

Employers are turning to counteroffers to retain key staff, according to latest CIPD Labour Market Outlook

2 years ago



New research from the CIPD suggests that employers are turning to counteroffers to retain key staff as skills shortages persist.

According to the latest [CIPD Labour Market Outlook report](#), 40% of UK employers have made a counteroffer in the past 12 months. Of those that had made a counteroffer, 38% matched the salary of the new job offer, and 40% offered even higher sums. Counteroffers are most prevalent in London (58% of London-based employers in the last 12 months) making it the 'counteroffer capital' of the UK.

The CIPD is urging employers to have a clear process for considering counteroffers, as part of a fair and transparent reward and recognition strategy that looks beyond pay. These strategies should consider the broader employer offering, for example flexible working and other benefits.

Key findings from the survey of 2,000 UK employers include:

- Of those employers that are using counteroffers as part of their retention strategy, more than half (51%) have increased the level of counteroffers they have given over the last 12 months.
- A quarter (25%) of employers who have used counteroffers previously anticipate the need to offer even more in the next 12 months, with only 8% anticipate offering fewer.
- Nearly half (45%) of employers believe counteroffers are effective in retaining employees for 12 months or more, compared to three in ten (29%) of employers who believe it is ineffective.
- Just one in five (22%) employers that make counteroffers have a formal policy regarding them.

Jon Boys, Senior Labour Market Economist, CIPD, said: “While pay is often the most typical focus of a counteroffer, there are other things employers should consider in making roles more attractive, such as flexible working, additional paid holiday, opportunities for career development, or better pension contributions.”

Other findings on pay, vacancies and hiring:

- Public sector pay expectations have risen from 3.3% to 4% this quarter – the highest reported since the CIPD’s time series began in 2012.
- A key driver for pay increases for many employers was the increase to the National Minimum Wage and National Living Wage – one in five (18%) employers believe it has impacted their wage bill to a large extent.
- 44% of employers have hard-to-fill vacancies, rising to half (50%) of public sector employers.
- In the last six months, 44% of employers have raised wages and 35% have increased the duties of existing staff.
- Almost three-quarters (73%) of employers plan to recruit in the next three months, with recruitment intentions remaining highest in the public sector (83%), followed by the voluntary sector (76%) and the private sector (70%).
- Overall, 19% of employers are planning to make redundancies in the three months to September 2023.