

2023/2024 CLINICAL RESEARCH ORGANIZATION INSIGHTS REPORT

CRA Turnover Is Down-Ticking. Is It Time To Evaluate Workforce Effectiveness?





Introduction

Over the years, clinical research organizations (CROs) have struggled to determine how to attract and retain talent, especially for clinical research associate (CRA) roles. That struggle worsened during the Great Resignation, which peaked in 2022 with unheard-of turnover levels, as reported in BDO's pulse survey¹ conducted in September 2022. The Great Resignation caused companies to dig deep to find ways to encourage employees to stay. Now, turnover is coming down to historical levels, and employees are leaving companies more slowly compared to turnover levels in 2021 and 2022.

Though CRA turnover levels remain high, we are seeing a slow downward tick. Now is a good time for CROs to evaluate whether their existing CRA population has the right skills to meet business objectives and help contribute to company performance. CROs are challenged to forecast the skill sets needed to achieve continued future success and ensure that these skills reside in-house.

BDO's 2023/2024 Clinical Research Organization Insights Report is a selection of high-level insights from the recently published [2023 BDO CRO Industry Global Compensation & Turnover Survey](#). This summary report provides clinical research organizations with a unique source of comprehensive data on the global marketplace, including compensation levels, plan design, and employee turnover. The survey results are data-driven inputs for use in the development of competitive strategies to recruit and retain top talent. To get the full depth and breadth of analyses, [participate in our annual survey](#).

¹ 2022 Turnover in U.S. Clinical Monitoring CRA Roles Pulse Survey, reporting period: October 1, 2021 – September 30, 2022.

Turnover, Time To Fill, and Cost To Hire Are on the Decline

Turnover is a costly challenge for CROs, especially as it pertains to clinical monitoring - CRA roles. Globally, CRA turnover has been persistently high for many years, and though we have seen a downward trend over this past year, it is still high.

- ▶ In the U.S., total turnover for clinical monitoring roles decreased from 28% in 2021 to 26% in 2022, after remaining flat at 24% for 2019 and 2020 (see figure 1).
- ▶ A recent pulse survey² on turnover for CRA roles in the U.S. found that the average total turnover was nearly 22%, illustrating further decline in attrition.
- ▶ Outside of the U.S., CRA turnover declined from 29% in 2021 to 22% in 2022, inching towards pre-pandemic levels seen in 2019 (see figure 2).

FIGURE 1: AVERAGE TOTAL TURNOVER FOR U.S. CLINICAL MONITORING ROLES³

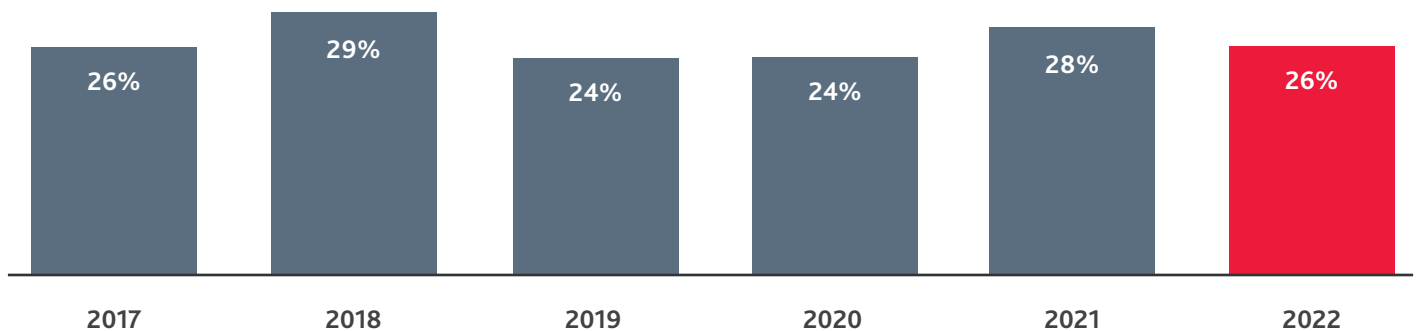
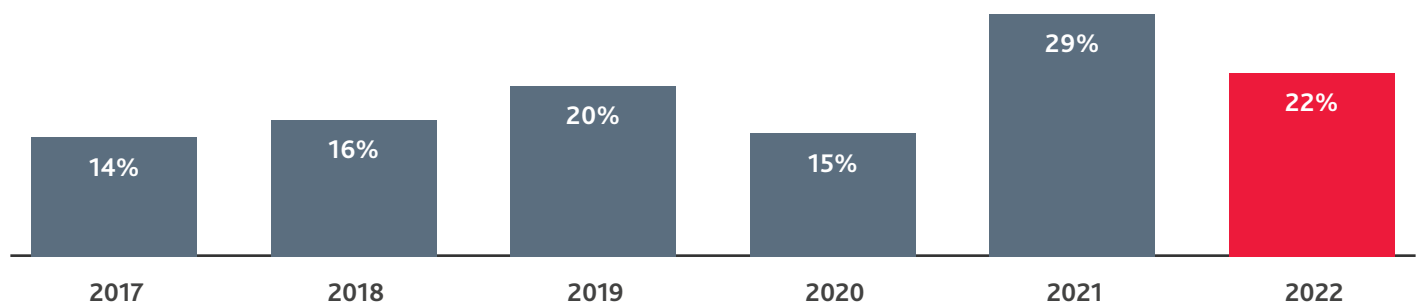


