

Press release
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Counteroffers prove to be ineffective in retaining employees: survey

- 95% of Hong Kong CFOs have made a counteroffer to employees in a bid to retain them.
- 69% have made a counteroffer to an employee who ended up leaving the company.
- The main reasons for making a counteroffer are the desire to keep knowledge within the company (60%), additional costs related to hiring (59%) and the employee fitting in well with the company and team (51%).

Hong Kong, 11 July 2017 – Despite today’s competitive employment market, counteroffers are proving to be ineffective in averting top employees from resigning. According to independent research commissioned by specialised recruiter [Robert Half](#), the overall majority (95%) of Hong Kong CFOs have extended counteroffers and 69% of the same CFOs say that the employee still ended up leaving the company despite having accepted the offer.

Extending counteroffers seems to be common practice in Hong Kong businesses as more than one in three (31%) apply this practice ‘often’, more than half (51%) ‘sometimes’ and 6% ‘always’. Less than one in 10 (7%) say they ‘rarely’ make a counteroffer and merely 5% say they have ‘never’ extended one.

However, this technique is proving to be ineffective as almost seven in 10 (69%) business leaders who made a counteroffer indicate the employee ended up leaving the company, with 25% saying the staff member stayed less than a year, 39% saying the employee stayed for over a year and 5% saying the employee left the company within six months.

Adam Johnston, Managing Director at Robert Half Hong Kong said: *“Even though extending a counteroffer can be a common reaction to a star employee resigning, offering a financial incentive to remain with the company is likely just delaying the inevitable. Even for those who can be convinced to stay in the short-term, often the employee will not choose to remain with the company in the long-term, making counteroffers ineffective and redundant. Employers would be better placed to withhold a counteroffer and immediately start the hiring process to replace them.”*

The desire to keep company information confidential is the main driver for 60% of CFOs who have made a counteroffer, and more than half (59%) point to the additional costs related to the hiring, onboarding and professional development process. Just over half (51%) refer to cultural fit as the employee fits in well with the company and team.

“Counteroffers can set a negative precedent for employers as it creates the impression staff members need to threaten to resign in order to receive a pay rise, undermining staff morale as well as creating rumours of favouritism. Other staff members might also feel encouraged to look for other opportunities merely to be able to renegotiate their employment terms, so extending a counteroffer to retain employees within the company might actually have the complete opposite effect within the wider business, highlighting the ineffectiveness of counteroffers.”

“Counteroffers can also be viewed as too little too late. To avoid this situation, Hong Kong employers need to be proactive when it comes to staff retention. Discussing individual motivators and acting upon them, recognising employees as well as regularly reviewing salaries are key elements to avoid high staff turnover and retain staff members in the long term ,” concluded **Adam Johnston**.

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

Desire to keep knowledge within the company	60%
Additional costs related to the hiring, onboarding and professional development process	59%
Employee fits in well with the company and team	51%
Employee turnover negatively affects team morale	28%
Smaller talent pool of skilled finance professionals	19%
Cost to replace a specific skillset would be too high	8%

Source: Independent survey commissioned by Robert Half among 95 Hong Kong CFOs – multiple answers allowed.

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Notes for the editor

About the research

The annual study is developed by Robert Half and conducted in January 2017 by an independent research firm, surveying 100 Chief Financial Officers (CFO) and finance directors in Hong Kong. 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. Founded in 1948, the company has over 325 offices worldwide providing interim management, temporary and permanent recruitment solutions for accounting and finance, financial services and technology professionals in Hong Kong. More information on roberthalf.com.hk.

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