



2022/2023 CLINICAL RESEARCH  
ORGANIZATION INSIGHTS REPORT:

# Managing Talent and Pay in a Competitive Market and Volatile Economy



# Introduction

The Great Resignation, which started in 2021 and built to a crescendo in 2022, is causing unheard of turnover. Clinical Research Organizations (CROs) were already struggling to figure out how to attract and retain talent. Now, more than ever, companies are digging deep to find ways to make sure employees stay, which is stirring the buzz term “The Great Retention”.

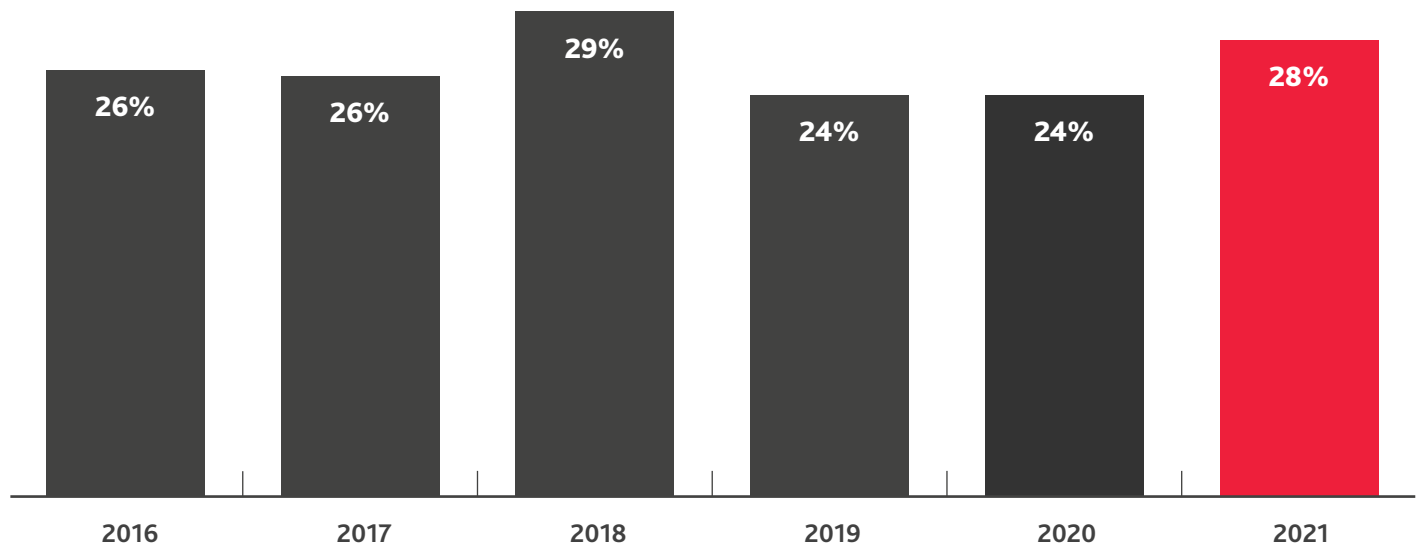
CROs are challenged more than ever to address lackluster compensation strategies to compete for highly sought-after talent, according to BDO's 2022/2023 *Clinical Research Organization Insights Report*. This summary report is a selection of high-level insights from the recently published [2022 CRO Industry Global Compensation & Turnover Survey](#). This 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 and/or join our webinars.

# The Talent Shortage Exacerbates High Turnover and Results in Shortened Tenure

Escalating turnover levels are a costly challenge for CROs. Turnover levels for Clinical Research Associates (CRAs) have been persistently high globally for many years and continue to climb.