FIGURE 2: AVERAGE TOTAL TURNOVER FOR CLINICAL MONITORING ROLES OUTSIDE THE U.S.⁴



² 2023 Turnover in U.S. Clinical Monitoring CRA Roles Pulse Survey, reporting period: October 1, 2022 – September 30, 2023.

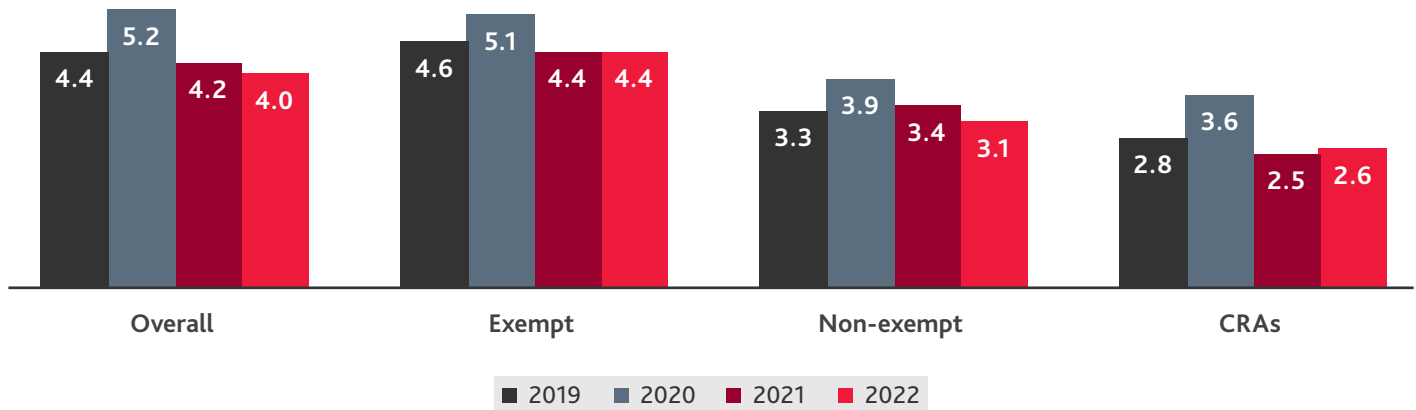
³ 2018 - 2023 CRO Industry Global Compensation & Turnover Survey editions, U.S. results; turnover levels reflect the most recent calendar year ending December 31.

⁴ 2018 - 2023 CRO Industry Global Compensation & Turnover Survey editions, outside the U.S. results; turnover levels reflect the most recent calendar year ending December 31.

These lower turnover levels, which are virtually all voluntary, result in a nominal increase in tenure for CRAs; however, CRA tenure continues to be low.

