

A woman with dark, curly hair, wearing a white lab coat, safety glasses, and blue gloves, is focused on using a pipette to transfer liquid into a small vial. She is positioned in front of a microscope. The background is a bright, clean laboratory environment. A red vertical bar is visible on the left side of the image.

2020/2021 CRO INSIGHTS REPORT:

While Compensation Levels and
Practices Remain Status Quo,
Turnover Continues to Be High

Introduction

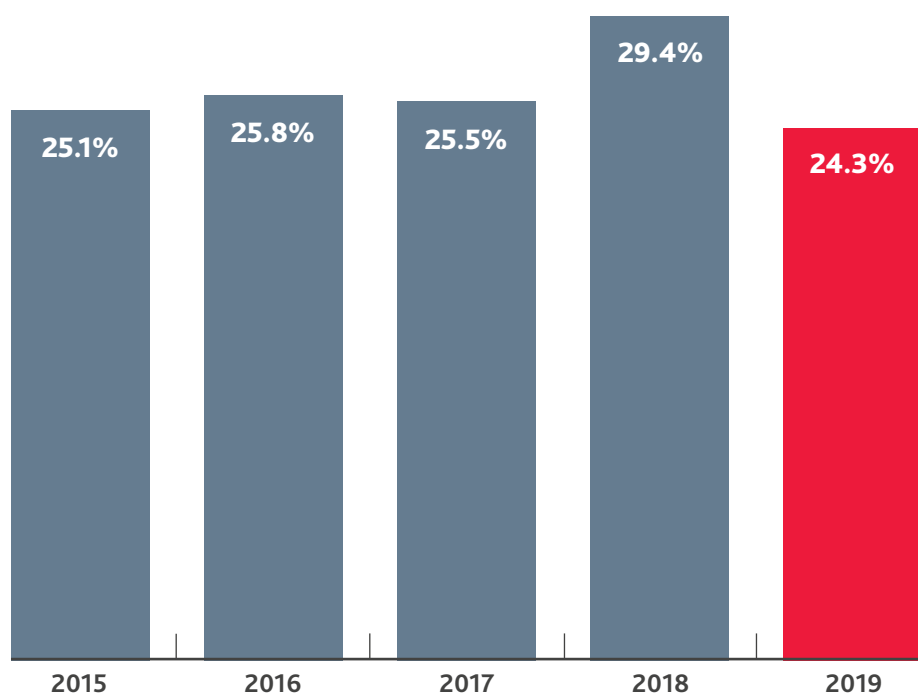
The recently published [2020 CRO Industry Global Compensation & Turnover Survey](#) provides clinical research outsourcing companies around the world with comprehensive data on compensation levels, plan design and employee turnover data intended to guide their compensation strategy development. The most recent edition of the survey reveals turnover continued to be high while compensation levels and practices remain status quo.

One of the biggest challenges facing Clinical Research Organizations (CROs) is the management of escalating turnover levels, particularly for Clinical Research Associates (CRAs). Turnover levels for CRAs in the U.S. have been persistently high in recent years.

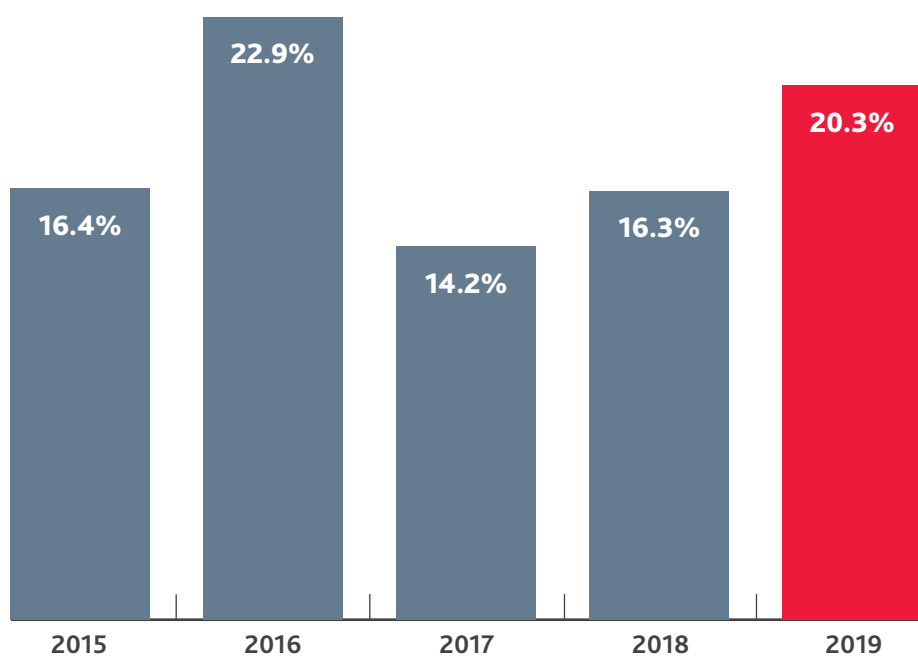
Turnover for these roles outside of the U.S. has also been trending upward and hit a three-year high of 20.3% in 2019. The lower rate as compared to U.S. total turnover may be due to less intense travel requirements, as CRO offices abroad typically serve one (relatively smaller) country only, while those in the U.S. tend to cover a much larger geographical area which significantly increases required travel.



