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Counteroffers Are Often Counter-Productive for Organizations

Organizations are finding out the hard way that money doesn't solve all problems.

Offering more money is a common method for retaining employees who express a desire to leave for a better opportunity. A survey by Robert Half found that this might be ill-advised, as it is only a stop-gap strategy and isn't a long-term career solution for employees.



The findings show staff members who accept counteroffers typically end up leaving the organization in less than two years anyway. 58% of the 5,500 senior managers surveyed across a variety of professional fields said they have extended counteroffers to employees to keep them from leaving for another job.

Those employees who accepted counteroffers stayed with the organization a mean of 1.7 years, according to the survey. The primary reasons leaders said they extend counteroffers are to prevent the loss of an employee's institutional knowledge and avoid spending time and money hiring a replacement.

"Counteroffers are typically a knee-jerk reaction to broader staffing issues," said Paul McDonald, senior executive director for Robert Half. "While they may seem like a quick fix for employers, the solution is often temporary. When employees accept a counteroffer, they will likely quit soon afterward."

McDonald added that even when employees stay because of a counteroffer, there is a degree of mistrust between the two parties because of perceived disloyalty to the organization. And, perhaps more importantly, the root cause of why that employee was planning on leaving in the first place may still exist.

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