- ▶ The average length of service for CRAs in the U.S. increased by one month in 2022 (see figure 3).
- ▶ In general, CRAs have shorter tenure by an average of 22 months compared to exempt employees overall.

FIGURE 3: AVERAGE LENGTH OF SERVICE (IN YEARS) BY EMPLOYEE GROUP⁵



With generally high turnover and low tenure levels, CROs are under pressure to identify a pool of qualified applicants, especially given the fulfillment time and associated costs with replacing a CRA.

- ▶ Organizations reported it can take up to as much as four months to fill a vacant CRA role, with an average of 2.1 months. While this is still long, it is down from the three-months average reported the prior year.⁶
- ▶ Organizations reported the average cost to replace a CRA is estimated at \$65K, falling from the estimated \$72K reported the prior year.⁶

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While turnover decreased slightly, the still relatively high rate has broad-reaching implications on the ability to execute projects. The need to replace and train project team members adds costs that cannot be passed along to clients. Retention issues are not unique to the CRO landscape, but improving compensation packages and implementing technology enhancements can help attract and retain top talent and improve sponsor satisfaction.



PATTI SEYMOUR
Industry Specialty Services Managing Director

⁵ 2020 - 2023 CRO Industry Global Compensation & Turnover Survey editions, U.S. results; values reflect the most recent calendar year ending December 31.

⁶ 2023 Turnover in U.S. Clinical Monitoring CRA Roles Pulse Survey, reporting period: October 1, 2022 - September 30, 2023.

For all CRO job families combined, the average 2022 U.S. turnover was 21%; however, it was not the highest among countries/territories surveyed. Those with the highest 2022 total turnover averaged between 22% to 28%, which is a significant decrease from the range of 28% to 34% reported for 2021 (see figure 4). Hong Kong rose to the top of the list with the greatest turnover levels for 2022; it did not make the list of countries/territories with the highest turnover last year. Denmark is the only country/territory that made the top five list both this year and last year; however, Denmark reported a decline in turnover by seven percentage points from the prior year.

FIGURE 4: TOP COUNTRIES/TERRITORIES WITH THE HIGHEST AVERAGE TOTAL TURNOVER⁷

Country/Territory	n	2021 Turnover %	Country/Territory	n	2022 Turnover %
Sweden	6	34%	Hong Kong	8	28%
Denmark	6	32%	Singapore	12	26%
Mexico	7	30%	Denmark	7	25%
South Africa	8	29%	Canada	16	22%
Brazil	8	28%	India	15	22%

⁷ Lists are based on countries/territories with five or more data points from the 2022-2023 CRO Industry Global Compensation & Turnover Survey editions, outside the U.S. results; turnover levels reflect the calendar year ending December 31.



Now Is the Time To Evaluate Whether Any Incumbent Is Overpaid or Overtitled

As the war for talent simmers down, it affords organizations the opportunity to evaluate employee pay and performance. In the quest for talent, companies are now faced with the problem of having hired employees whose experience and talent are not aligned with their titles and/or pay levels. Titles are an interesting problem, as these are the outward communication to other employees and sponsors of the company's talent and performance expectations. Inflated titles can cause confusion both internally and externally.

It is important to identify overpaid and/or overtitled employees and to create a management plan. Many employees may have the ability to learn the necessary skills over time. However, they need to understand what is expected of them and a development program should be put in place. In addition, top performers need to be acknowledged. They can become especially disenchanted if they find themselves working side-by-side with an underqualified colleague.