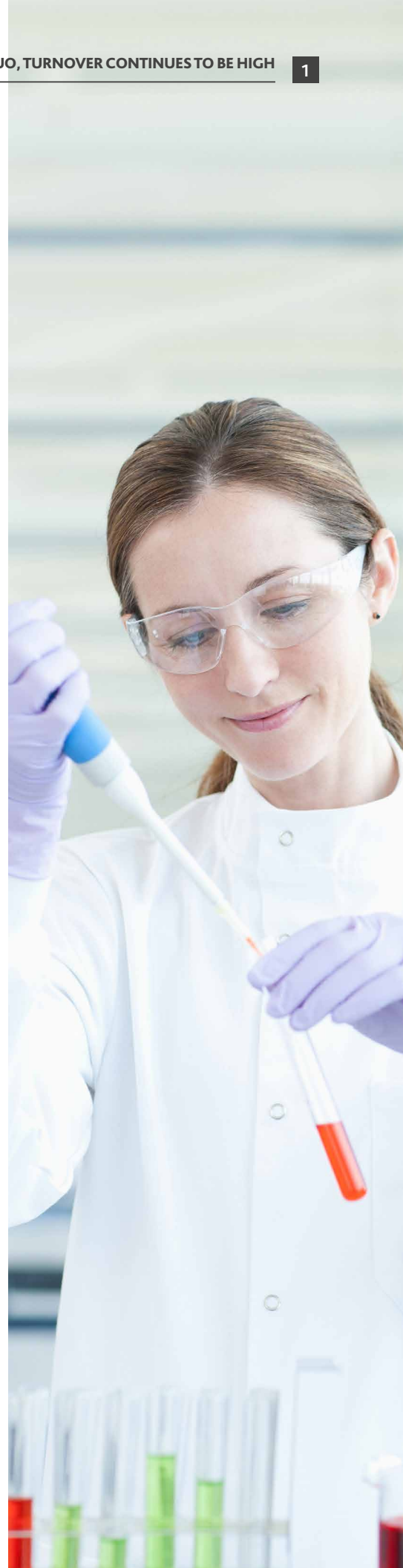
AVERAGE U.S. TOTAL TURNOVER FOR CLINICAL MONITORING FROM 2015–2019



AVERAGE TOTAL TURNOVER OUTSIDE THE U.S. FOR CLINICAL MONITORING FROM 2015–2019



While turnover outside the U.S. hovers around 20.3% for clinical monitoring roles, several countries are experiencing turnover at levels comparable to those in the U.S.



TOP 10 COUNTRIES WITH THE HIGHEST AVERAGE TOTAL TURNOVER FOR 2018 AND 2019¹

Country	n	2018 Turnover %
Ireland	6	33%
China	7	32%
Sweden	7	30%
Taiwan	7	27%
Denmark	5	26%
United Kingdom	12	25%
Hong Kong	5	24%
India	9	24%
New Zealand	6	24%
Singapore	6	22%

Country	n	2019 Turnover %
Denmark	7	24%
Turkey	7	24%
Sweden	7	23%
Austria	6	21%
China	8	21%
Australia	11	20%
Brazil	9	18%
Malaysia	7	18%
New Zealand	7	17%
South Korea	9	17%

¹ Countries in bold font are represented in the top 10 lists for 2018 and 2019. Lists are based on countries with five or more data points.

Impact of COVID-19

Many expected lockdowns and a stifled economy to result in employees staying put; however, this has not been the case. CROs' Human Resources (HR) and management are incredulous at the level of turnover. Based on a BDO-sponsored poll of 15 CROs year-to-date, U.S. turnover was over 21% as of early November.