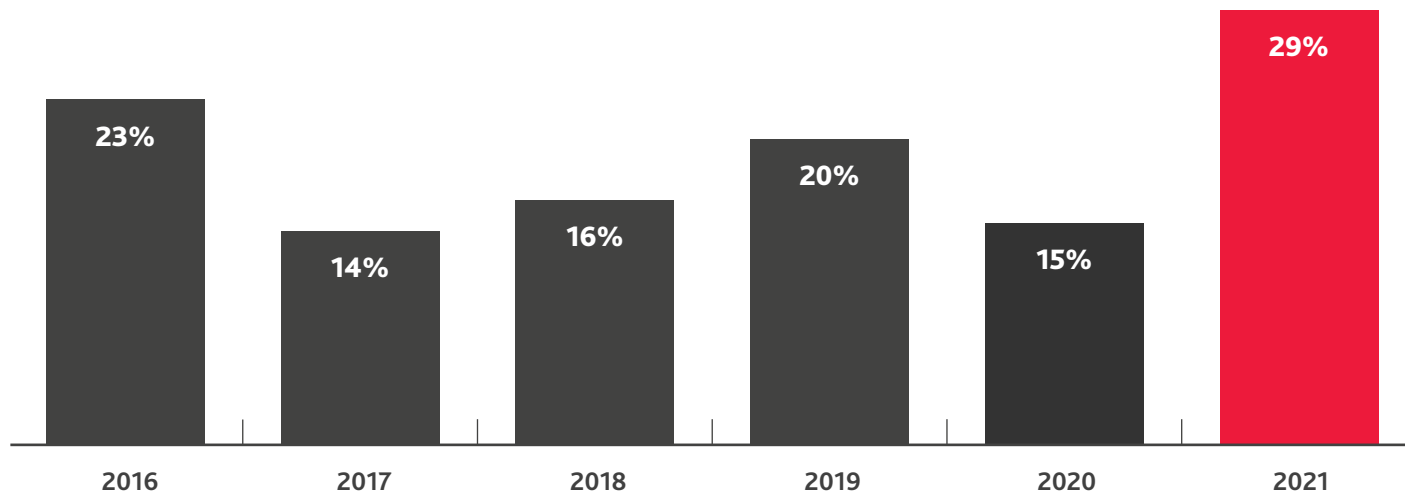
- ▶ In the U.S., total turnover increased to 28% in 2021, after having remained flat at 24% for 2019 and 2020 (see figure 1).
- ▶ A recent pulse survey<sup>1</sup> on turnover for CRA roles in the U.S. found that the average total turnover was nearly 32%, illustrating attrition continues to be on the rise.
- ▶ Outside of the U.S., turnover for these roles spiked upward in 2021 to seemingly unprecedented levels at 29%; the last time turnover was greater than 20% was in 2016 (see figure 2).

FIGURE 1. AVERAGE TOTAL TURNOVER FOR U.S. CLINICAL MONITORING ROLES FROM 2016–2021<sup>2</sup>



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

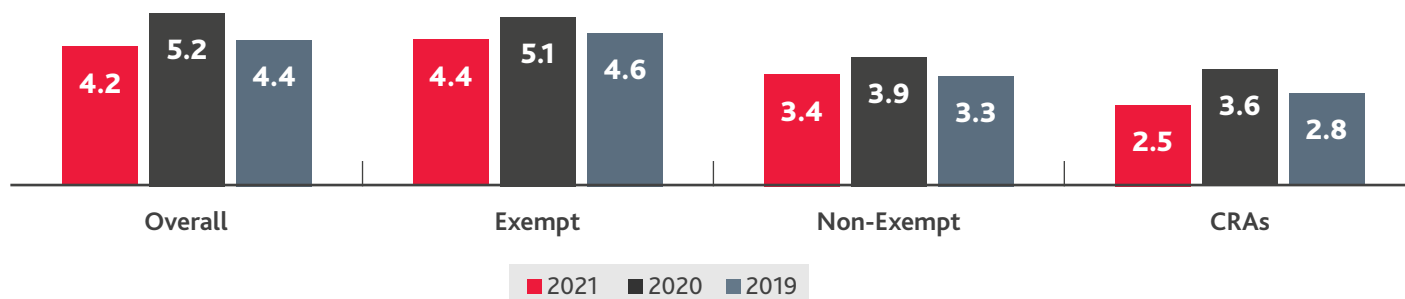
<sup>2</sup> 2017–2022 CRO Industry Global Compensation & Turnover Survey editions – U.S. results; turnover levels reflect the most recent calendar year ending December 31.

