

Are Counter Offers Worth It For An Employer?

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For those who haven't had the pleasure of experiencing a counter offer, it is one of the most common scenarios played out today to keep an existing employee from leaving for a new employer. Counter offers come in all shapes and sizes - ranging from offers of more money to title promotions, to leased cars and other benefits.

The idea is basic: companies entice departing employees by offering ups and extras. They often tempt the individual with an offer of a promotion, or prey upon their insecurity (ex. fear of the unknown, feelings of guilt, etc.) by making a more emotional appeal. The conversation can open with anything from, "How much will it take to get you to stay?" to "We haven't given you the recognition you deserve, please give us another chance." The present employer will then come up with promises that are seemingly lined with gold. Are they? And furthermore, should employers use them?

In a survey done by the Wall Street Journal, over 50 percent of individuals receiving counter-offers after turning in their resignations accepted them. Within eighteen months, 93 percent of those accepting counter offers had left, some voluntarily and some fired. All of the remaining 7 percent were actively seeking new employment. All in all, the reasons the employee had for searching for new employment in the first place do not go away just because they received more money or a promotion.

Given these alarming statistics, many companies have policies against making counter offers. A national survey recently conducted by The HR Team, Inc. of human resources executives (at companies with more than 50 employees) found that less than 20 percent of respondents even make counter offers. For the minority that does make counter offers, the criteria is dependent upon: the employee's contribution to the company, the value of the employee, the skills of the employee, the position, and the employee's previous performance.

The HR Team survey also found that less than 5 percent of the HR professionals surveyed even keep statistics on counter offers. For those that do, the counter offers are geared toward specialty jobs that would be difficult to fill.

Even when counter offers are successful in keeping the employee at your company, it is not necessarily for the best. For example, when it is time to deal with promotions, an employer has to decide whether they are comfortable giving more responsibility to an employee who has once expressed a desire to leave. Also, whatever caused the employee to start looking for another job in the first place will probably not disappear forever.

So, the next time an employee gives you their resignation and you're tempted to make a counter offer, think twice. Can that employees issues really be addressed with money or perks?