Compensation Trends

The European tech industry going into 2025

ravio

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Executive summary

Cautious growth continues across the European tech scene

If there was a way to describe the current state of European tech today, words such as “careful”, “cautious”, “sensible” and “guarded” would come to mind.

At a glance, it is the continuation of a familiar story: one where VC funding remains more limited, where tech companies are adopting more cautious growth measures, and where employees are more reluctant to leave the security of their roles for new opportunities.

And for the most part, things aren’t expected to drastically change in 2025. According to Ravio’s survey of >90 People and Reward leaders, 50% of tech companies are planning to be more careful with investing in growth in 2025 compared to the last 12 months – and this caution continues to ripple through broader compensation trends.

In this report, Ravio data shows an almost-consistent trend of lower rates of hiring, salary increases, and attrition compared to last year. It’s clear that tech companies across Europe are treading careful ground, but this is especially true across certain functions and stages of growth.

For example, growth stage companies at Series A-B have experienced a steeper drop in salary increases (page 14) and hiring rates than others (page 7). In the same thread, Engineering stands out as a function in a freeze-state, with talent more reluctant to move than previous years (page 33). This is creating a talent shortage for tech companies, with 40% of survey respondents saying they’re focusing on hiring Engineering talent in the next 12 months.

But it’s not all bad news.

Seeds of optimism are starting to grow. 65% of survey respondents are planning to grow their headcount in the next 12 months (page 11) – up from 44.8% last year. Tech companies across Europe are also set to raise $45 billion this year – and while this is just shy of half of the $82 billion raised in 2022, it’s still the third-largest year on record by total capital invested in European tech. Funding is also up QoQ by 31% and 17% YoY, with a particular interest in early stage start-ups.

While it will take time to see the results of these shifts, early signs are starting to show. Ravio data in this report shows early stage companies are taking a more aggressive approach to growth than their larger counterparts, with the highest rates of hiring and salary increases.

National inflation rates across European countries are also down significantly compared to last year’s spike (page 28), contributing to the lower salary increases we are seeing (as opposed to limited cash flow).

After a record-breaking few years that saw huge waves of hiring, funding, and most recently, layoffs sweep through the tech landscape, tech companies across Europe are feeling more positive about the year to come, with 66% of respondents saying hiring will become less challenging in the next 12 months.

About Ravio

Ravio helps fast-moving, global companies confidently navigate the complex world of compensation.

Companies like Wise, Adyen, Skyscanner, Pipedrive, Mollie, Delivery Hero, and WeTransfer rely on Ravio to attract, retain, and motivate world class talent across the globe.

By connecting directly to their HRIS, busy HR and Total Reward leaders easily stay on the pulse of a source of truth for real-time total reward benchmarking, market trends, and compensation management – all powered by Europe’s most comprehensive data set with 1,000+ companies and 300,000+ datapoints.

Key takeaways

Below are our top findings, showcasing how tech companies across Europe are approaching hiring, salary increases, attrition, equity and more.

↘15%

Hiring

Hiring rates have decreased YoY by 15% across tech companies in Europe.

↘14%

Salary increases

The value of salary increases have decreased YoY by 14% across tech companies in Europe.

↘33%

Attrition

Attrition has decreased significantly YoY, down by 33% across tech companies in Europe.

22%

Hiring

Growth stage companies have seen the biggest decline YoY in hiring rates, but late stage companies still have the lowest level of hiring at 22% this year.

50%

Growth

50% of companies are being more cautious when it comes to investing in growth in the next 12 months.

40%

Hiring

40% of companies are specifically looking to hire Engineering talent in the next 12 months.

65%

Growth

65% of companies are planning to grow their headcount in the next 12 months.

Attrition

Engineering and Finance have the lowest rates of attrition, while the People function has the highest.

3-4%

Salary increases

31% of survey respondents predict annual salary increases for the next year will be between 3-4%, lower than the previous year.

Survey respondents

Ravio conducted a survey of >90 respondents from People and Compensation teams across our network in August 2024 to bring you the latest trends across European tech companies to date.

Headcount

- 33% <100
- 45% 100-500
- 11% 500-1000
- 10% >1000

Top locations

- London
- Stockholm
- Amsterdam
- Berlin
- Tallinn

Top job functions

- 39% People Leadership
- 26% Compensation & Reward
- 14% People Generalist
- 9% People Operations
- 7% Talent Acquisition

Funding stage

- 9% **Early stage** (pre-seed or seed)
- 50% **Growth stage** (series A and B)
- 34% **Late stage** (series C+)

Ravio's definition guide

This report includes data and terms related to different types of compensation trends happening across European tech companies.

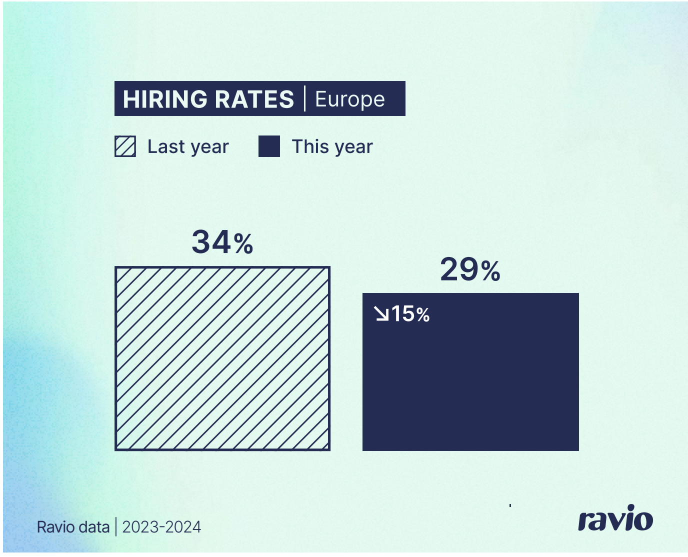
It's important to understand the definitions of these terms in order to properly interpret and take value from the report. To help you, we've put together this quick-reference definition guide that houses all of our key definitions and calculations when it comes to compensation trends.

- **Hiring rate** refers to the percentage of the workforce that have been hired by European tech companies in one year, calculated based on the average head-count of each organisation in that year.
- **Annual salary increase** refers to any pay increase that is not associated with a promotion. Only employees who receive a pay increase are considered in this calculation (i.e. 0% pay increases are not counted).
- **Competitive salaries** by core function refers to the base salary in GBP for core functions: software engineering, product management, and direct sales.
- **Equity** refers to the percentage of tech companies across Europe that offer equity to any employee.
- **Attrition rate** refers to the percentage of the workforce that have left their employers in the last year.

New hires

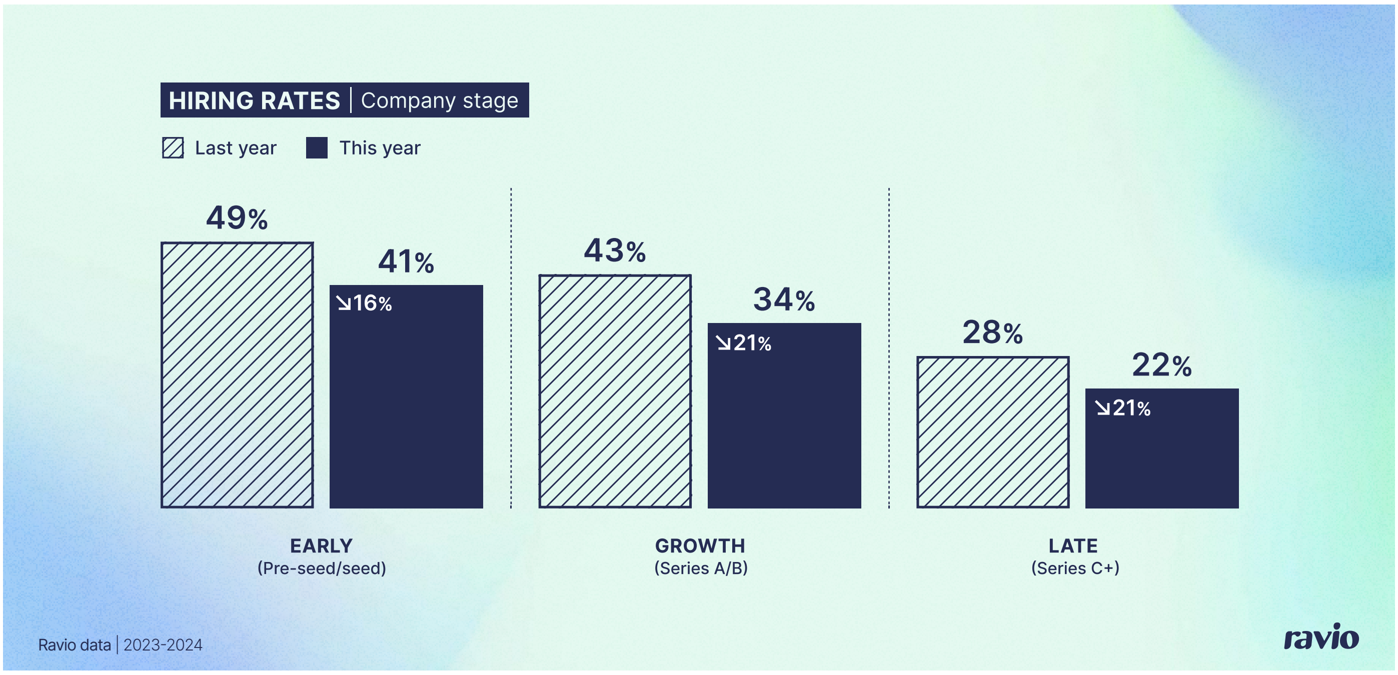
The overall picture: hiring rates across European tech today

Overall, hiring rates have dropped this year across tech companies in Europe compared to last year, from 34% to 29%.



Hiring rates by funding stage

Hiring rates have also declined across every stage of growth for tech companies in Europe today.



Early stage tech companies continue to have the highest hiring rates compared to businesses at other stages. They have also experienced the smallest YoY decline, indicating that companies at this stage are not being as cautious with their headcount growth as others.

This is, in part, due to VC funding. According to the State of European Tech, early stage investment has stayed stable at the elevated levels since the 2021 boom, while growth and late stage companies are having to do more with less capital. This means that these smaller companies, with larger amounts of funding relative to their headcount, are more immune to market conditions compared to larger companies who are more reliant on revenue.

However, it's worth noting that this doesn't mean early stage companies are adopting hyper-growth mentalities. In today's market, the focus is still on sustainable, long-term growth – especially for these smaller companies.

> "We're noticing that software tech companies, particularly those enabled by AI, are taking a more strategic and sustainable approach to growth. By leveraging AI, these companies are able to move forward with leaner teams and a greater awareness around hiring and culture. It's all about building a long-term, sustainable foundation. In contrast, sectors like deep-tech and climate-tech are still experiencing hyper-growth as they race to secure talent and establish themselves as key players in their industries."