FIGURE 2. AVERAGE TOTAL TURNOVER FOR OUTSIDE THE U.S. CLINICAL MONITORING ROLES FROM 2016–2021<sup>3</sup>

These turnover levels, which are virtually all voluntary, result in a decrease in tenure for CRAs.

- ▶ The average length of service for CRAs in the U.S. declined by more than 13 months in 2022 (see figure 3).
- ▶ In general, CRAs have shorter tenure by an average of 23 months compared to exempt employees overall.

CROs are under pressure to identify a pool of qualified applicants, especially as organizations reported it can take as much as three months to fill a vacant CRA role. Although the economy is volatile, indicators suggest that turnover will continue to increase and tenure will continue to decrease for the foreseeable future.

FIGURE 3. AVERAGE LENGTH OF SERVICE (IN YEARS) FROM 2019–2021<sup>4</sup>

<sup>3</sup> 2017–2022 CRO Industry Global Compensation & Turnover Survey editions – Outside the U.S. results; turnover levels reflect the most recent calendar year ending December 31.

<sup>4</sup> 2020–2022 CRO Industry Global Compensation & Turnover Survey editions – U.S. results; values reflect the most recent calendar year ending December 31.

While the U.S. reported an average of 25% total turnover, it was not the highest among all the countries surveyed. The countries with the highest 2021 total turnover had average rates of 28-34%, which is a significant increase from the range of 19-24% reported in 2020 (see figure 4). Sweden rose to the top of the list with the greatest turnover levels for 2021 and is the only country with the highest average turnover reported this year that was also on the list last year.

FIGURE 4. TOP COUNTRIES WITH THE HIGHEST AVERAGE TOTAL TURNOVER FOR 2020 AND 2021<sup>5</sup>

Country	n	2020 Turnover %	Country	n	2020 Turnover %
South Korea	13	24%	<b>Sweden</b>	<b>6</b>	<b>34%</b>
China	12	23%	Denmark	6	32%
<b>Sweden</b>	<b>8</b>	<b>21%</b>	Mexico	7	30%
Taiwan	11	20%	South Africa	8	29%
Argentina	10	19%	Ireland	6	28%

