



# Connect Event Insights: Pharma and Life Sciences

Payscale data validates the top reported challenges facing pharmaceutical and life sciences companies.

Payscale hosted a Connect Event with some of the largest and most recognizable pharma and life sciences companies to discuss the current compensation trends and challenges that are impacting their priorities. Participants of the session took a closer look at these hot topics along with findings from Payscale's annual **Compensation Best Practices Report**. According to the data, many other pharma and life sciences organizations reported the same compensation strategy and management challenges as these top tier organizations, validating the experiences of our Connect participants.

The shared perspectives and data among Connect Event attendees and Payscale team members have made these networking events possible. We are grateful for all the collaborative insights that our participants bring, and we hope you can join us at a future Connect Event!

# Approaches to retention improvement

While voluntary turnover rates have improved from 2021 into 2022 by almost 10 percent, only roughly half of organizations across all industries are confident in the ability of their compensation packages to attract and retain talent. Specifically for the pharma and life sciences industry, voluntary turnover was at 22 percent. In this industry particularly, organizations are finding that technical roles are very competitive, competitors are poaching salespeople, and talent is leaving for promotional opportunities elsewhere.

To retain talent and compete with offers that are above market rates, pharma and life sciences organizations are leaning into using counteroffers more than they previously had in the past. This increase has driven some HR leaders to look at determining a framework for when a talent loss is acceptable versus when a counteroffer is required, and to what extent the organization is willing to go. Compensation professionals in this industry stress the importance of “keeping a level head in a crazy world,” and relying on their training and experience. Other approaches being leveraged to reduce turnover for companies in the pharma and life sciences industry are proactively offering retention bonuses and higher-than-market wages for key positions, as well as using segmented reward strategies in areas where there is competition.

The road to competitive and fair pay that helps retain employees begins with salary data. An organization confident in its compensation management knows where every employee falls along the pay range for their position and why the amount they are paid is fair. If you’re looking for data from your peers, data outside of a major metropolitan area, skills-based pay data, or timely data not subject to survey publishing season — [Payscale has you covered.](#)

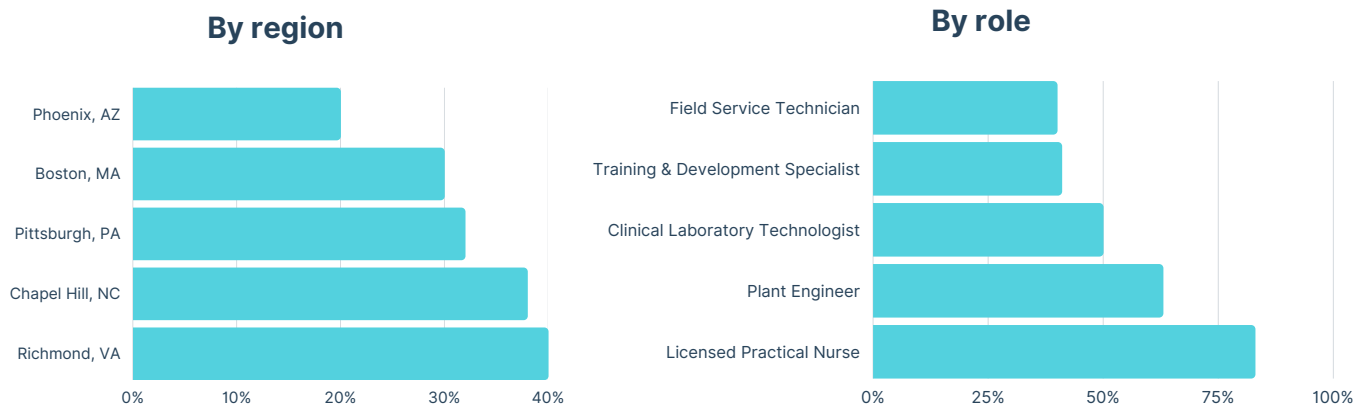
**78% of pharma and life sciences organizations reported they have variable pay plans like bonuses and commissions.**

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**62% of pharma and life sciences organizations experienced higher voluntary turnover, labor shortages, or trouble attracting and retaining talent in 2022 that was greater than previous years.**

As this Payscale employee sourced data for pharma and life sciences illustrates, in the last six months there has been an increased need for job profiles in this industry. This data shows growth and high competition for talent in these locations, as more companies are running profiles to get information for market rates. Similarly, the increase in employee-generated salary profiles highlights the roles that are in higher demand and for which employees want to compare their compensation to current market rates. As it relates to retention, having this kind of data is essential in ensuring an organization stays competitive in the tough talent market.

### 6-month growth in pharma / life sciences salary profiles



## Responses to Inflation

In addition to retention, another top issue for HR and compensation leaders in the pharma and life sciences industry is how they will respond to inflation and recession concerns. These issues are also top of mind for executives who may respond with reluctance to commit to merit budgets. In fact, the majority of organizations report they are worried about inflation and its impact on pay increases.

Some pharma and life sciences companies are managing increases on a case-by-case basis at the mid-year review and take that opportunity to also address pay compression. For many entry level jobs where retention is a big concern, those increases are taking priority and salary rates are regularly being checked against market pay data for comparison. In some instances, organizations are proactively addressing inflation by equipping managers with talking points if questions about increases arise.

In terms of planning for merit increases, comp professionals are looking at ways to balance budgets against salary data without being overly reactionary. Most companies are evaluating their budgets for merit in the fall, which allows some time to both see what happens with inflation and take annual survey data into account while also being cognizant that annual data may be somewhat conservative. Of paramount importance is not “racing to the median,” but instead bringing business sense into the merit increase discussion — and remembering that once you give an increase, you can’t take it back.

**52%**

of pharma and life sciences organizations are addressing the impact of inflation on wages by increasing base pay to retain workers, compared to 40% from overall industry responses.

**61%**

of pharma and life sciences organizations planned to give pay increases higher than 3% in 2023.

For additional metrics to contextualize a highly dynamic U.S. market with high inflation, insights from an experienced compensation professional, and a deeper dive into market compensation data, download our [Responding to Rising Inflation & Cost of Labor mini-report](#). This walkthrough on inflation and cost of labor will strengthen and inform your compensation strategy.

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As the world of compensation becomes increasingly dynamic and complex and employees yearn for more transparency and understanding, having effective resources and opportunities to collaborate with peers is more important than ever. A perfect example of the community Payscale is creating is [Payscale Connect](#), our “town square” for customers to be able to engage and collaborate with likeminded comp professionals, ask questions, share ideas, and access the tools to be a successful Payscale user.

Whether it’s providing the appropriate data to determine compensation strategies, producing regular thought leadership and best practices, or creating environments where industry professionals can come together to share and gain knowledge, Payscale is invested in offering the right solutions to ensure the success of our customers.

## About Payscale

As the industry leader in compensation management, Payscale is on a mission to help job seekers, employees and businesses get pay right, and make sustainable fair pay a reality. Empowering more than 50 percent of the Fortune 500 in 198 countries, Payscale provides a combination of diverse and dynamic data sources, experienced compensation services, and scalable software to enable organizations such as Angel City Football Club, Target, Gainsight, and eBay to make fair and appropriate pay decisions.

To learn more, visit [www.payscale.com](https://www.payscale.com).

**Pay is powerful™**