The CRO industry is not the only area with high turnover—ADP reported professional services experiencing a 22% job switching rate resulting in an average of 8% increase in pay. This points to concerns that management should have regarding the potential impact of shrinking merit budgets on next year's turnover.

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Companies are telling us that employees are leaving for pay increases that are more than the typical 10-15%. Even companies in countries with challenged economies, such as Argentina and Brazil, are experiencing high turnover rates. These trends highlight the growing staffing challenges facing many CROs.



JUDY CANAVAN

Managing Director, Global Employer Services

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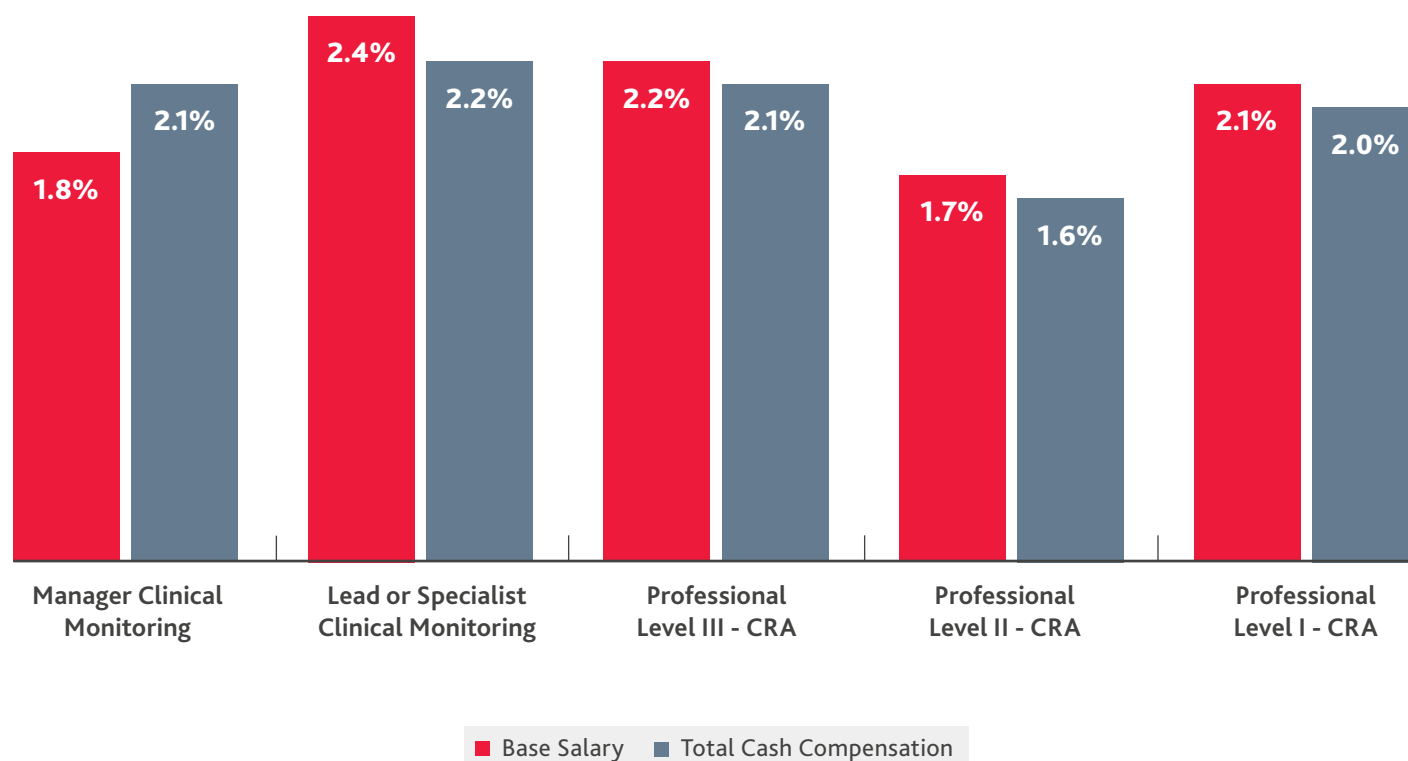


Key Influencers of Turnover

BDO's analysis of historical compensation levels and pay delivery mechanisms show CROs have been unsuccessful in increasing compensation levels for the positions with the highest turnover. We found that companies' approaches to compensation levels and delivery mechanisms have remained largely unchanged during the last ten years. Furthermore, CROs' U.S. salary increase budgets have been 3% or less and typically lagged behind general industry² up until recently.

