



For Immediate Release

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Study: Pay Incentives Lower in Clinical Research Organizations than in General Industry

Employee turnover remains high in the U.S. and is over 30 percent in some countries

Reading, Pennsylvania (December 11, 2013) – Employees at clinical research organizations (CROs) receive lower annual and long term incentives than their counterparts in other industries, according to the 15th annual CRO Industry Global Compensation and Turnover Survey, conducted by HR+Survey Solutions, Inc. (www.hrssl.com) a leading a compensation consulting and research firm.

CRO industry executives in the U.S. with salaries of \$250,000 were eligible for an average annual incentive of 31 percent of their salary and a long term incentive (LTI) of 27 percent. By comparison, similar levels of executives in other industries were eligible for annual incentives of 44 percent and LTIs of 50 percent.

Results of the study indicate that CRO pay is heavily weighted toward base salary. Salary represents nearly 50 percent of the compensation package for executives with annual incentives and LTIs of only 19 and 34 percent, respectively. At the director level, salary amounts to 86 percent of total direct compensation with only 13 percent annual incentives and one percent LTIs.

And although employee turnover dropped from nearly 20 percent in 2011 to approximately 18 percent, the rate at which employees leave their jobs in the U.S. CRO industry remained high. Conversely, in countries outside of the U.S., the turnover rate rose to 21 percent from approximately 18 percent. In some countries, turnover was more than 30 percent including in Japan, Mexico, China and Singapore, where it reached 40, 36, 33 and 33, respectively.

Incentives at CROs in countries outside the U.S. were similar to those offered in the U.S. For instance, director level positions at U.S. CROs received, on average, an annual incentive of 14 percent of their salary. Those in Europe, South America, and Asia Pacific received remarkably similar annual incentives of 18, 16, and 17 percent, respectively.

“With continued high turnover levels, companies need to take steps to strategically utilize compensation to motivate and retain employees rather than continuing to run fire drills in an attempt to fill open positions,” said Judy Canavan, managing partner, HR+Survey Solutions. “There is plenty of room for increasing incentive targets and the CRO business model is conducive to utilizing metrics for effectively tying incentive awards to performance,” she added.

The study also found that executives working for smaller companies in and outside the U.S. are less likely to receive annual incentives than those employed at larger companies. Nearly 75 percent of director level positions at the larger U.S. CROs received annual incentives versus 48 percent at smaller companies. Similarly, fewer employees working for smaller companies outside the U.S. received an annual incentive. At the director level, 70 percent received annual incentives in larger companies as compared to 19 percent at smaller companies.

“Smaller companies should be using variable pay to help them compete against larger companies for top talent while controlling fixed costs,” said Canavan.

Other findings

- The turnover rate in countries outside the U.S. was on average 21 percent. It reached a high of 40 percent in Japan and only 10 percent in Canada, Colombia, Hungary and Chile.
- On average turnover among all job families in the U.S. CRO industry was 18.2 percent, but reached nearly 25 percent for clinical research associates.

About the methodology

The 15th annual CRO Industry Global Compensation and Turnover Survey was conducted by HR+Survey Solutions in 2013. A total of 20 public and private CROs with fewer than 500 to more than 12,000 employees participated in the niche study. Compensation data was collected and analyzed for 45 countries in addition to the U.S. The annual comprehensive survey reports: compensation levels (base salaries plus annual incentives and LTI); executive turnover; annual incentive plan design; benefits and perks; deferred compensation and employment contracts for 139 benchmark positions in 11 job families including: executive, biostatistics, business development/sales, clinical research, database management, medical affairs, patient recruitment, quality assurance, regulatory, safety/pharmacovigilance, and site operations.

For those interested in participating in the 2014 CRO Industry Global Compensation and Turnover Survey, contact Judy Canavan at 866-252-6788 x902 [jcanavan@hrssl.com].

About HR+Survey Solutions

HR+Survey Solutions conducts annual industry and custom client surveys and provides organizations with expert advisory services focused on compensation plan design and assessment of appropriate compensation levels. Please visit www.hrssl.com for more information.

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