Chloé Paramatti • Early Stage People Lead

EQT VENTURES

On the other hand, growth stage companies have experienced the steepest drop in hiring rates. While they still maintain higher hiring rates than late stage companies, this shift highlights a more cautious approach this year compared to the 'growth at all costs' mindset these companies have historically followed.

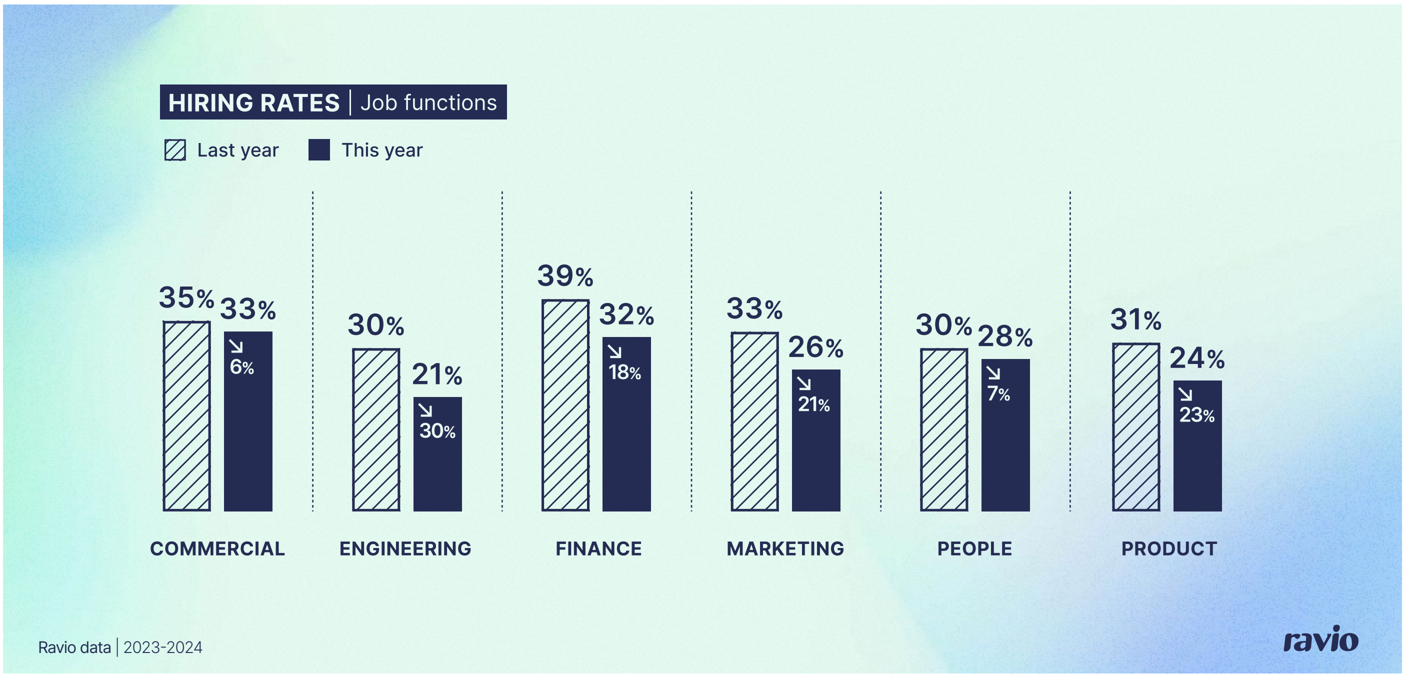
> I think what we learned across the startup ecosystem in 2020-2022 is that mass hiring in an unstructured way didn't always result in growth – and for many leaders, that's a lesson learned. Now, leaders are showing more rationale and understanding of why they are hiring. There's a lot more diligence, and now companies would much rather wait and hire a few great people rather than a lot of people. I think that caution is healthy."

Laura Willming • Head of Talent

octopus ventures

Hiring rates by job function

Hiring is down across every job function, although some are still hiring more than others.



Commercial remains the function with the highest hiring rate overall, closely followed by Finance. Both topped the hiring charts last year, too, although this year we're seeing a steeper decline in hiring for Finance.

This trend might reflect companies' continued focus on building out the teams that directly relate to revenue and pipeline – especially as companies continue to navigate cautious growth territory. However, both of these functions also have high attrition rates this year (page 33) – both 19% respectively – suggesting many companies are simply backfilling headcount as opposed to actively growing these functions.

In comparison, Engineering remains the function with the lowest hiring rates – also the same outcome as last year.

However, unlike last year, Engineering now also has the lowest rate of attrition this year (12%) compared to any other function (page 33).

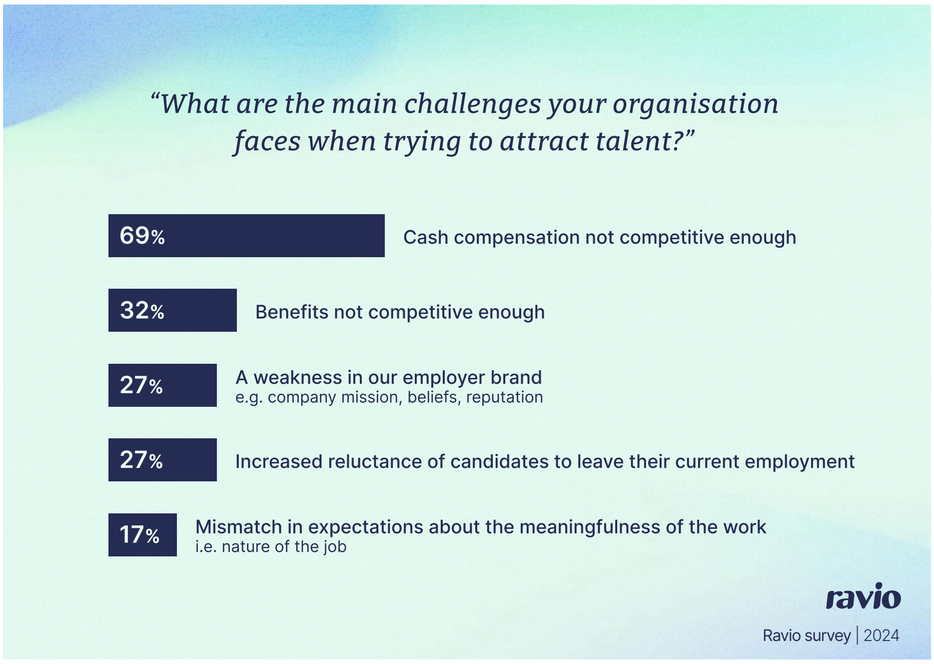
Why? There could be a few different reasons for this.

One might be a strategic play by organisations who want to move forward with leaner Engineering teams. They may want to focus on retaining their talent rather than hiring externally. If this has been the case this year, it's unlikely to continue – 40% of survey respondents reported wanting to hire talent specifically for their Engineering function (page 13).

A more likely theory is that this is simply a result of companies slowing down after the tech boom. The Great Resignation saw record numbers of employees, including Engineers, switching roles to support the rapid growth of tech start-ups and chasing higher salaries as they switched companies. Now, many Engineers seem content to stay in their current positions – perhaps due to concerns over job stability amid layoffs, or because they are already earning competitive salaries.

Survey: How have companies approached hiring in the last 12 months?

When we asked our survey respondents to share their main challenges when it comes to hiring in the last year, some interesting trends came through.



Cash compensation is clearly a problem area for companies when trying to attract new talent, with the overwhelming majority (69%) of respondents citing this as a main challenge they have faced in the past year.

Runners up include uncompetitive benefits, employer brand weakness, and an increased reluctance for candidates to leave their current employment. It's therefore no surprise that 34% of companies want to improve talent retention through improving their employer brand (page 36).

Behind cash, a third of respondents (32%) also said that they believe their organisations' benefits package has not been competitive enough to attract the talent they need. As tech companies have less capital to play with in today's market, they must look to get creative with other benefits they can offer employees.

For more information on the type of benefits European tech companies are offering, head to page 37.

When we look at base salaries for new hires, nearly half (49%) of companies report slightly increasing salaries, while a third (37%) are maintaining the same levels as last year.

While this may be due to companies generally being more careful with their spend (seen in overall salary growth declining YoY - page 14), it does mean that a third of these companies that are moving forward with unchanged base salaries run the risk of falling behind the market, which could result in losing out on top talent to competitors who are more responsive to market shifts.

Do you have a reliable method of understanding competitive market rates?

Ravio's survey shows that 40% of tech companies across Europe still use spreadsheets as the main way of managing their compensation data. What's more, 60% of companies price new and emerging roles based on candidate salaries collected by their recruitment team.

Both of these methods can invite inaccuracies and also be tedious to maintain – fuelling a chain reaction of uncompetitive compensation for new hires and existing employees.

You can stay on the pulse of today's compensation market through Ravio's comprehensive, real-time benchmarking solution and keep your company competitive at all times.

Learn more by visiting Ravio.com

Survey: How are companies approaching hiring in the next 12 months?

Survey responses show a degree of cautious optimism when it comes to hiring in the next 12 months. While companies will be doing much of the same, they don't foresee 2025 being more of a challenge than last year.

When we asked whether hiring new team members was a priority for organisations in the next 12 months, 65% of companies are planning to increase their headcount in the next 12 months. In comparison, only 3% of companies are planning to reduce headcount through non-hiring strategies.

This marks a positive shift compared to last year's Compensation Trends report, where 55% of organisations were focused solely on replacing leavers and maintaining a stable headcount. Now, 65% are actively looking to grow their headcount – suggesting a growing, albeit cautious, optimism in the market, with more organisations willing to invest in expanding their teams compared to last year.

Last Year

55% of organisations were focused solely on replacing leavers and maintaining a stable headcount.

This Year

65% of organisations are actively looking to grow their headcount.

However, it won't come without its challenges. While most expect the talent market to ease up going into next year, a third still think it will be more challenging than last year.

For those who said yes, the main themes that came through were around the ability to attract talent, limited budgets, and challenges presented by geopolitics.

