

WHAT DOES IT ACTUALLY COST TO HIRE A NEW EMPLOYEE?



Summary: *The HR department has to put in a lot of time to find the right candidates to interview, costing the company a lot of money to pay the department to post, sort and interview candidates.*

Hiring new employees is never fun for either party. As the HR for a company, you are responsible for posting the open position, sorting through the applications of which most do not meet the minimum requirements, and then sitting in interviews with several applicants that are not great candidates. Not only does this process take a lot of time, it takes a lot of money.

Posting a job requires a payment on most [job search engines](#), plus the time and cost for you to make the posting. The average HR person will spend over an hour taking the time to post the job on multiple sites. With the cost that some search engines charge plus the cost of your time, a company can spend anywhere from \$37 to \$450 if they want to have the job posted in more than one place.

Now that the job is posted, you need to start sorting the applications. Consider the time it will take to read 250 resumes (most job postings will receive a far greater number than that). Every minute you spend looking at a resume it is costing the company. While it is important to find the right candidates to interview, you realistically can only spend a few seconds [looking over each resume to find keywords](#). A company can expect to pay around \$500 for your time, but it all depends on the size of the company, number of open positions, and the number of applications received.

The next step will take a lot of your time again as you pre-screen applicants with a phone interview. An average phone interview will take 15 minutes, so the number of candidates that you call will greatly affect the cost for the company. You may decide to also video screen candidates, which will usually take about 15 minutes as well. Your company will usually spend \$10 per interview.

Preparing for the interviews is relatively quick and not a big cost for the company. Calling each candidate to set up a time for the interview should only take a few minutes for each phone call. The actual interviews should only last 30 minutes. If you are able to narrow your candidate field down to six, then the cost would be roughly \$75 for your time to conduct the interviews. After the interviews you will need to [check references](#) and possibly schedule a second interview.

The total cost for a company to hire one new employee is generally over \$1,500. The time the HR person has to put into hiring that one employee is over 20 hours. After a candidate is hired, the company will incur even more costs in training the new employee. This is why it is so crucial to hire the right applicant the first time.