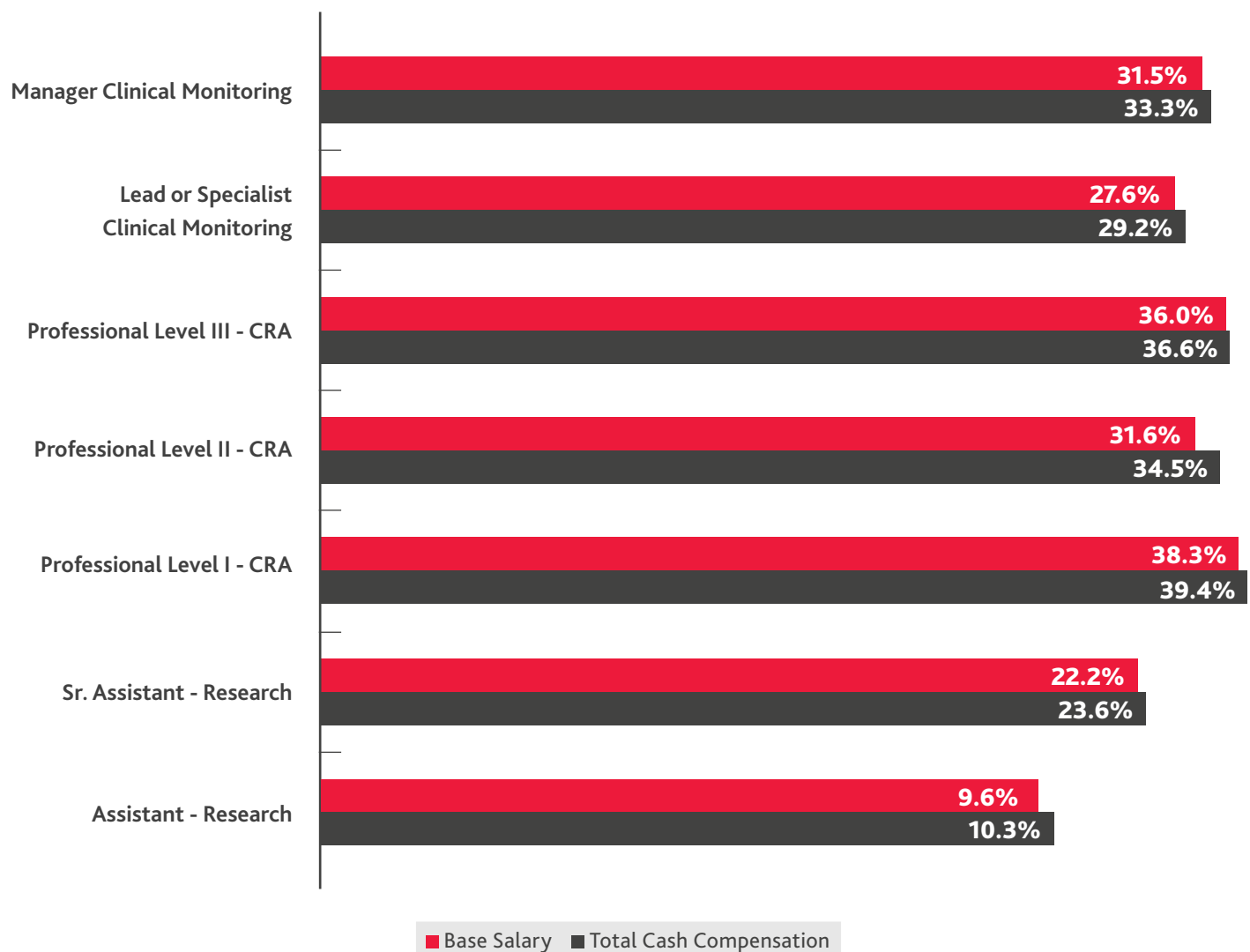
<sup>5</sup> Lists are based on countries with five or more data points from the 2021-2022 CRO Industry Global Compensation & Turnover Survey editions – Outside the U.S. results; turnover levels reflect the calendar year ending December 31.



# The Influence of Salary Increases on Turnover

Despite high turnover levels, overall salary increases amongst CROs have not kept up with general industry. BDO's analysis of historical compensation levels and pay delivery mechanisms shows CROs have been unsuccessful in adequately increasing compensation levels for the positions with the highest turnover. A historical analysis of the annual survey for CRA positions shows that total change in total cash compensation<sup>6</sup> increased between 10.3% to 39.4% since 2012 (see figure 5). At an annualized rate, the change in total cash increased between 1% to 3.4%, and for salaries the annualized increase over the last 10 years was 0.9% to 3.3%. This limited growth in pay levels is likely insufficient to battle the high levels of turnover.