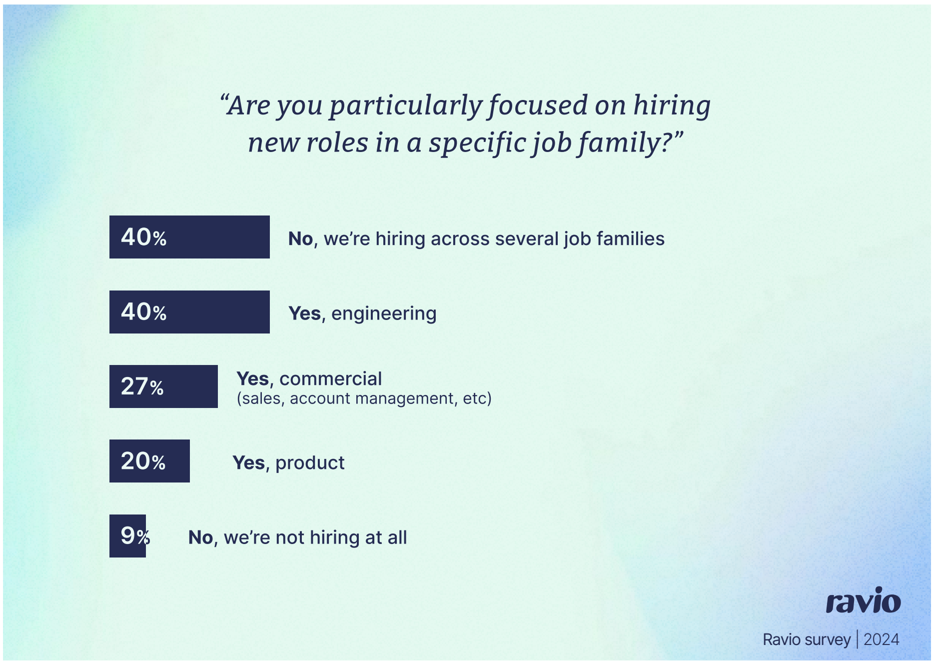
"Market may pick up and we will have more roles to fill than last 12 months."

"Our ability to attract as a small employer with limited budget."

"Being much more budget conscious and thus less wiggle room in atime when quality and drive are more important than ever."

"Job market is tricky - reluctance to leave current roles."

"Escalation in geopolitics, candidates more reluctant to change jobs. In-demand roles require more headhunting than before."



While tech companies are still balancing their hiring rates across functions, there does seem to be more of a priority to hire employees in both Engineering and Commercial. 40% of respondents reported hiring specifically for Engineering – a significant increase from the 23% hiring for this function in last year's report. The next highest function was Commercial, with 27% focusing on hiring in that area.

And it's clearly a challenge. Many respondents cited Frontend Engineers, Site Reliability Engineers, Account Executives, Senior Engineers, and AI Engineers as roles they have found most challenging to recruit at the moment.

“The landscape is changing. While the focus on hiring engineers has definitely increased, companies are being more selective about the type of engineering talent they bring on. It's not just about traditional engineering roles anymore—it's about restructuring talent and finding the right mix of skills, particularly in areas like AI and machine learning. This marks a major inflection point right now, and the biggest challenge to companies is not necessarily downsizing but rightsizing. We should expect more restructuring to happen because the world of work and the skills we need are changing dramatically. The challenge for companies now is to find the right people and skills for these roles while trying to balance that need with being leaner overall.”

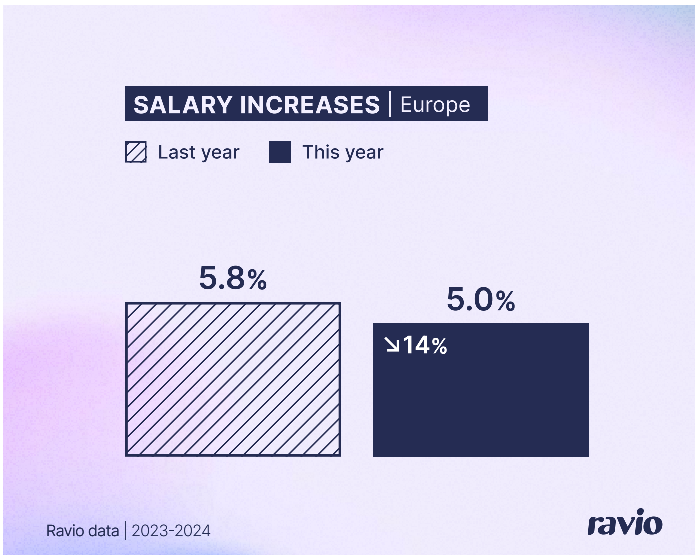
Beth Nevins • Founder at Developa

Developa

Compensation Trends

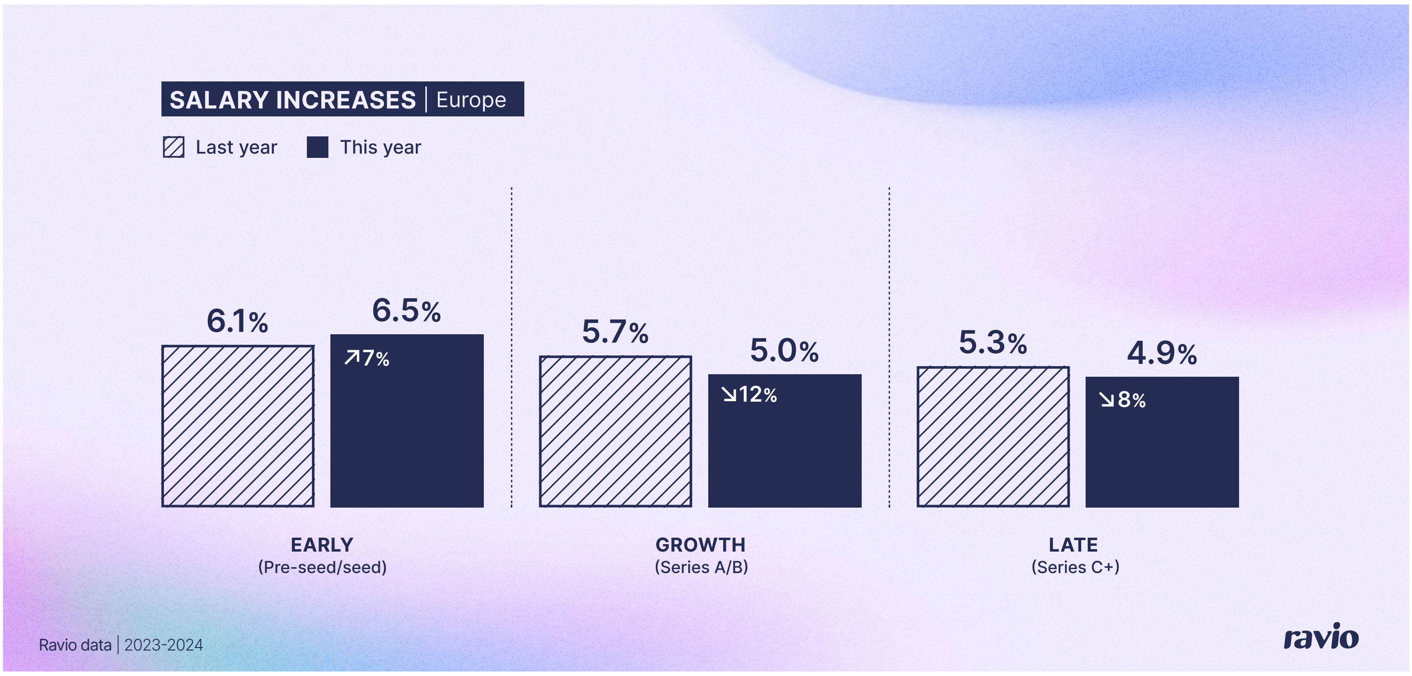
The overall picture: annual salary increases across European tech today
(non promotion-based)

Overall, the value of salary increases have not seen a significant drop YoY, but have declined slightly from 5.8% to 5%. Annual salary increase refers to the percentage of pay increase when employees receive one that is not attached to any kind of promotion.



Annual salary increases by funding stage

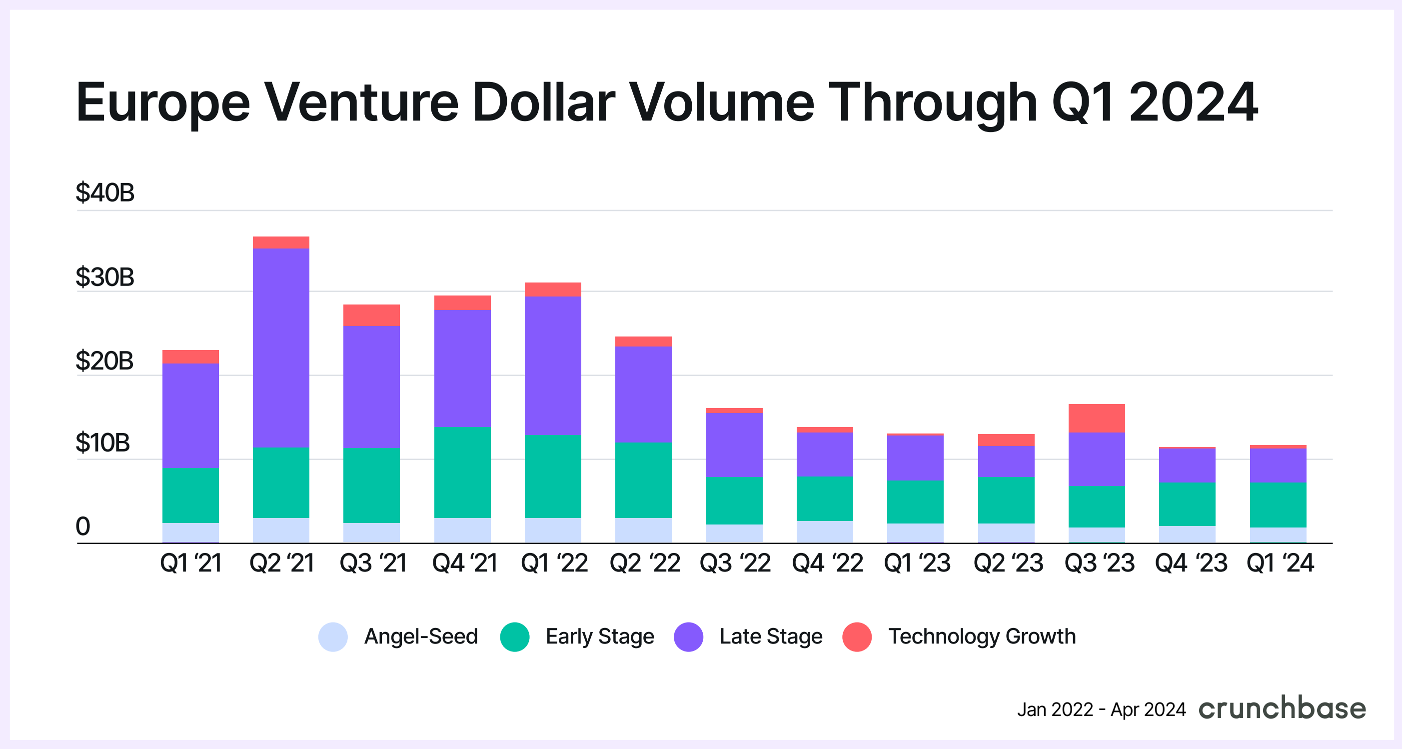
The value of salary increases for existing employees is lower than it was in the previous year for growth and late stage companies, but higher for early stage tech companies in Europe today.