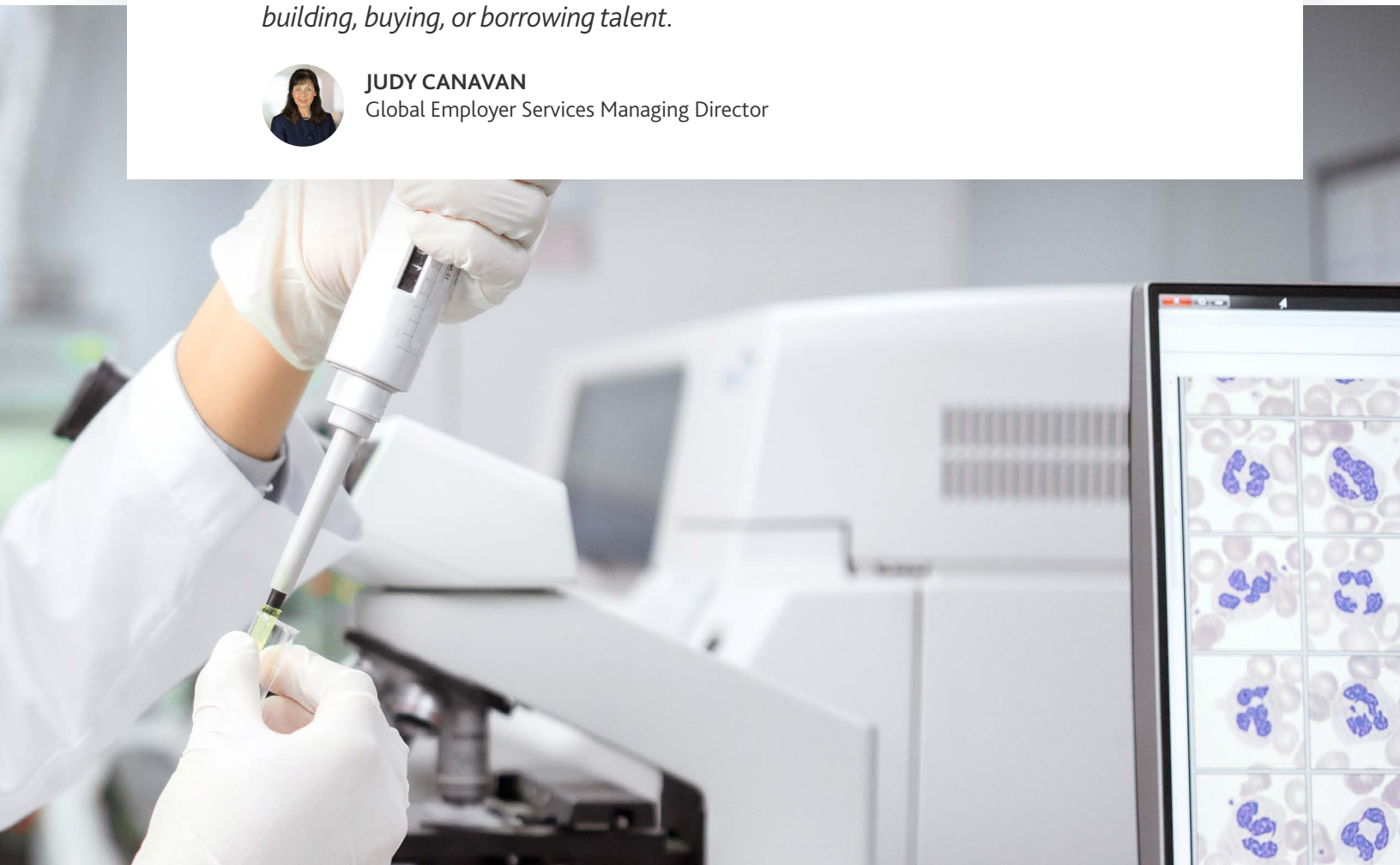
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We all hear how the future of work is changing. This is not just a sound bite. Companies who stay ahead of the curve by using data-driven forecasting to predict skill needs will be the winners. HR needs to lead this effort and then determine how to augment the skill gaps by building, buying, or borrowing talent.



