



For Immediate Release

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### Study: Are CROs winning the war for talent?

*Employee turnover remains high in the U.S. and is over 25 percent in some countries*

Reading, Pennsylvania (December 4, 2014) – Although turnover rates in the CRO industry are still high, they appear to be trending down according to the 16<sup>th</sup> annual CRO Industry Global Compensation and Turnover Survey, conducted by HR+Survey Solutions, LLC. ([www.hrssl.com](http://www.hrssl.com)), a specialty compensation consulting and research firm. Over the last three years U.S. turnover in clinical monitoring (the function that monitors participants’ health during a clinical trial) has dropped from 29.4 percent to 16.4 percent and globally overall company turnover has dropped from 27.2 percent to 14.2 percent on average.

For the companies that provided turnover statistics for both 2012 and 2013, their *overall* U.S. turnover dropped by an average of 3.8 percent. However, not all companies are winning the talent war, over the last four years half the companies have experienced an increase in their turnover rates. Globally, turnover was above 10 percent in most countries. The top ten losers for the war on talent include the following countries:

<i>Country</i>	<i>2013 Total Turnover %</i>
Switzerland	87%
New Zealand	50%
Hong Kong	43%
Mexico	34%
Denmark	33%
Japan	32%
Belgium	32%
Colombia	30%
Netherlands	28%
United Kingdom	26%

According to Judy Canavan, managing partner, HR+Survey Solutions and the author of the study, turnover is extremely costly to CROs, “high turnover can undermine the relationship with a sponsor or lose a bid for new work.” She adds that “The industry puts high demands on their talent including long hours, extensive travel, high performance expectations and tight budgets, yet pay programs provide only modest opportunity for performance based rewards – the incentive opportunity is about 40 percent less than the opportunity provided in general industry.

Ms. Canavan suggests that CRO companies do their homework with regard to their compensation programs if they want to stop the talent hemorrhage. “CRO management would be well served to see compensation as a tool to help manage resources and create a strategic advantage.” She recommends that management seek guidance from their HR partners to

solve the talent retention challenge, "When people are your primary resource HR is no longer 'just a *staff* function', it has responsibility for the largest resource of the company. Heads of departments with high turnover need to proactively reach out to HR to develop creative compensation plans that will help hold on to key staff."

The study also found that non-management employees of large and small companies are paid comparable salaries. Conversely, smaller companies are less likely to pay annual incentives than larger companies. Nearly 88 percent of director level positions at the larger U.S. CROs received annual incentives versus 65 percent at smaller companies.

"The CRO with 200 employees is competing for talent against CROs with 10,000 employees. 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**

- U.S. turnover in clinical monitoring was 29.4 percent in 2011; 24.4 percent in 2012 and 16.4 percent in 2013.
- Global turnover in clinical monitoring was 27.2 percent in 2011; 15.6 percent in 2012 and 14.2 percent in 2013.
- Annual incentives for CROs tend to be less (40 percent lower) than those for general industry.
- Average salary levels in the survey only increased by 1% for non-management positions.
- CRO pay for executives is more heavily weighted toward fixed pay (salary) than in general industry (45 percent in CRO industry vs. 31 percent in general industry).
- On average, the bonus for smaller companies is almost 25 percent less than that for larger companies; however, the size of the awards for smaller companies that pay bonuses tends to be similar to that of the larger companies (with the exception of the SVP/VP level).

### **About the methodology**

The 16th annual CRO Industry Global Compensation and Turnover Survey was conducted by HR+Survey Solutions in 2014. A total of 24 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 United States. The annual comprehensive survey reports: compensation levels (base salaries plus annual incentives and LTI) for 156 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. It also covers critical topics such as turnover; annual incentive plan design; benefits and perks; deferred compensation; employment contracts and allowances.

For those interested in participating in the 2015 CRO Industry Global Compensation and Turnover Survey, contact Judy Canavan at 866-252-6788 x902 [[jcanavan@hrssl.com](mailto: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](http://www.hrssl.com) for more information.

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