Growth stage companies have seen the largest decline compared to last year, with employees at these businesses seeing an average of a 5% salary increase this year. It places growth stage companies almost on par with their late stage counterparts.

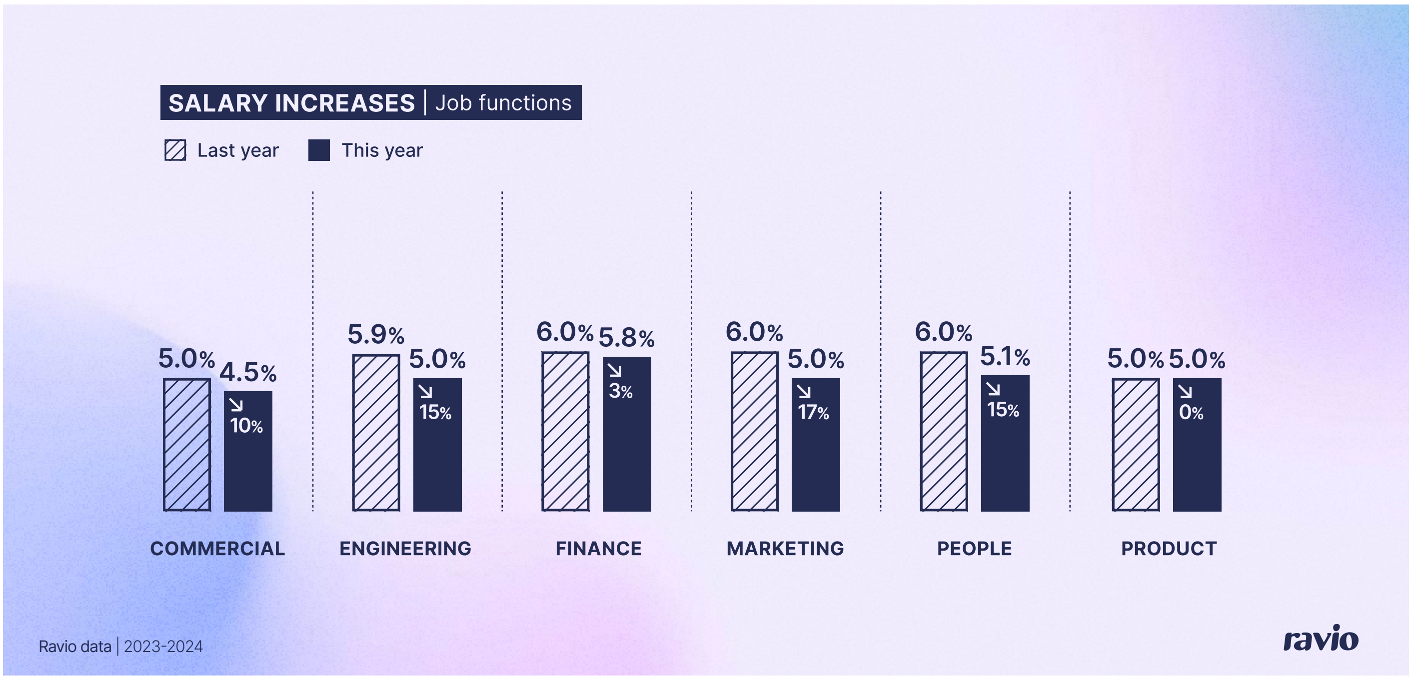
We can also see this reflected through survey responses, where 43% of companies felt compensation was their biggest challenge in a world of tighter budgets.

It suggests that growth stage companies are feeling the pinch a bit more. Global funding for these companies was down 54% in Q1 of this year compared to the previous year when we look at Crunchbase. On a European level though, funding is down less than 10% in Q1 of this year compared to Q1 last year.



Annual salary increases by job function

The size of median salary increases is down or the same across every job function compared to last year, with some seeing a significant decline and others staying flat.



While Finance has the highest median salary increase this year (5.8%), other functions such as Marketing, People, and Engineering have seen more significant drops.

For the People function, this decline might be contributing to the higher rates of hiring (28%, page 9) and attrition (20%, page 33) that we're seeing, driving individuals to leave their current roles and look for better salaries elsewhere.

However, Engineering has also seen a drop in salary increases from 5.9% to 5% this year, despite having the lowest levels of hiring or attrition than any other function. This supports the notion that Engineers are staying in their roles far more than previous years. It might be that companies are no longer offering inflated salaries as readily as they were in the tech boom of 2020-2022, and that competitive salaries for this function are "resetting" back to normal.

> "People leaders are exhausted. They have faced a huge number of challenges in recent years: navigating a global pandemic, movements such as George Floyd and BLM, hiring during the most aggressive job market of our generation, administering widespread layoffs with kindness and then dealing with two horrific wars. It's taken a huge toll, and many People leaders are now looking for opportunities that offer them more balance or alternatively a pay increase that rightly reflects this huge shift we have experienced. For many, this is often a sabbatical, fractional roles, or bigger salaries at a different company, where hiring a bigger People team is possible."

Vaso Parisinou • Chief People Officer

ravio

Survey: How are companies approaching salaries in the next 12 months?

Survey responses suggest that salary increases may continue to decline going into 2025, as tech companies have no immediate plans for aggressive growth. Currently, median annual salary increases – the percentage of pay increase not tied to promotions – stand at 5%, down from 5.8%. This trend is expected to continue, with over half of respondents (56%) predicting that non-promotion annual salary increases will be between 3-5% (page 18).

However, salary increases are predicted to continue, despite being at a lower rate compared to last year. According to survey responses, only 2% of tech companies throughout Europe have a salary freeze in place during their upcoming compensation review, while the overwhelming majority (91%) of companies do plan on adjusting salaries in some way for their employees.

While 41% of respondents indicated they plan to adjust base salaries based on performance in their next compensation review, this can lead to internal pay equity challenges.

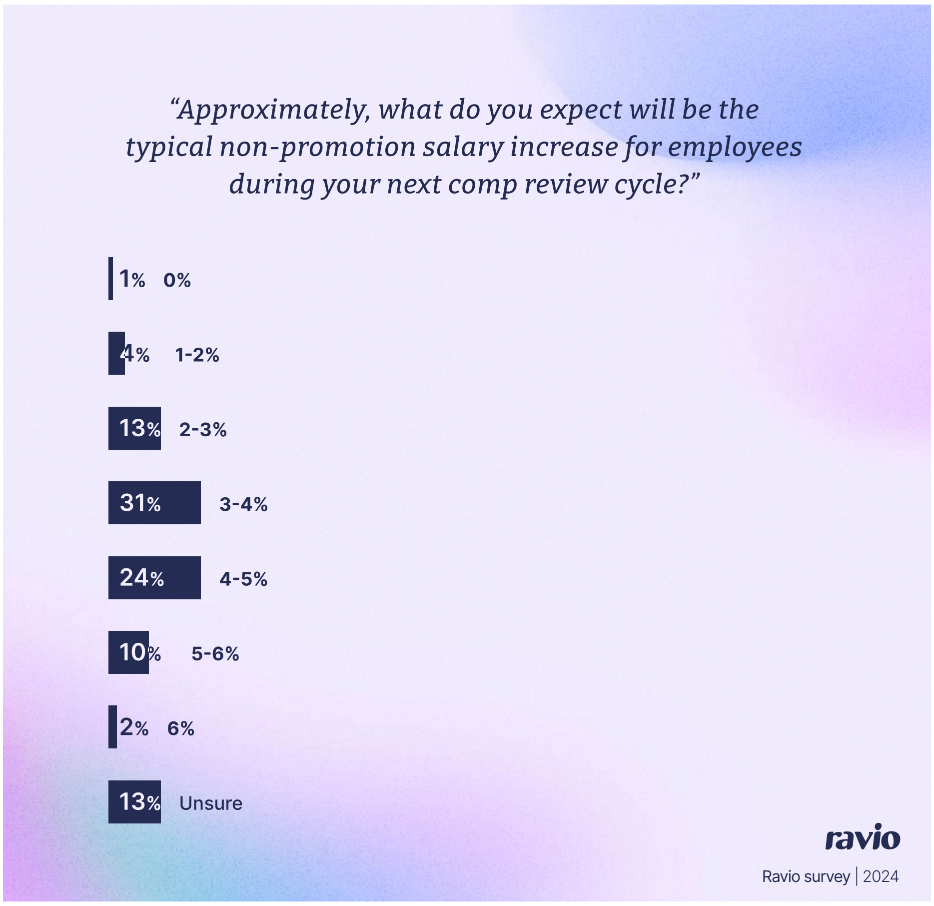
> Adjusting base salaries for performance can create internal pay equity challenges, making it hard to distinguish between competitive market rates and performance-based increases. Performance is better rewarded through variable pay or equity, with high performers naturally earning promotions that come with salary increases. Base salary adjustments during comp reviews should focus solely on aligning with market benchmarks to ensure fairness and competitiveness."

Becky Brawn • People Partner

People Collective

A third of respondents (34%) said that over 75% of their employee base would receive a salary increase in the next compensation review without a promotion (page 18) – indicating that companies are adjusting salaries for the majority of their workforce based on a combination of external market factors and employee performance.

Interestingly, this contrasts with Ravio's data, which shows that **only 21% of employees receive an annual salary increase of any kind**, based on the last 2 years. This highlights a significant disconnect between what employers are saying they plan to do and what actually happens in practice, suggesting potential variance in approaches to salary reviews across companies.



For a third of these companies, the rate of salary increases will be somewhere between 3-4%, with only 10% of respondents selecting 5-6% – the current average for salary increases today (page 14).

Competitive salaries: Core job functions and levels

In this section, we'll see how competitive salaries vary across three core functions: Software Engineering, Product Management, and Direct Sales.

We will show Ravio data for these functions at two different job levels:

- **P3 Established Professional** - has in-depth knowledge of their discipline, works independently with minimal guidance, and has a moderate impact on the success of their discipline.
- **M3 Senior Manager** - provides leadership to other managers, and is accountable for the results of a team.

Implementing a best practice level framework

Job levels are the structure and rationale for how specific job positions fit into a company's departments or functions and into the overall hierarchy of the organisation – to learn more.