JUDY CANAVAN

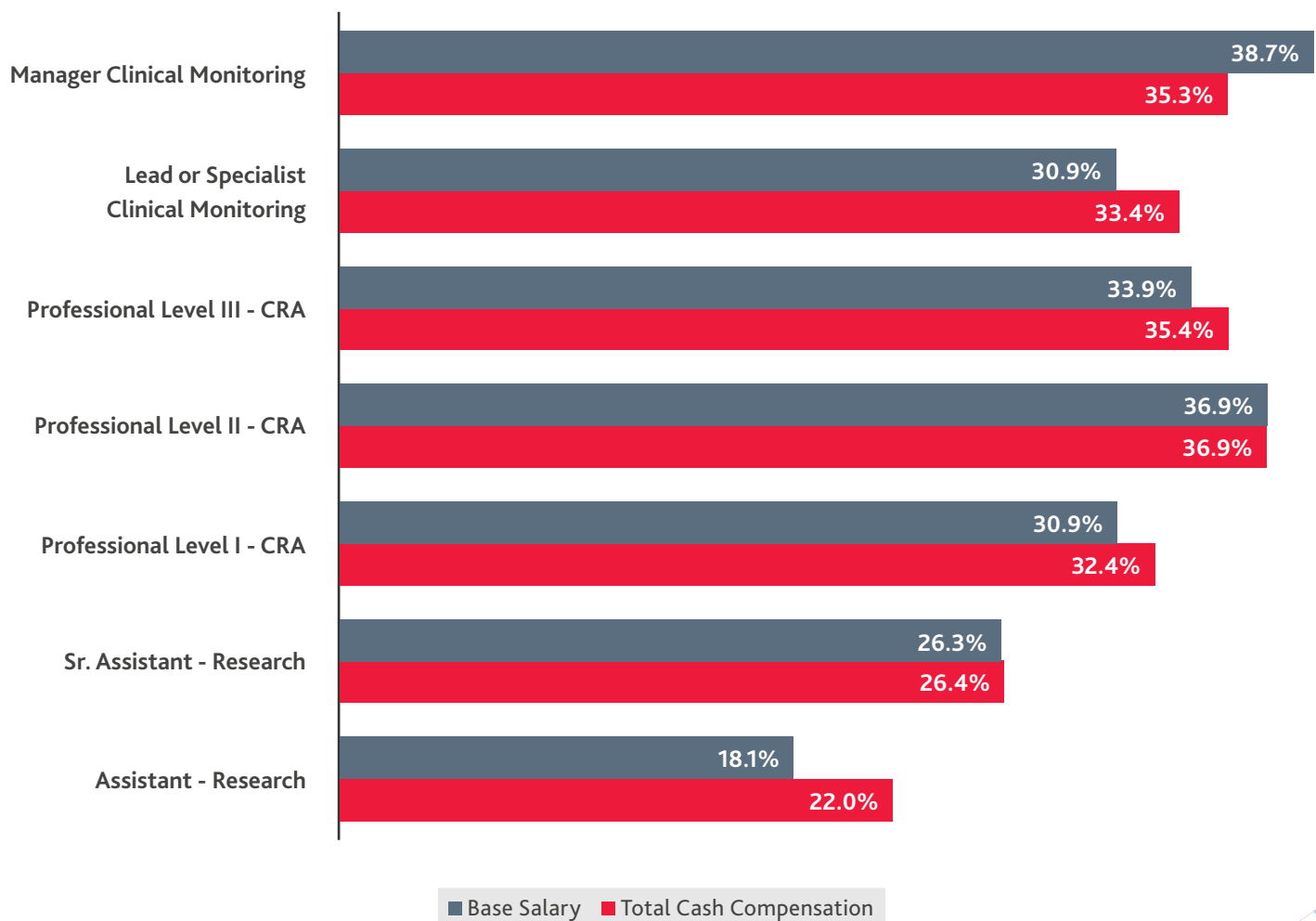
Global Employer Services Managing Director



The Influence of Salary Increases on Voluntary Turnover

After evaluating for and managing employees who have overvalued pay and/or titles, employers can focus on the power that salary increases have on voluntary turnover — especially for top performers. Overall salary increases for these “hot jobs” have not kept up with general industry. A historical analysis of CRA pay shows that the 10-year increase in total cash compensation⁸ ranged from 22.0% to 36.9% (see figure 5). This translated to an annualized total cash increase of 2.0% to 3.2%; and for salaries, the annualized increase over the last 10 years was 1.7% to 3.3%. Even with a slowdown in turnover, this limited growth in market pay levels is likely insufficient to battle the high levels of turnover.

FIGURE 5: TOTAL CHANGE IN ACTUAL MEDIAN PAY FROM 2013-2023⁹



⁸ Annual base salary plus incentives.