FIGURE 5. TOTAL CHANGE IN ACTUAL MEDIAN PAY FROM 2012-2022<sup>7</sup>

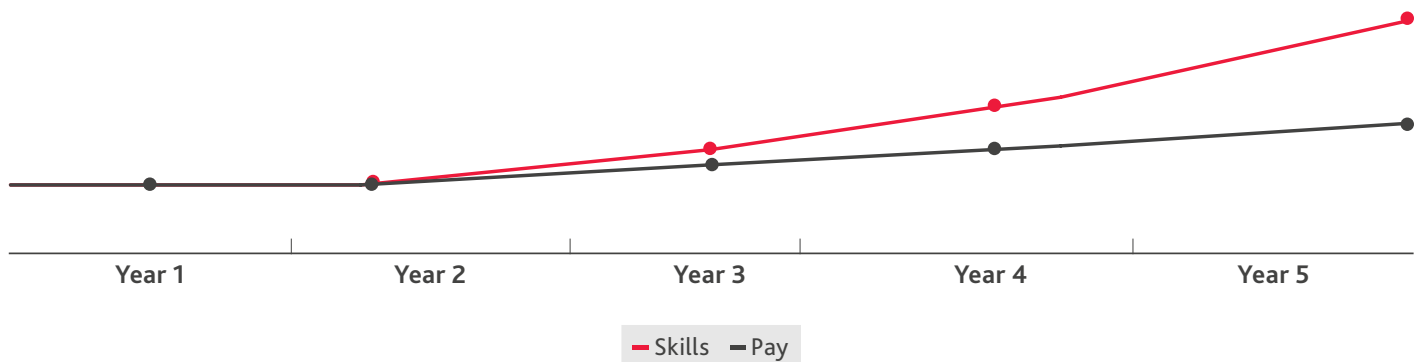


<sup>6</sup> Annual base salary plus incentives.

<sup>7</sup> 2020-2022 CRO Industry Global Compensation & Turnover Survey editions – U.S. results.

With these low increases, CRAs with three to five years of experience likely have developed a level of skill that has exceeded the size of their paycheck (see figure 6). CRAs springboard off their education when they enter the workforce; their value increases much more quickly than is recognized by the historical 0.9% to 3.3% increase in salary levels. Unsurprisingly, many of these employees perceive switching companies as their best career choice. Thus, they leave to obtain a salary level commensurate with their skill level. Employees switching jobs are stirring up a lot of discussion among human resources professionals, especially as companies are challenged with attracting and retaining skilled talent in the face of only 1.8%<sup>8</sup> unemployment for college educated talent combined with a uniquely uncertain economic outlook.

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



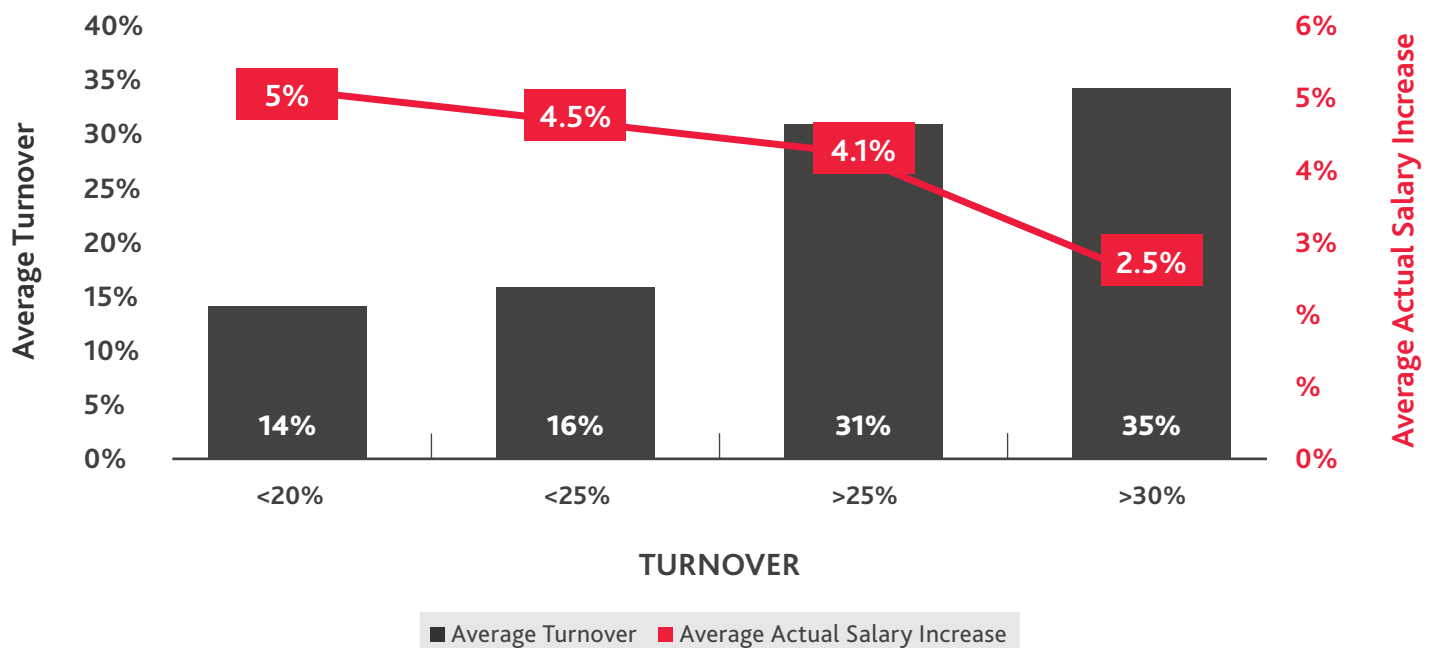
<sup>8</sup> <https://www.bls.gov/charts/employment-situation/unemployment-rates-for-persons-25-years-and-older-by-educational-attainment.htm> September 2022.