Go to our explainer article →

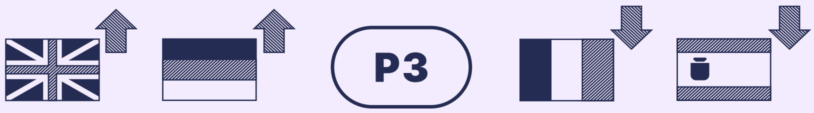
Software Engineering

Summary of salary trends across Europe for Software Engineering

Overall, the median salary for the Software Engineer family has slightly increased, particularly at the lower level. It's a mixed story at the more senior, M3 level.

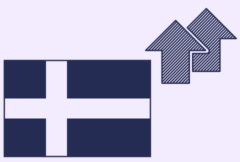
A **P3 Software Engineer's** median salary has **increased** across every country and every growth stage.

An **M3 Software Engineer's** median salary has **decreased** across the majority of countries, with exception of the UK and Sweden.



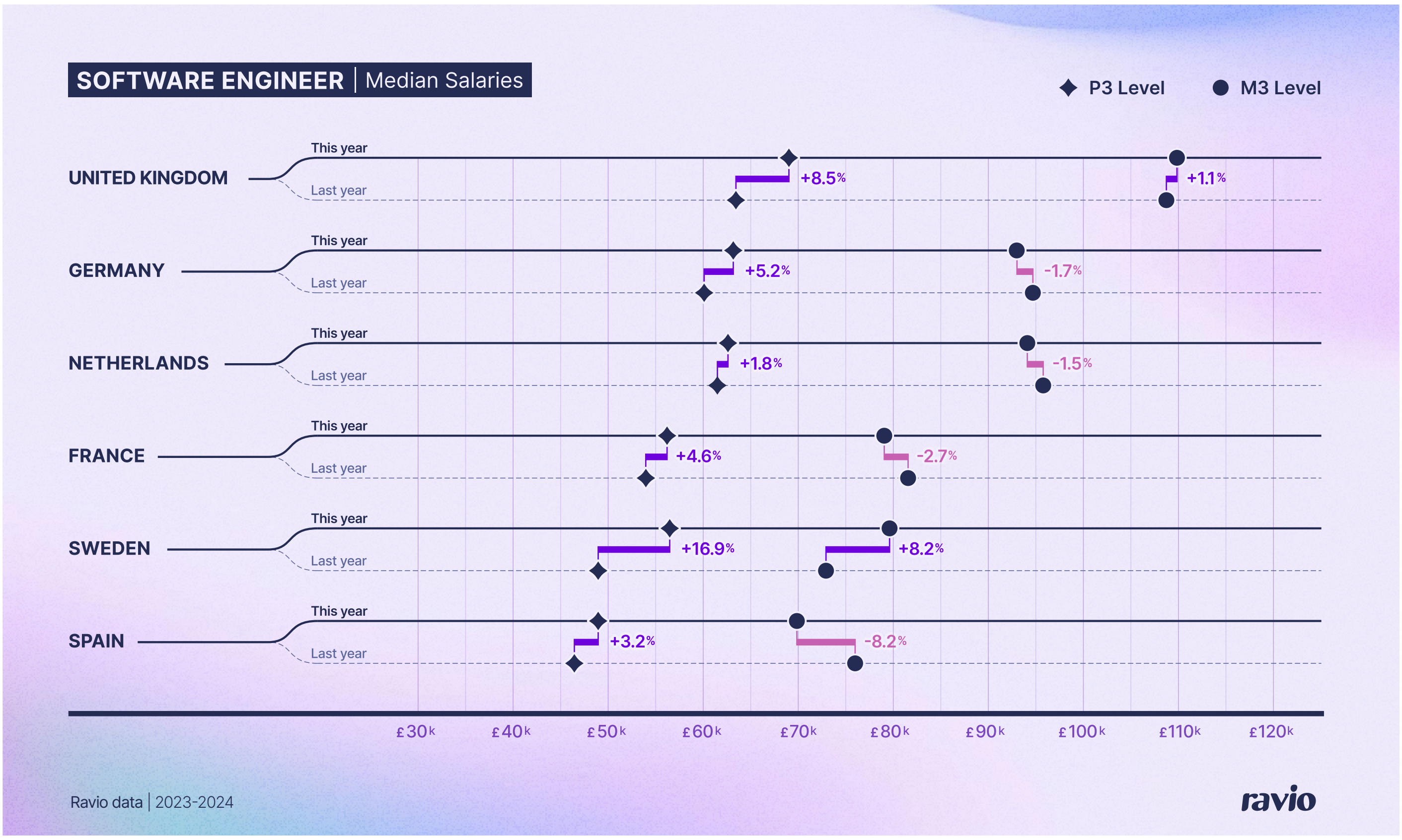
The UK and Germany pay a P3 Software Engineer the **highest**, while France and Spain pay the **lowest**.

The UK and The Netherlands pay an M3 Software Engineer the **highest**, while Spain and France pay the **lowest**.



Sweden has **increased** median salaries for Software Engineering significantly more so than other countries.

Software Engineering



P3 Software Engineer

For a P3 Software Engineer (IC, established), the median salary in the UK is currently £68,900 (£71,000 in London). This is 8.5% higher than last year.

All countries analysed across Europe have raised their salaries for this job role and level. Behind the UK, Germany has the next highest salary for a P3 Software Engineer at £63,300 – 5.2% higher than last year.

While Ravio data shows that salary increases for employees staying in the same role are lower compared to last year – 5.8% to 5% since last year – it's interesting that overall median salaries for P3 Software Engineers have trended upwards at a higher rate, which includes new hires and salaries resulting from promotions (such as from level P2 to P3).

It's also worth noting that Sweden has increased the median salary for this role and level exceptionally higher than other countries, raising it from £48,400 last year to £56,600 this year – a difference of almost 17%.

Approximately 50% of the trend we see in Sweden is due to Ravio's data set tripling in the region, resulting in a new mix of companies paying higher median salaries. However, the other half is due to market changes.

According to Statista, wages are forecasted to grow across the Scandinavian region to align better with the rest of Europe. Sweden's wage growth is predicted to sit at 3% overall. Sweden's ability to raise salaries significantly could also be related to their low inflation rate (page 28), which has dropped from 6.3% last year to a more manageable 1.4%.

In contrast, while Dutch salaries remain competitive relative to those in Germany and France, the Netherlands has experienced a significantly smaller increase compared to its European neighbours.

M3 Software Engineer

For an M3 Software Engineer (Senior Manager), the median salary in the UK is currently £109,900 (£117,700 in London). This is a modest increase of 1.1% compared to last year – and significantly less than the increase we can see at the P3 level.

Spain has seen the largest decline, lowering the median salary from £76,000 last year to £69,800 – a decrease of 8.2%. Meanwhile, Sweden and the UK have both increased their median salaries, with Sweden raising it to £79,500 – again, significantly higher than last year and more than any other country in Europe.

Sweden is a rapidly maturing as a tech hub, driven by companies like Klarna, Spotify, and Zettle. We see companies in this geo internationalize faster than others in Europe, attracting local and global talent, boosting the country's talent pool, competitiveness and hence local salaries."

Michelle Coventry • Head of Talent

CREANDUM

Software Engineering

P3 Software Engineer

Salaries do also increase as a company grows through different funding stages.

Late stage companies have increased salaries for P3 Software Engineers by 5.2% since last year – which is roughly in line with their overall salary increase of 4.9% (page 14).

However, for early stage companies, the salary increase for this role and level is significantly less than the overall salary increase of 6.5% (page 14).

M3 Software Engineer

The salary for an M3 Software Engineer in the UK increases as companies scale up – with late stage tech companies offering salaries 31% higher than early stage companies for this M3 level.

What's interesting is that the median salary has decreased at early stage companies for M3 Software Engineers, while the median salary has both increased at growth and late stage companies. While this has widened the gap quite significantly between early stage and the others, it's quite normal to see this discrepancy. Despite funding currently favouring earlier stage companies, these smaller companies simply have less capital to spend on more senior roles, as well as not needing to invest as often at this level anyway.

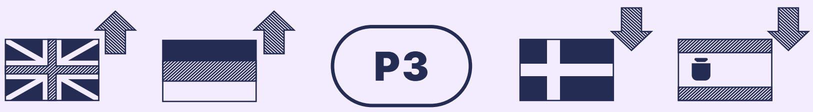
Product Management

Summary of salary trends across Europe for Product Management

Overall, the median salary for the Product Management family has increased across both the P3 and M3 level, with only a few instances of decline in countries.

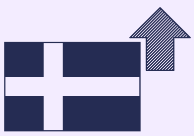
A **P3 Product Manager's** salary has **increased** across most countries and growth stages, with the exception of The Netherlands which has stayed almost flat.

An **M3 Product Manager's** salary has **increased** across the majority of countries, with exception of The Netherlands, France, and Spain.

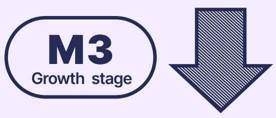


The UK and Germany pay a **P3 Product Manager** the **highest**, while Sweden and Spain pay the **lowest**.

The UK and The Netherlands pay a **M3 Product Manager** the **highest**, while Sweden and Spain pay the **lowest**.



Sweden has **increased** median salaries for Product Management significantly more so than other countries, but not as much as Software Engineering.



Growth-stage companies have significantly **decreased** salaries for an **M3 Product Manager**.

Product Management

P3 Product Management

For a P3 Product Manager (IC, established), the median salary in the UK is currently £65,900 (£67,300 in London). This is 6.5% higher than last year.

The median salary for a P3 Product Manager has risen across almost every country in Europe, with the exception of The Netherlands which has remained almost flat. The UK has raised salaries significantly more for Product Management than they have for other core functions, suggesting Product to be an in-demand function for tech companies in the UK.

Sweden, like all other functions, has again raised salaries significantly more than other countries, which can be explained due to the effects noted on page 20.

M3 Product Management

For an M3 Product Manager (Senior Manager), the median salary in the UK is currently £106,300 (£111,500 in London). This is around a 2.5% increase compared to last year – a smaller jump than at the P3 level for Product Management.

We see a similar spread across different countries in Europe for the median salary of an M3 Product Manager.

However, Germany has remained almost flat and Spain has decreased median salaries for an M3 Product Manager by just over 4%. This makes Product Managers at this level earn around £66,900 in Spain – still a lot less than other countries.

Product Management

P3 Product Management

The median salary for a P3 Product Manager changes depending on the stage of the company.

A median salary at a late stage company is £68,300 – roughly 13% higher than early stage companies. This is a smaller difference to the one between early and late stage for P3 Software Engineering.

M3 Product Management

The median salary for an M3 Product Manager is 32% higher at a late stage company than an early stage start-up – again a very similar variation to the M3 Software Engineering, where the late stage salary was 31% higher.

Early stage start-ups have also dropped their salaries for an M3 Product Manager (the same as Software Engineering).

