

Press release
July 2017

Counteroffers prove ineffective for long term staff retention: survey

- 89% of New Zealand CFOs have made a counteroffer to employees in a bid to retain them.
- 64% have made a counteroffer to an employee who ended up leaving the company.
- 58% say the main reason for providing a counteroffer is to avoid hiring costs for a replacement, 58% refer to a desire to keep knowledge within the company, and 35% cite the employee fitting in well with the company and team.

Auckland, 25 July 2017 – Counteroffers are proving to be ineffective in retaining employees for the long-term despite being common practice for many New Zealand companies. According to independent research commissioned by specialised recruiter [Robert Half](#), more than eight in 10 (89%) New Zealand CFOs have extended a counteroffer while 64% of the same CFOs also say that the employee ended up leaving the company.

Extending counteroffers appear to be common practice in New Zealand businesses as more than one in five (23%) of New Zealand CFOs respectively ‘always’ or ‘often’ make a counteroffer to their finance employees in a bid to retain them. More than one in three (35%) apply this practice ‘sometimes’, less than one in 10 (8%) say they ‘rarely’ make a counteroffer, while 11% say they have ‘never’ extended one.

However, showcasing the ineffectiveness of counteroffers, almost two-thirds (64%) of the business leaders who have made a counteroffer say their employee ended up leaving the company, with 23% saying the staff member left within six months, 27% saying the employee stayed for less than a year and merely 14% cite he/she stayed over a year.

Megan Alexander, General Manager of Robert Half Australia said: *“The reasons why people resign from companies often go far beyond salary. For an employer to offer a higher salary as an incentive to stay with the company often just delays the inevitable. Counteroffers rarely prove to be a long-term solution for staff retention.”*

“Many times an employer will instinctively react to an employee resigning with a counteroffer, thinking that the additional cost in hiring a replacement will be significantly more than the cost of offering a higher salary. Oftentimes, the most cost-efficient solution is to start the hiring process straight away.”

The costs related to replacing an employee, including onboarding and professional development are a key driver for 58% of CFOs who have made a counteroffer. Another 58% cite the desire to retain knowledge within the company as one of the main reasons for making a counteroffer, while 35% refer to cultural fit as the employee fits in well with the company and team.

“High turnover is a costly issue for many companies. Regularly reviewing salary levels to make sure they’re in line with industry standards can help companies ensure they’re paying their staff competitively. However, businesses need to look beyond purely financial incentives for an effective staff retention plan. A strong company culture and positive working environment are key methods to avoid staff turnover, as well as offering workplace flexibility such as the option to work from home,” concluded **Megan Alexander**.

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

Additional costs related to the hiring, onboarding and professional development process	58%
Desire to keep knowledge within the company	58%
Employee fits in well with the company and team	35%
Smaller talent pool of skilled finance professionals	26%
Employee turnover negatively affects team morale	21%
Cost to replace a specific skillset would be too high	6%

Source: Independent survey commissioned by Robert Half among 89 New Zealand 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 100 Chief Financial Officers (CFOs) and Finance Directors in New Zealand. 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, finance and technology in New Zealand. More information on roberthalf.co.nz.

Follow Robert Half ANZ**For more information**

Gabrielle Nagy

Public Relations Manager Robert Half Asia Pacific

gabrielle.nagy@roberthalf.com.au

+61 2 8028 7751