In case there is any doubt whether the size of the pay increase impacts turnover, further analysis of BDO's survey data revealed that organizations which gave the highest salary increases reported the lowest turnover (see figure 7).

FIGURE 7. AVERAGE TURNOVER COMPARED TO AVERAGE ACTUAL SALARY INCREASES



And while a salary increase of 5% in 2021 was above the typical merit budget, in the face of rising inflation rates during 2022, employees are expecting even more.

# Career Opportunities Help Combat the Turnover Challenge

To address turnover challenges, clearly defined career paths has emerged as one of the most powerful approaches to retaining employees. Beth Chidichimo, Managing Director in BDO's Global Employer Services practice, explains how organizations that articulate career paths/ladders with distinct roles encompassing meaningful progression of job duties, requirements, and competencies can enhance employee engagement and retention. "In such cases, employees can conceptualize what success looks like in the various job roles and are often more engaged in contributing toward key business objectives."

CROs must be especially innovative when designing their recruitment and retention programs to meet the needs of specialized roles. CROs should consider reviewing the overall size of their merit increase budget and the approach to linking pay (salary increases and/or bonuses) to employee contribution. These programs need to take into account the job family, organizational level, geographic market, and the unique needs of the individual.

The talent pool for many CRO positions comprises well-educated individuals who can learn critical skills quickly, are motivated and excited about how they can contribute to the health and well-being of others and want to grow in their careers. It is important to provide a career trajectory that helps them chart a way forward, feel a sense of accomplishment and agency, and feel acknowledged for their efforts.