Direct Sales

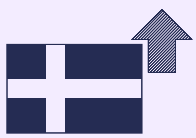
Summary of salary trends across Europe for Direct Sales

Overall, the median salary for the Direct Sales family has increased across both the P3 and M3 level, but less so than other core functions. In some cases, we have seen a significant decrease in salaries.

A **P3 Direct Sales's** median salary has **increased** across most countries and growth stages, with the exception of The Netherlands and France.

An **M3 Direct Sales's** median salary has **decreased** across the majority of countries, with the UK and Sweden **increasing** salaries for this role and level.

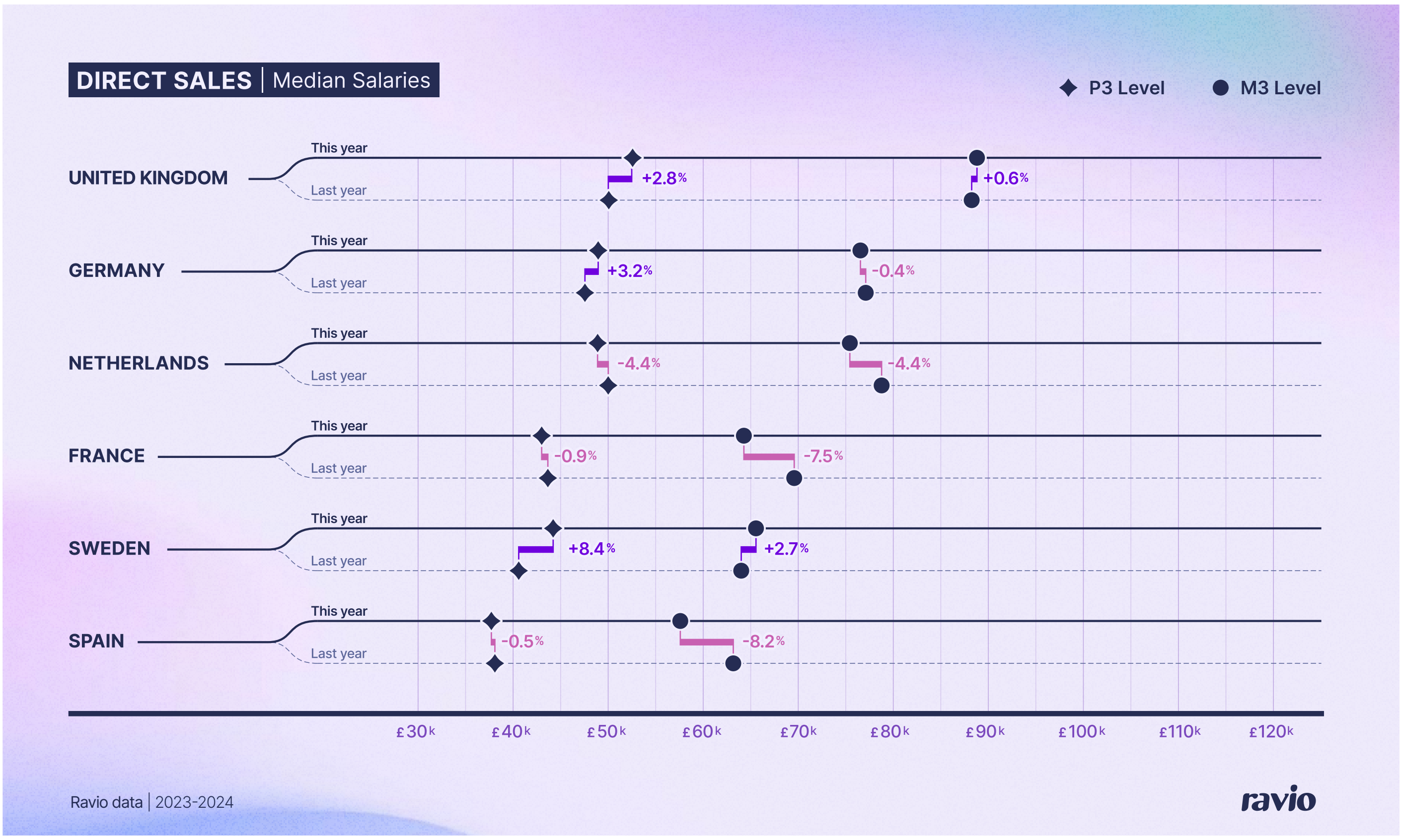
The UK and Germany pay the **highest**, while France and Spain pay the **lowest**.



Sweden has **increased** median salaries for Direct Sales moderately more than other countries, with Germany also increasing salaries at the P3 level more as well.

Early stage companies have significantly **decreased** salaries for both P3 and M3 Direct Sales.

Direct Sales



P3 Direct Sales

For a P3 in Direct Sales (IC, established), the median salary in the UK is currently £51,500 (£52,600 in London) – though of course it's worth noting that it's very common for sales roles to have a commission or incentive structure on top of this base salary. For example, for this role the total compensation package is currently £78,900 with £23,600 as variable pay and £3,800 as equity per year. (Source: Ravio benchmarks)

Unlike last year, Sweden has climbed the ranks and no longer pays Sales roles at the lower end. They have increased their median salaries by 8.4%.

On the other hand, The Netherlands and France have all decreased their median salary for a P3 Direct Sales employee.

M3 Direct Sales

For an M3 in Direct Sales (Senior Manager), the median salary in the UK is currently £88,900 (£92,200 in London). This is around a 0.5% decrease from last year's median salary for this level and role.

Unlike the P3 level for Direct Sales, the M3 level shows an almost consistent decline in median salaries. In fact, the only two countries to increase salary for this role and level is the UK (just marginally at 0.6%) and Sweden at 2.7% – a lot lower than the increase we've seen across other roles and levels.

Direct Sales

P3 Direct Sales

As with other core functions, we can see a similar trend for Direct Sales. Early stage companies have decreased their median salary for the P3 level by almost 5% to £46,600. That's roughly 15% lower than the median salary late stage companies are offering.

M3 Direct Sales

The median salary for an M3 Direct Sales manager at a late stage company is 20.8% higher than what they would earn at an early stage company. This is a lower difference than M3 Product Management between early and late stage (32%) and M3 Software Engineering between early and late stage (31%).

Survey: Do companies have a location-based pay strategy?

When asked about their location-based pay strategy (i.e. whether employee salaries are adjusted to reflect their location of work, and if so how this is done) responses varied – but the majority of survey respondents (51%) said that they currently localise all employee salaries based on market data for the location the employee works from.

3 approaches to location-based pay

For an overview of the 3 most common approaches to location-based pay, and the pros and cons of each.

Go to our explainer article →

Inflation rates across Europe

Of course, pay increases are closely linked to the wider economic environment, so it's important to put this into context.

According to the Office of National Statistics for the UK and Eurostat, the official statistical office of the EU – inflation in Europe remains high. That said, inflation in the Euro area has reduced significantly over the past year – from 5.5% in June 2023 to 2.5% in June 2024. This may explain why salary increases have also reduced this year.

Country	Annual inflation rate (%) in July 2024 (this year)	Annual inflation rate (%) in July 2023 (last year)
United Kingdom	3.1%	6.4%
Germany	2.6%	6.5%
France	2.6%	5.1%
Netherlands	3.5%	5.3%
Spain	2.9%	6.3%
Sweden	1.4%	2.1%

