions. E•A•S•I-Consult specialties include leadership assessment, online pre-employment testing, survey research, competency modeling, leadership development, executive coaching, 360-degree feedback, online structured interviews, and EEO hiring compliance. The company is a leader in the field of providing accurate information about people through professional assessment.*

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