At this rate, CRAs with three to five years of experience have developed a level of skill that has likely exceeded the size of their paycheck. Unsurprisingly, many of these employees view switching companies as their best career choice.

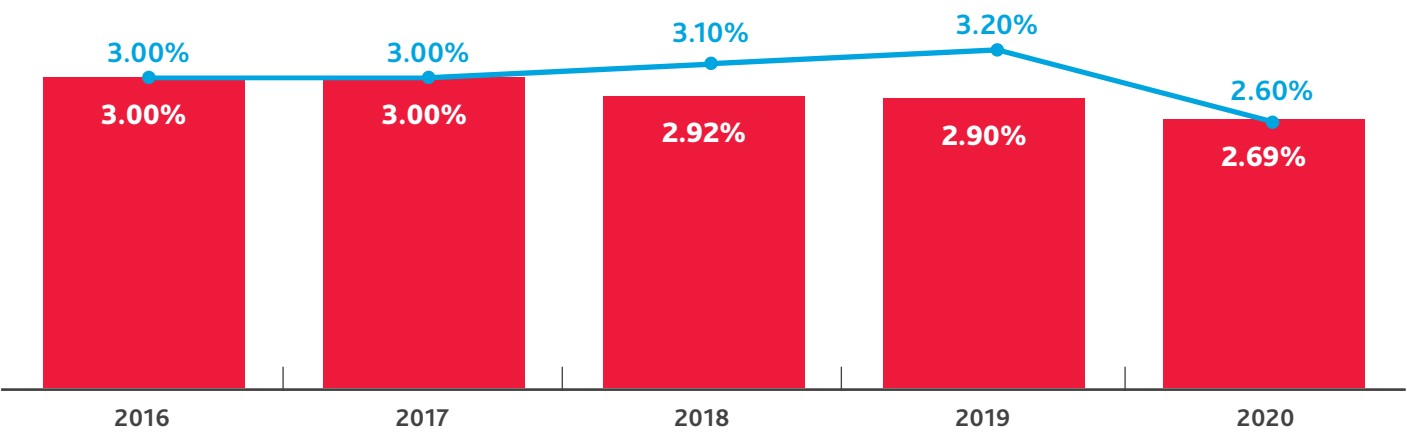
ANNUALIZED MEDIAN CHANGE IN U.S. ACTUAL PAY FROM 2010–2020



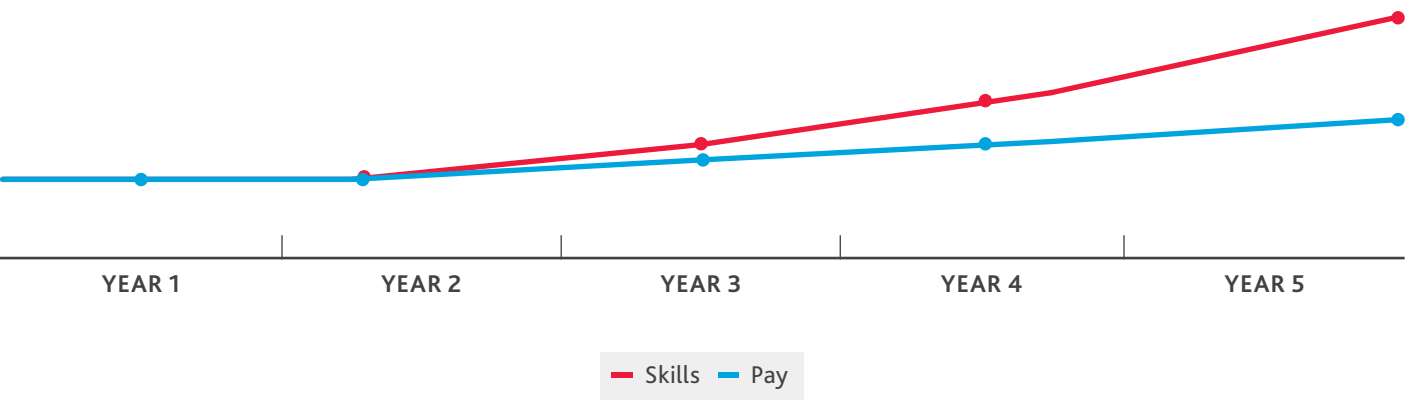
² WorldatWork's "2020–2021 Salary Budget Survey"



MEDIAN ACTUAL U.S. SALARY INCREASE BUDGETS FROM 2016–2020



GROWTH IN SKILLS VS. GROWTH IN PAY



COMBATTING TURNOVER

CROs have developed and implemented various retention programs to help combat turnover. These programs often focus on building more connections among professionals and reducing “travel fatigue.” Companies offer various travel perks, tools for connecting with colleagues and accelerated promotions (though HR professionals admit this is usually done in reaction to a potential loss rather than proactively).