eurostat

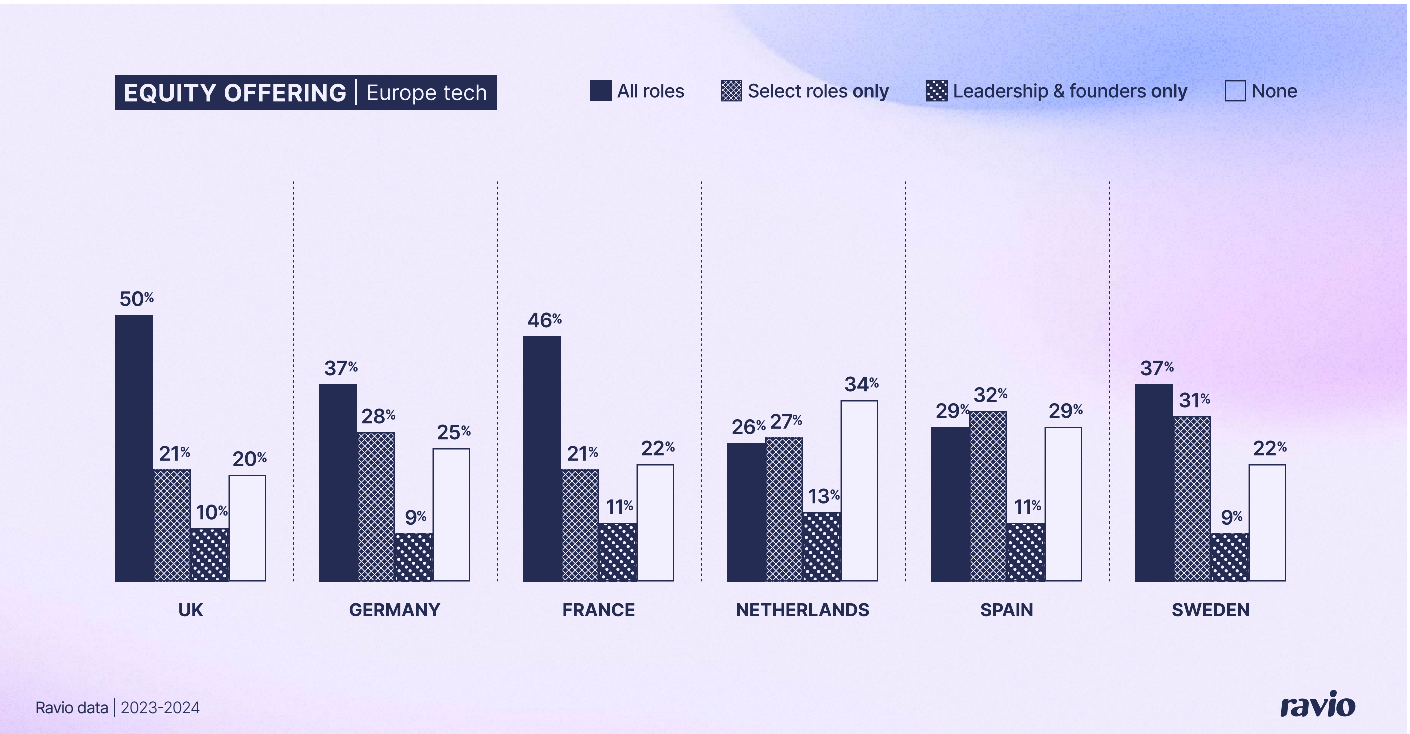
Equity

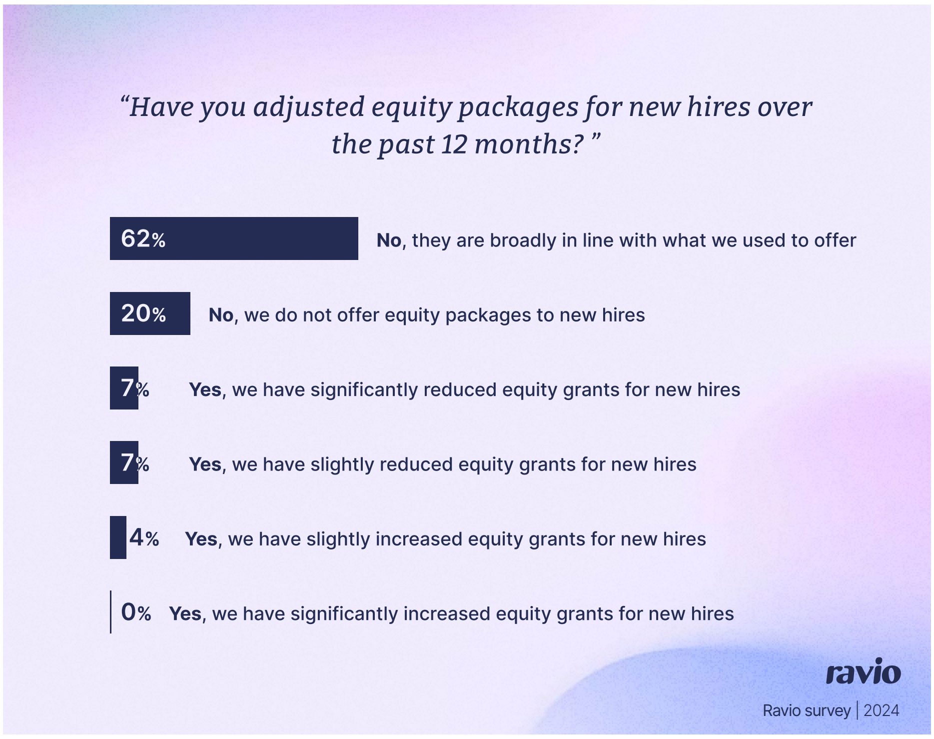
Of course, the world of compensation is more than just cash. For tech organisations who want to attract and retain the very best talent, compensation typically includes benefits such as vacation, stipends, flexible working, variable pay, and equity.

However, European companies are still reluctant (far more reluctant than their US counterparts) to offer equity compensation to employees. In fact, according to Sifted, equity compensation across European companies is down by 25% compared to last year.

Ravio data shows a similar story. Only 50% of tech companies in the UK offer equity to all employees, with all other countries coming in below this. For example, only 26% of companies in The Netherlands offer equity to all employees – just over half the frequency of UK tech companies.

This could have something to do with the slower growth of Dutch tech companies. According to the State of Dutch Tech 2024 report, 70% of Dutch tech companies don't raise beyond seed investment, while only 1.3% raise growth equity. Of those who are successful, it takes Dutch companies around 6 years to reach Series B – significantly longer than other countries.

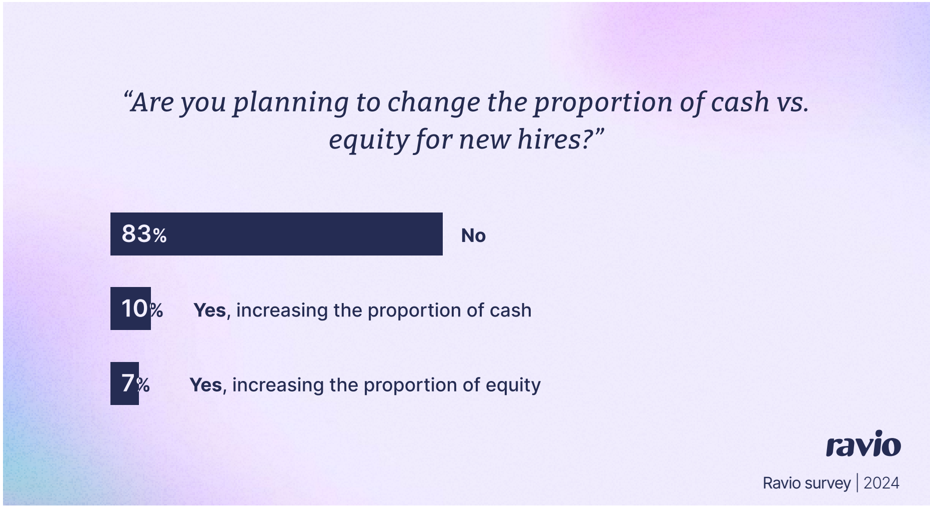




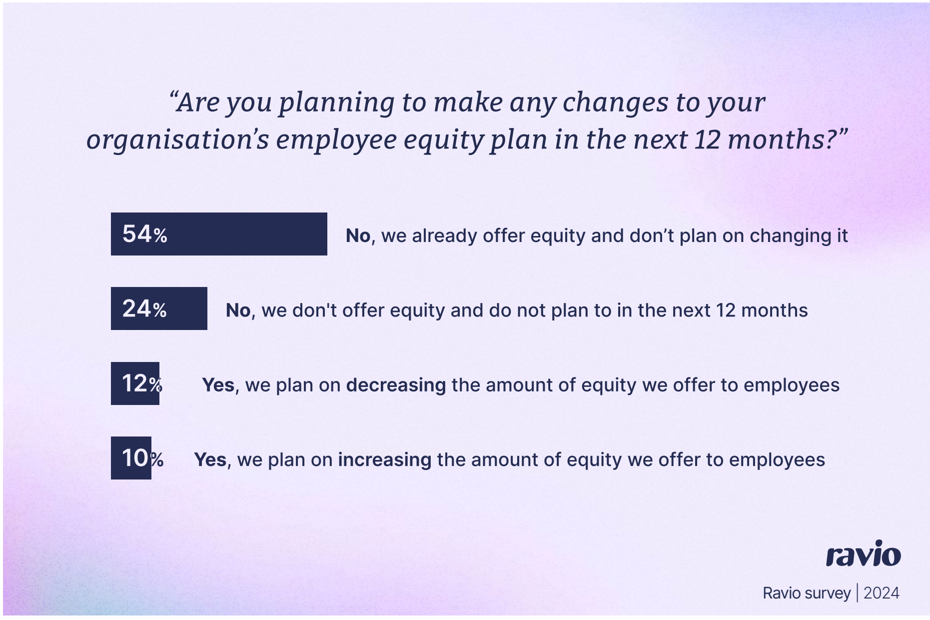
Survey: How are other European tech companies approaching equity?

Despite equity not being an area of compensation that's leveraged as much in European tech compared to the US, it is still an important part of compensation for a lot of companies.

In our survey, we found that tech companies across Europe have not adjusted their equity package for new hires over the past 12 months, with the majority (62%) saying that they remain in line with what they have previously offered. Only 4% are increasing equity grants for new hires.



There is also no plan to change this for the future. 83% of companies will be making no change to their current split, while 10% will be leaning more towards increasing the proportion of cash rather than equity.



But what do equity structures look like for existing employees? Data suggests it's not much different.

Nearly 54% of companies already offer equity and don't plan on changing this for existing employees, while 24% say they currently don't offer it and do not plan to. However, when we asked companies what specific measures they had taken to improve retention rates in the past 12-18 months (page 35), 27% said they increased equity for top performers.

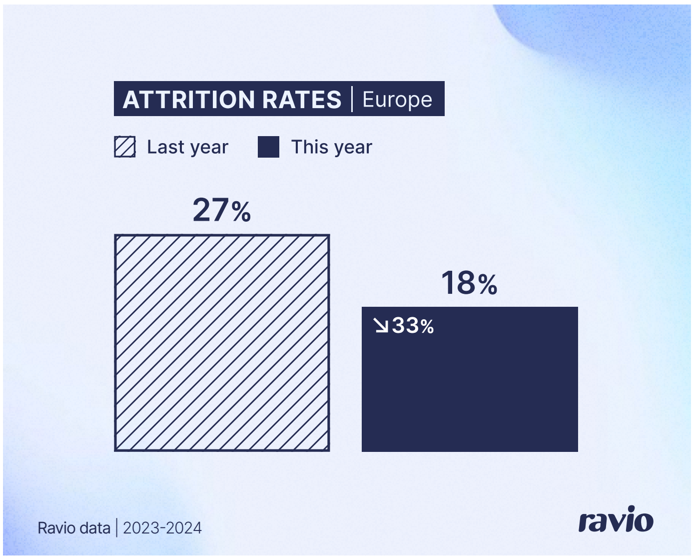
This might therefore be a more popular strategy European tech companies are adopting: focusing on equity distribution across fewer, more business critical roles.

Employee Experience

The overall picture: Attrition rates across European tech today

Overall, attrition rates dropped significantly by 33% since last year – more so than hiring rates (page 7) that declined 15%, or salary increases (page 14) that declined 14%.

It suggests a far less fluid market compared to previous years, with events like mass layoffs and company closures sparking a level of fear into employees and firmly ending the period of "Great Resignation".



Growth stage companies have been focused on driving profitability, cutting burn, increasing runway, which has led to bigger attrition rates last year. But now we're seeing those more resilient companies coming out of a tough market and starting to focus on growth again. It's really about restarting their engines for sustainable growth going into 2025."

