



Counteroffers | 2021

Congratulations, you've received an employment offer. Now that you've 'communicated' your resignation, your current firm/company is fighting for you and offering you more money (\$\$). Should you stay or should you keep moving forward in your career?

Deciding whether or not to accept a counteroffer can be difficult and there are many factors to consider. Your choice is likely to have a significant impact on your career, so it shouldn't be taken lightly.

Why do companies make counteroffers?

Has your current firm/company made a counteroffer because they're worried about losing a valuable staff member or for other reasons? Employers may also offer counteroffers because recruiting a senior level employee is expensive. It can cost as much as 213% of a senior executive's salary to find a replacement. For an employee making \$85,000, this could amount to \$181,000 when you factor in a drop in productivity and recruitment and training expenses.

So, it's not surprising that nearly 50% of employers offer a counteroffer when an employee elects to resign. Counteroffers are even more common in candidate-driven markets like construction and IT, where a skills shortage makes it very difficult to find and recruit a new employee.

Why You Might Accept a Counteroffer

Close to 50% of employees accept counteroffers. At the time, it can seem like the right decision as you won't have to master the working methods of another firm/company or build relationships with new colleagues. You already know your current firm/company and how to do your job. The extra money doesn't sound bad and certainly, it'll be easier to stay.

However, 80% of employees that accept a counteroffer leave within six (6) months and 90% within a year. Proving that money isn't always enough to overcome the problems that made you want to look for a new job in the first place.

Why You Shouldn't Accept a Counteroffer

Unfortunately, there are more reasons to turn down, rather than accept, a counteroffer.

Your Happiness

Only 12% of employees resign due to money. So, chances are you're looking for a new job for other reasons and these reasons don't simply go away with a higher salary. Why did you want to leave in the first place? You need to carefully think about your original motivations and whether the increase in pay compensates enough to make you happy staying at your current company.

Damaged Employer Relationships

Accepting a counteroffer is likely to damage your relationship with your current employer. After all, you've just told them you were leaving and are now only staying because they offered you more money. This might cause them to question your loyalty and whether you'll resign the second you receive a better offer.

Most employees that accept a counteroffer often end up feeling "pushed out" of their current organization. And, sometimes, companies go as far as to create a contingency plan and start looking for someone to fill your position before you can find a better offer.

Will Things Really Change?

You probably started to look for a new job because you felt underappreciated and restricted. Maybe you were passed over for a promotion, or simply weren't given the opportunities to progress. At some point, you probably voiced these concerns to your employer, but they weren't effectively addressed. It's likely that these issues will continue after you accept the counteroffer and will eventually cause you to resign -- this time for good.

Are You Now Expendable?

Our case studies show that after accepting a counteroffer, your job security drastically decreases. If your company needs to make redundancies, you'll probably be at the top of the list. After all, you already expressed a desire to leave and aren't as loyal or committed to the firm/company as other employees. Even worse, your current employer may have only given you a counteroffer to buy them time to find a new employee to replace you.

The Value of New Opportunities

As commonly said, "there's no reward in life without risk". This saying certainly applies to whether or not to accept a counteroffer. Turning down a counteroffer and moving onto a new firm/company could take your career to the next level. Your new firm/company might offer better career development opportunities or, at very least offer you a chance to tackle a new challenge and reach a new personal best.

Making a Final Decision

Deciding whether or not to accept a counteroffer can be challenging. It's important to think about each of the previously discussed points and make a list of pros and cons. You may find that you need more information about your potential new employer. In this case, it's often best to speak to your recruiter, so you have all the facts you need to make the best choice for your personal and professional growth.