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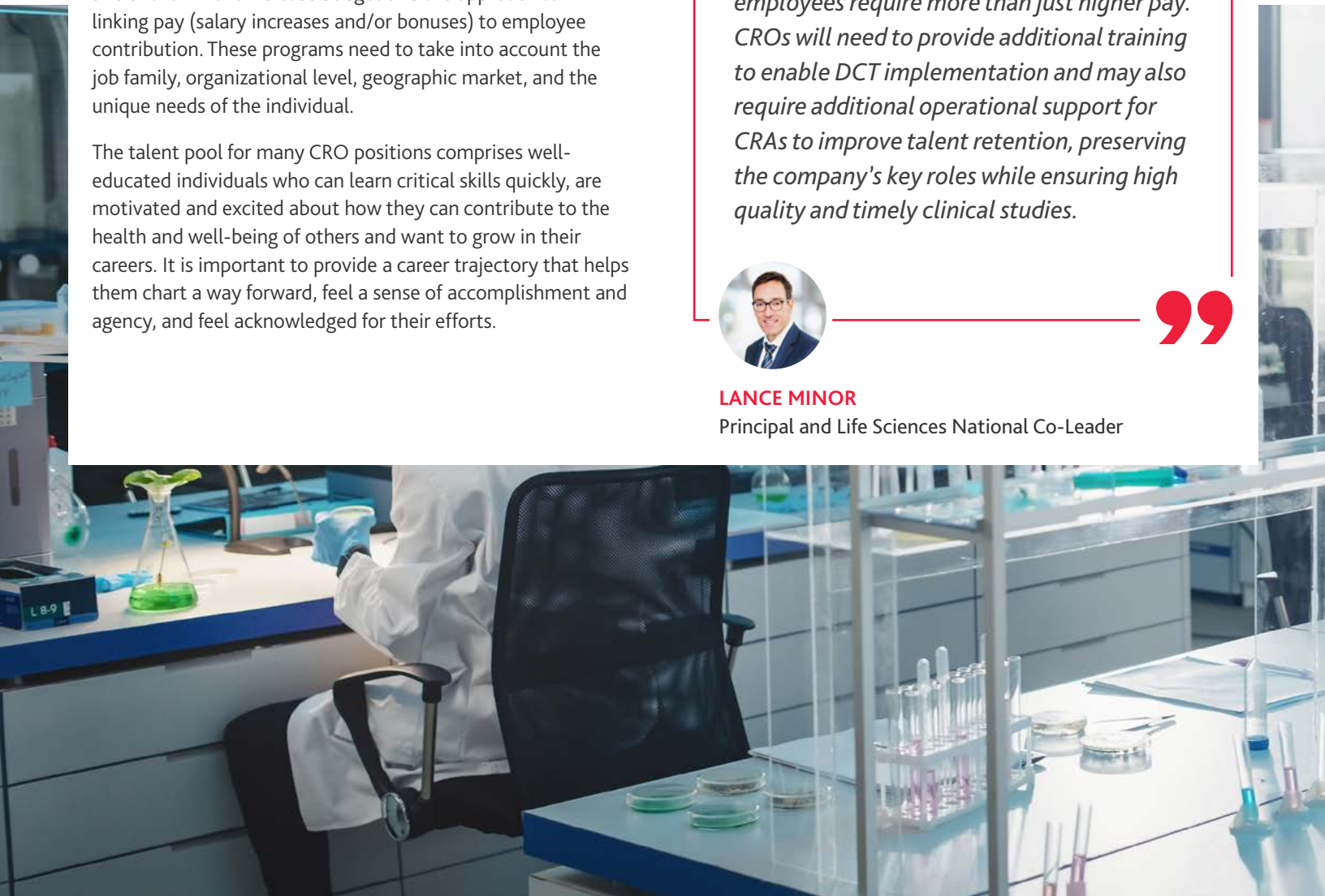
*Amid today's workforce shortage, the best CRA talent not only requires high salaries, but also robust training and adaptive support. Even as they face inflation, CROs should evaluate their compensation packages to ensure they can attract the best. However, with new technology to support the growing need for Decentralized Clinical Trials (DCT) and the highly varied operations and capabilities across clinical sites, employees require more than just higher pay. CROs will need to provide additional training to enable DCT implementation and may also require additional operational support for CRAs to improve talent retention, preserving the company's key roles while ensuring high quality and timely clinical studies.*



**LANCE MINOR**

Principal and Life Sciences National Co-Leader

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# Attraction and Retention in Times of Economic Uncertainty

Annual incentives 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. While incentives are an excellent opportunity to reward and retain top performers, they may not serve this purpose if they are based solely on corporate performance. Hallmarks of successful incentive plans include:

- ▶ 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.

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*Salary increases are permanent; inflation is not. It is important to use rewards that enable the company to be nimble.*



**JUDY CANAVAN**

Managing Director, Global Employer Services

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Despite the excellent opportunity that incentives offer for rewarding and retaining top performers, the industry has not necessarily increased its use of incentives, at least for CRAs (see figures 8 and 9). Since 2018:

- ▶ Annual incentive eligibility increased across all professional levels; however, receivership increased for professional level III, remained constant for professional level II, and declined for professional level I.
- ▶ Target annual incentive awards increased by 1-3 percentage points across all professional levels; however, actual annual incentive awards earned remained flat or declined by 1-2 percentage points.

