

Benefits Insights

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Flexible Benefits and Counteroffers

Hiring and retaining key talent is a pressing issue for most organizations. As employers consider how to attract and retain the necessary talent to succeed in the modern marketplace, flexible benefits are a consideration for organizations to meet the evolving needs of the employment market.

Counteroffers can apply to both existing employees who are negotiating their total rewards, and job offers made during the hiring process. The ability to offer flexible benefits can be used as a tool to meet the needs of employees—and can be leveraged as an attractive offering for both current and prospective employees.

What Employees Are Looking For

Paychex conducted a study of over 1,000 employees and found that 64% had attempted benefits-specific negotiations with an employer—with over 58% reporting an employer's openness to negotiating benefits was important to them. Results also showed that benefits negotiations take place both during the hiring process, and with existing employees who are seeking expanded benefits. In the survey, the most requested benefits included:

- Flexible work hours
- Flexible time off
- 401(k) match or contribution

The result of negotiations impacted employment choices, as 17% of employees reported leaving an organization after unsuccessfully negotiating benefits, with 48% saying that they were “likely” to search for a new job. While increased compensation is often a component of counteroffers—expanded benefits are a common request. Employees have unique needs, and counteroffers can include varying benefits.

Common requests include flexible work options, 401(k) contributions and increased sick leave, vacation time or paid time off (PTO). However, benefits that are requested can range from subsidized insurance premiums to programs such as tuition reimbursement and more.

Notably, not all employees care about the same benefits equally—leading to why counteroffers can be useful options for employers. Employers understand the cost of a competitive benefits package, and may be able to meet the needs of employees by offering flexibility. If your organization is considering engaging in counteroffers involving flexible benefits, you may find that some current or prospective employees won't be intrigued by expanded benefits, but rather compensation—or are concerned about their current career path. The ability to engage in counteroffers allows employers flexibility to meet the varying needs of employees—many of whom value specific benefits.

Engaging in Counteroffers

On the employer side, many organizations are open to counteroffers, though some are hesitant to open up the door to flexible benefits. While many organizations don't have a formal counteroffer process, managers are often willing to negotiate benefits. In fact, the survey conducted by Paychex found that over 83% of managers were open to engaging in counteroffers. Employers may be more likely to consider counteroffers during tighter employment markets—when it can be challenging to both attain and retain the necessary talent for an organization to succeed.



The appropriate actions for offering flexible benefits will vary by organization. When considering flexible benefits, tips for employers include:

- **Establish a formal approach to counteroffers**—As your organization determines the feasibility of counteroffers in your workplace, established guidelines can ensure that negotiations are in alignment with organizational goals, and help balance employee needs with financial and administrative realities.
- **Address the root cause**—If many employees or prospective recruits are negotiating in regard to the same type of benefit, this may be a sign that your organization should review whether current benefits offerings are addressing the current needs of the workforce. When engaging in negotiations, consider whether opportunities such as career development or improved workplace flexibility may help attract and retain key talent.
- **Evaluate the business need for a counteroffer**—Decisions regarding counteroffers often lie within management and aren't always easy to make. Managers should consider whether a counteroffer will help improve your organization—and a counteroffer won't always be the solution.

Remember, counteroffers aren't one-size-fits-all solutions, and employers should be careful when going to great lengths to keep one employee. A survey by Robert Half International found that those who accept counteroffers stay with an organization less than two years on average. While counteroffers are often effective, employers should be wary when frequently engaging in negotiations. When creating a plan, consider whether there are any root issues or challenges that are a common theme in hiring and retaining key talent.

Leveraging Flexible Benefits

Employers can consider whether counteroffers are appropriate options for their organization and, if so, whether benefits are open for negotiation. The appropriate offerings will vary by employer, so consider what steps are best for your business. As the current employment market evaluates available opportunities, expect expanded benefits to be highly valued.

For assistance with benefits or compensation, contact Insure NW for additional resources.