To retain talent, CROs should consider rethinking their approach to managing these specialized roles. These employees are well educated, rapidly learning critical skills, and motivated and excited about how they can contribute to the health and wellbeing of others and their own career. It is important to provide them with a charted path upward to help them see a way forward, feel a sense of accomplishment and feel acknowledged for their efforts.

Annual incentives (AI) are another tool for attracting and retaining key talent. Performance-based incentives are an effective way to motivate employees with 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. However, annual incentives based on corporate performance may not effectively serve this purpose. Incentives need to be paid at meaningful times (for instance, after a key step in a project is concluded), and the performance metrics need to feel relevant and controllable by the employee – project and team incentives are more effective in achieving these goals.



Conclusion

As noted earlier, turnover generates real costs including hard costs for recruiting new talent and soft costs in terms of intellectual capital loss and project continuity. In addition, loss of project team members undermines relationships with sponsors. To avoid the financial and intellectual capital losses that accompany high turnover, CROs should consider taking a proactive approach to increasing pay levels commensurate with contribution. This can be accomplished through:

- ▶ Salary increases that are tied to increased contribution. This may be effectively implemented through a competency system.
- ▶ Increasing the use of performance-based incentives. These can come in many forms including project incentives, retention bonuses tied to milestones or team-based incentives.

[Learn more about BDO's Compensation Surveys, including how to participate.](#) ▶

About Our Survey

BDO's annual [CRO Industry Global Compensation & Turnover Survey](#) collects data for 268 positions in the U.S. and 55 countries outside of the U.S. (O.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 (COUNTRIES
OUTSIDE THE U.S.)



About BDO's Global Employer Services Practice

[BDO's Global Employer Services practice](#) consists of an experienced and dedicated team of professionals who are committed to assisting organizations in developing strategies and compensation programs designed to attract, retain and reward employees. Our services include designing and benchmarking compensation programs including cash- and equity-based incentive programs, board remuneration, nonqualified and deferred compensation plans, sales compensation, advising on compensation-related tax and accounting issues, and other related services. Our services are tailored and scalable, and designed to accommodate the unique needs of public, private and nonprofit clients of all sizes and across all industries including multinational Fortune 500 companies.

Retirement Plan Consulting	Executive Tax Consulting	Global Payroll Services	Expatriate Tax Services
Working with our clients on retirement programs which strategically align with short- and long-term business goals. We provide comprehensive design and operational support for all qualified retirement plans, including traditional defined benefit pension and cash balance plans, 401(k) and various profit sharing plans, and Employee Stock Ownership (ESOP) plans.	Tax consulting for nonqualified deferred compensation plans, stock options and other equity-based plans, golden parachute issues, transfer of partnership interests, and review for IRC 409A compliance.	Providing companies preliminary payroll review and recommendation, implementation, assignment benefit and compensation gathering, and compensation worksheets to reconcile U.S. and foreign payrolls.	Working with multinational companies to minimize tax burdens and compliance risk while providing integrated services and essential tools, such as our business travelers tracking application to enable seamless global and domestic employee transitions.
ESOP Advisory Services	Compensation Consulting	Employment Tax Services	Global Mobility Consulting
Helping companies evaluate and transition to a shared ownership with employees. ESOPs are one of the most tax-advantaged mechanisms for business owners who are looking for liquidity for part or all of their business, while maintaining a legacy for valued employees.	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.	Identifying and implementing reductions in current and future employment tax burden and exposures, and taking advantage of federal, state, and local opportunities to recover overpayments from previous years.	Developing strategies with a company's stakeholders to determine key objectives and create or modify a Global Mobility Program to meet these objectives through enhanced assignee selection criteria, policy design, repatriation strategies, cost analysis, market analysis, and effective communication.
Global Equity Services	Compensation Surveys		
Helping employers around the globe minimize tax burdens and compliance risk through BDO's international network and tools like our BDO Global Equity Mobility Solution and Global Equity Rewards Matrix.	Delivering valuable insights and benchmarking data that can be used to design industry-specific and data-driven compensation programs.		

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