⁹ 2013 – 2023 CRO Industry Global Compensation & Turnover Survey editions – U.S. results.

Given that market rates have not kept up with inflation, once a CRA gains experience, they often look for a more lucrative opportunity. If they stay with the same company, assuming standard merit increases, once a CRA has three to five years of experience, they likely have developed a level of skill that exceeds the size of their paycheck (see figure 6).

Companies have responded with higher raises in 2023 — the overall average increase for professional level CRAs ranged from 4.3% to 5.8%. This is more than the average increase in 2022 (overall average ranging from 3.0% to 4.0%). Nonetheless, these increases were below the rate of inflation and below the “typical” expectation of at least a 10% bump in pay when switching to a new company.

FIGURE 6: ILLUSTRATION OF GROWTH IN SKILLS VS. GROWTH IN PAY



The Influence of Incentives on Voluntary Turnover

When competing for talent, annual incentives are often an expected element of the pay package with over 50% of CRA professionals eligible and targets hovering around 5% to 7% (see figures 7 and 8). With continued economic uncertainty, performance-based incentives have an added advantage to the company because they are only paid if specific performance criteria are met. Incentives are an excellent opportunity to reward and retain top performers if they have these key features:

- ▶ Performance metrics that are relevant and controllable by the employee — project and team incentives are more effective in achieving these goals than corporate performance bonuses.
- ▶ Timely payout, for instance, after a key step in a project is concluded.

FIGURE 7: ANNUAL INCENTIVE ELIGIBILITY AND RECEIVERSHIP FOR CRAs¹⁰

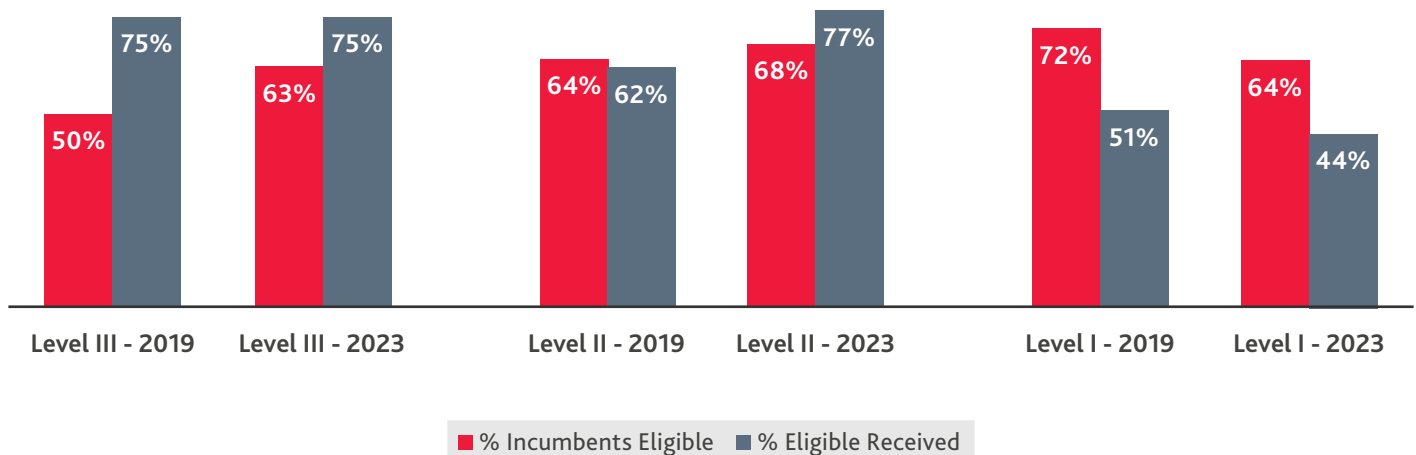


FIGURE 8: ANNUAL AVERAGE INCENTIVE AS A PERCENTAGE OF SALARY FOR CRAs¹⁰

JOB LEVEL	TARGET ANNUAL INCENTIVE		ACTUAL ANNUAL INCENTIVE	
	2019	2023	2019	2023
Professional Level III	6%	7%	4%	4%
Professional Level II	5%	6%	3%	4%
Professional Level I	5%	5%	3%	3%

Offering a competitive pay package will always serve as the foundation of any total reward program, but it must be complemented with other reward elements, e.g., offering a work environment in which professionals can thrive and providing career development opportunities that differentiate the company from the competition. For any of these programs to be effective, it is critical that companies have in place true people managers that know how to tailor the reward elements available at the individual level.