FIGURE 8. ANNUAL INCENTIVE ELIGIBILITY AND RECEIVERSHIP FOR CRAs FROM 2018 AND 2022<sup>9</sup>

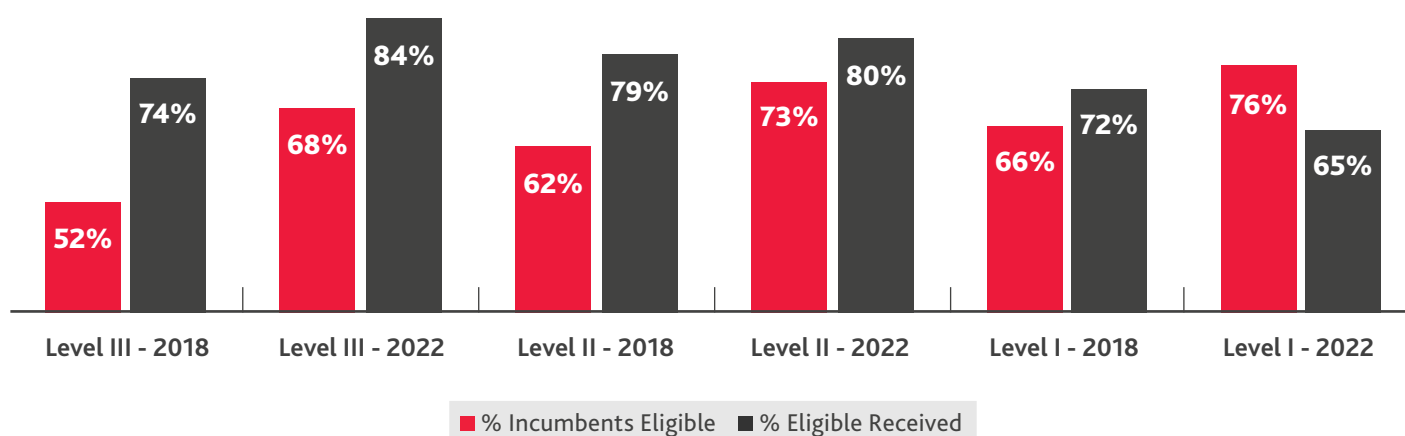


FIGURE 9. ANNUAL AVERAGE INCENTIVE AS A PERCENTAGE OF SALARY FOR CRAs FROM 2018 AND 2022<sup>10</sup>

JOB LEVEL	TARGET ANNUAL INCENTIVE		ACTUAL ANNUAL INCENTIVE	
	2018	2022	2018	2022
Professional Level III	5%	8%	4%	4%
Professional Level II	5%	7%	4%	3%
Professional Level I	5%	6%	5%	3%

Other attraction and retention approaches that also combat inflation while minimizing corporate financial risk include:

- ▶ Inflation busting checks for those below a prespecified organizational level (such as below Director level).
- ▶ Commuting cost offsets such as gas cards, parking, and mass transit coverage.
- ▶ Flexibility in work times, workdays, and workplace (e.g., remote work/work from home) were amongst the top tools CROs considered adding or recently added as an offering to attract and retain employees<sup>11</sup>.

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; for example, 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.

9 2022 CRO Industry Global Compensation & Turnover Survey – U.S. results

10 2021 CRO Industry Global Compensation & Turnover Survey – U.S. results

11 BDO's 2022 Talent Attraction & Retention Pulse Survey, CRO industry scope cut.

## Conclusion

Keeping employees is almost always better than trying to replace lost ones. There are real costs to turnover that are both tangible and intangible (e.g., intellectual capital loss and project continuity). The cost of talent has been increasing at a higher rate than in the past and this issue will be exacerbated by the current increase in cost of living, which increased in October 2022 by 7.7%<sup>12</sup> from a year before.

Employee turnover 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.

<sup>12</sup> <https://www.bls.gov/cpi/>

## 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.)



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The professionals in BDO's Global Employer Services practice are dedicated to helping companies achieve their business and financial goals by effectively managing their most important asset — **their people**.



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### Actuarial Services

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## Contact Us

If you have any questions, comments or suggestions, please contact us.



JUDY CANAVAN  
215-636-5635  
jcanavan@bdo.com



KEOLANI BRADLEY  
312-730-1278  
kbradley@bdo.com

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