

Press release
July 2017

Counteroffers are not working in Australia: survey

- 94% of Australian CFOs have made a counteroffer to employees in a bid to retain them.
- 66% have made a counteroffer to an employee who ended up leaving the company.
- 68% say the main reason for providing a counteroffer is to avoid hiring costs for a replacement, 60% refer to a desire to keep knowledge within the company, and 40% cite a smaller talent pool of candidates.

Sydney, 25 July 2017 – While counteroffers are common practice for Australian companies, they are generally ineffective in today’s competitive employment market. According to independent research commissioned by specialised recruiter [Robert Half](#), more than nine in 10 (94%) Australian CFOs have extended a counteroffer while 66% of the same CFOs also say that the employee ended up leaving the company.

Extending counteroffers appear to be common practice in Australian businesses with more than one-third (34%) of Australian CFOs ‘always’ making a counteroffer to their finance employees in a bid to retain them. A quarter (25%) apply this practice ‘often’ and 26% ‘sometimes’. Almost one in 10 (9%) say they ‘rarely’ make a counteroffer and merely 6% say they have ‘never’ extended one.

However, acknowledging the ineffectiveness of counteroffers, two-thirds (66%) of the business leaders who have made a counteroffer say their employee ended up leaving the company, with 37% saying the staff member left within six months, 20% saying the employee stayed for less than a year and merely 9% cite he/she stayed over a year.

David Jones, Senior Managing Director at Robert Half Asia Pacific said: *“Counteroffers are often an immediate reaction to a skilled employee resigning, however offering a purely financial incentive to remain with the company rarely works. It can be a very costly way to delay the inevitable”*

“With the war for talent and companies actively poaching top employees from competing organisations, business leaders need to proactively address their staff retention measures and not wait until one of their top performers wants to leave the organisation. It’s too late then. Managers need to check in frequently with their employees to make sure they’re challenged and satisfied with their career path, as well as regularly assess salaries to ensure compensation is fair.”

The costs related to replacing an employee, including onboarding and professional development are a key driver for 68% of CFOs who have made a counteroffer. Six in 10 (60%) cite the desire to retain knowledge within the company as one of the main reasons for making a counteroffer, while 40% point to a shortage of skilled finance professionals.

“Counteroffers set a precedent within any business, undermining trust and morale in the long term. Business leaders will send a message to staff that, unless they threaten to resign, their pay rise request won’t be considered. Some may even look around at other jobs merely to be able to renegotiate their employment terms. So while staff retention is the key driver for extending a counteroffer, it might actually have the complete opposite effect within the wider business.”

“While hiring and onboarding a new employee comes with additional costs, offering a higher salary as a counteroffer does not always translate into better performance. When employees feel they are ‘indispensable’ in a company, it is possible they have little motivation to work harder. What’s more, there is a risk they will become less efficient, gradually becoming a strain on the company at hand.”

“If companies are confronted with the sudden departure of a skilled staff member, the use of interim managers and temporary employees is a way to ensure business continuity until a permanent replacement is found,” concluded **David Jones**.

Australian CFOs were asked: “What are the main reasons for making a counteroffer?”

Additional costs related to the hiring, onboarding and professional development process	68%
Desire to keep knowledge within the company	60%
Smaller talent pool of skilled finance professionals	40%
Employee fits in well with the company and team	31%
Employee turnover negatively affects team morale	15%
Cost to replace a specific skillset would be too high	7%

Source: Independent survey commissioned by Robert Half among 151 Australian CFOs – multiple answers allowed.

##

Notes to editors

About the research

The annual study is developed by Robert Half and was conducted in January 2017 by an independent research firm, surveying 160 Chief Financial Officers (CFOs) and Finance Directors in Australia. This survey is part of the international workplace survey, a questionnaire about job trends, talent management and trends in the workplace.

About Robert Half

Robert Half is the world’s first and largest specialised recruitment consultancy and member of the S&P 500. Founded in 1948, the company has over 325 offices worldwide providing temporary, interim and permanent recruitment solutions for accounting and finance, financial services, technology, and administrative professionals. Robert Half Australia has offices in Brisbane, Melbourne, Mount Waverley, Perth and Sydney. More information on roberthalf.com.au.

Follow Robert Half Australia



Read related articles on our [Robert Half’s work life blog](#)





[5 reasons why you should never accept a counteroffer](#)

So you've applied for a new role, impressed the prospective employer in an interview enough to receive a job offer and now you have received a counteroffer from your current employer. Your employer's move creates something of a dilemma, particularly as the counteroffer is attractive. Do you stick to your guns and reject the counteroffer or stay where you are? Read more here.



[5 ways to destroy a corporate reputation in under 5 minutes](#)

To quote the famous American investor Warren Buffett, "It takes 20 years to build a reputation and five minutes to ruin it." As an employee, your public persona can reflect not just on you, but also on the company you work for. Protect both you and your employer's corporate reputation by avoiding these reputation-busters that could ruin your company's brand in under five minutes. Read more here.

For more information

Gabrielle Nagy
Public Relations Manager, Robert Half Asia Pacific
gabrielle.nagy@roberthalf.com.au
02 8028 7751

Courtney Howe
Citadel-MAGNUS
chowe@citadelmagnus.com
02 8234 0111