Conclusion

While lower attrition is generally good, some level of turnover is healthy for organizations, especially when used as an opportunity to harmonize talent with pay levels and titles. This is a great opportunity to assess what skills are needed to help ensure the organization thrives, inventory in-house skills, set proper pay to retain key skills, and create a management plan for those who lack critical skills.

Although employee turnover levels have slowed, it continues to plague the global market for talent in clinical research organizations. The companies that will be successful in not only retaining top talent, but also in recruiting, will employ innovative approaches to their reward strategies. The starting point is having timely and accurate data such as what is provided in this year's CRO Insights Report. This will help enhance company performance by reducing costs and increasing workforce bench strength.

ABOUT OUR SURVEY

BDO's annual [CRO Industry Global Compensation & Turnover Survey](#) collects data for 268 positions in the U.S. and 55 countries/territories outside of the U.S.. This survey is designed to help clinical research outsourcing companies develop confidence in their pay levels by providing data necessary to gain insight into their compensation practices relative to the market. Responses are gathered annually from participating CROs with four categories of analyses:



COMPENSATION LEVELS



TURNOVER RATES



PLAN DESIGN AND PREVALENCE



ALLOWANCES, TIME OFF AND ADDITIONAL MONTHS' PAY (LOCATIONS OUTSIDE THE U.S.)



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GLOBAL MOBILITY



GLOBAL REWARD TAXATION

Expatriate Tax

Working with multinational employers to minimize tax burdens and compliance risk while providing integrated services and essential tools, such as our business traveler tracking application, to enable seamless global and domestic employee transitions.

Mobility Consulting

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Global Payroll

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U.S. Employment Tax

Identifying and implementing strategies to help reduce current and future employment tax burden and exposures; taking advantage of federal, state, and local opportunities to recover overpayments and maximize credit opportunities; and managing the unique complexities of remote and flexible work arrangements.

Executive Tax

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PEOPLE AND ORGANIZATION STRATEGY

Employee Stock Ownership Plan (ESOP) Advisory

Helping companies evaluate and transition to a shared ownership with employees through an ESOP, a tax-advantaged mechanism for business owners who are looking for liquidity for part or all of their business while maintaining a legacy for valued employees.

Compensation Consulting & Surveys

Providing total compensation program design and benchmarking, long-term incentive strategy development, board briefings and support on the executive compensation regulatory environment, preparation of executive compensation disclosures and performance management.

Workforce in Transactions

Helping companies assess risks, costs, and exposures relating to the people and HR elements of all transaction types by providing workforce due diligence and post-deal strategy services spanning the full people and organization continuum.



RETIREMENT PLANS

ERISA Consulting

Providing design, administration and support for qualified retirement plans, including traditional defined benefit pension and cash balance plans, 401(k) Profit Sharing, 403(b) and ESOPs; annual compliance testing, preparation of plan documents and government filings, plan corrections, compliance reviews and M&A due diligence.

Actuarial Services

Providing cash balance and other tax-qualified defined benefit plan services in addition to retiree health/welfare and non-qualified plans; design, implementation and administration of employer-tailored cash balance plans; resources for long- and short-term planning, funding, accounting, termination, and M&A.

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BDO provides tax, assurance and advisory services to life sciences clients. The Bioprocess Technology Group also provides strategic, technical, regulatory and business consulting services to the biopharmaceutical industry. Our experienced team works with early-stage biotechnology companies, multi-national biopharmaceutical companies, medical device companies, contractors and suppliers and investment firms and service providers. We can help life sciences companies secure non-dilutive funding, optimize the drug development process, manage regulatory requirements, build supply chain resilience and source and close deals and partnerships. BDO's goal is to guide a diversity of clients in an evolving industry.

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