Elena Pantazi • Partner, Talent & Portfolio

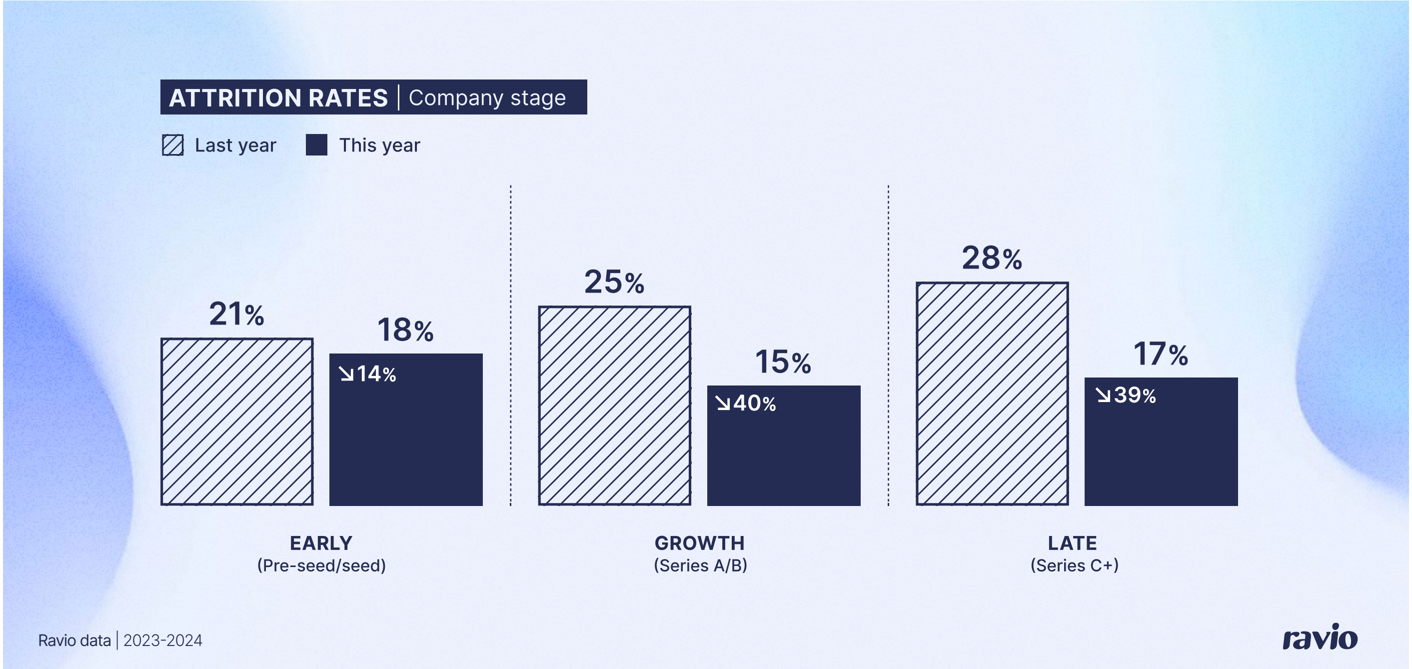
NORTHZONE

In the last few years, the startup ecosystem has restructured to optimise for stability and leaner teams. There is a mentality, especially for early stage companies, to make funding last longer than you did in the past. This has changed the growth trajectory for companies. What was an exponential curve is now more like strategic steps: employees join for the journey and progression will come through smaller headcount growth."

Andrew Duncan • Talent Director

atomico°

Attrition rates by funding stage



Attrition rates do vary depending on the funding stage of companies. This year, we're seeing attrition rates decline across the board. Early stage companies have the highest rate of attrition while growth stage companies have the lowest.

This is the opposite trend to the one we saw in the last Compensation Trends report. Then, we were seeing growth stage companies have the highest rates of attrition – the remnants of The Great Resignation and the general downturn in tech that included mass layoffs.

However, now it's the opposite. For early stage companies, employees are moving around slightly more (but still far less than last year). This also corresponds with the higher hiring rates we're seeing at these earlier companies, too (page 7).

> With a volatile year behind us, well-funded startups with Tier 1 investors are now being perceived by talent as more stable, secure environments to make a real impact, with lower attrition rates, especially within growth-stage companies having achieved Product Market Fit. VC funding has returned to 2020 levels, and we are starting to see strong signs of recovery, which make for an optimistic few years ahead."

Michelle Coventry • Head of Talent

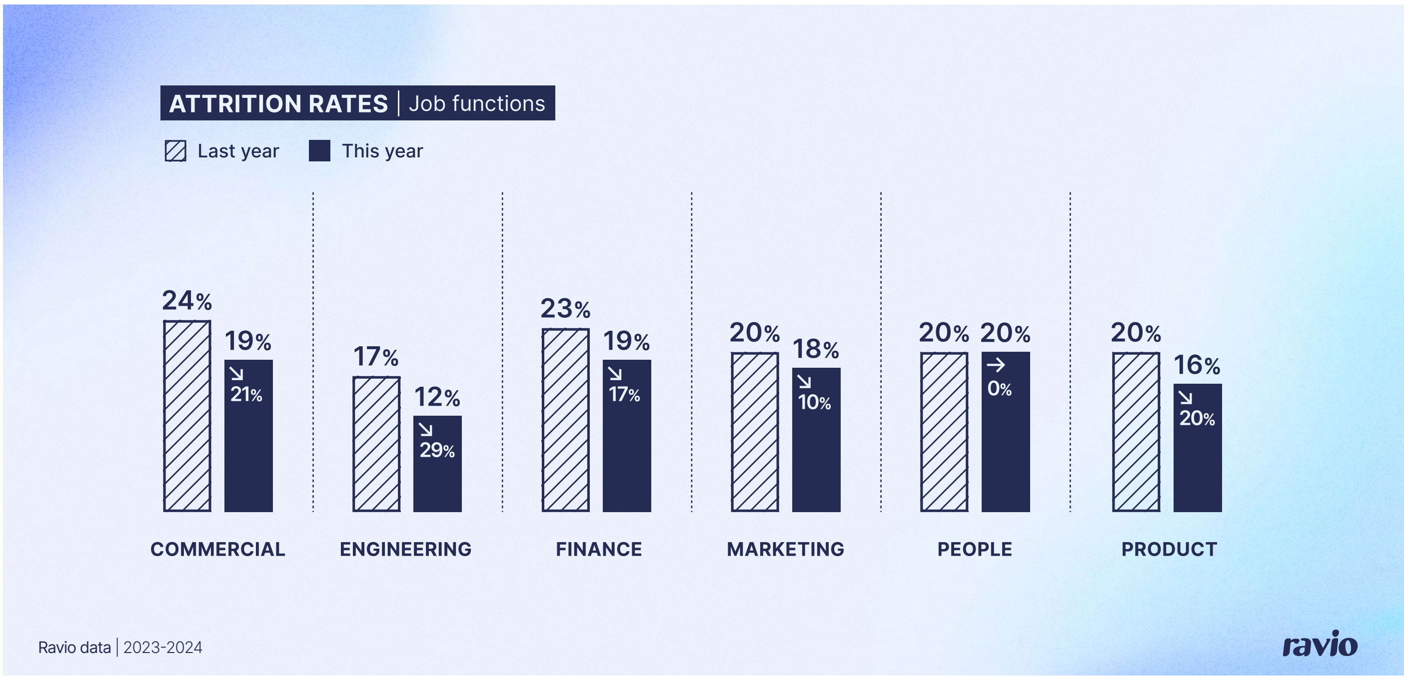
CREANDUM

> Growth stage companies that have successfully navigated a turbulent period by focusing on profitability may be seeing low attrition because employees recognize the value of staying with resilient, future-ready companies."

Elena Pantazi • Partner, Talent & Portfolio

NORTHZONE

Attrition rates by job function



Attrition rates have decreased across nearly every job function, with the exception of the People function.

Attrition rates in the People function have remained flat, reinforcing the idea of a revolving door of talent that tech companies must continuously manage. Ravio data also shows that the roles within People that have the highest attrition rates include:

- Talent Acquisition
- People Partner
- Recruitment

On the other hand, Engineering has seen the largest drop in attrition since last year, now boasting the lowest attrition rate of 12% – lower than any other function.

Despite employees being more reluctant to move roles this year, it doesn't mean companies can get comfortable. Engaging existing talent has always been – and continues to be – a challenge for companies throughout the world, not just European tech.

And these businesses need to do better.

According to Gallup's State of the Global Workplace 2024, only 13% of employees in Europe reported being engaged in their role – representing the worst employee engagement worldwide. It might indicate that companies need to prepare for an uptick in attrition rates in 2025, as employees gear up to move to new opportunities amid a better, more stable market.

> With startups reducing their recruitment targets, it's no surprise that attrition rates in the People function have increased. At the same time, there's been a noticeable rise in interim Heads of People. This arrangement appeals to mid-level professionals who value the freedom of working independently, supporting multiple companies on a short-term basis. Early-stage startups benefit as well, with interim Heads of People implementing top-tier processes and frameworks while also helping to recruit their long-term successor."

Jay Harris • VP People & Community, EarlyBird

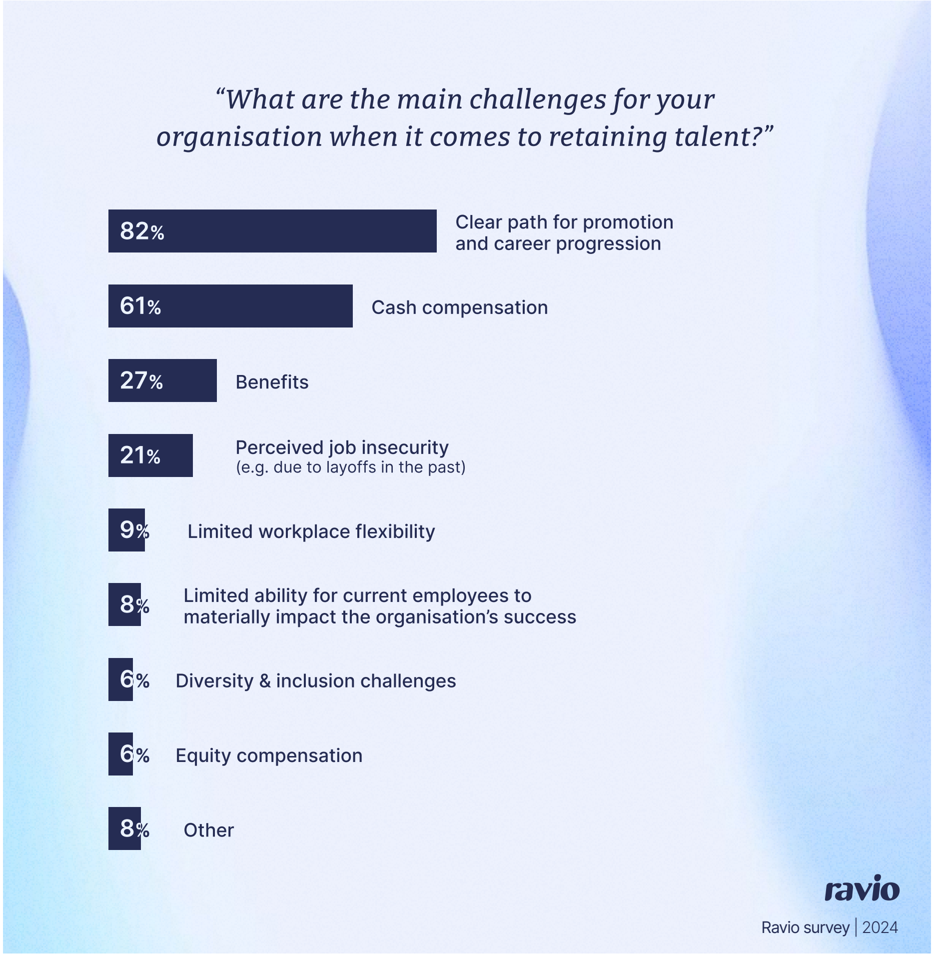
EARLYBIRD

Survey: How are other companies managing attrition rates?

The last 12 months

Tech companies in Europe are experiencing different challenges when it comes to managing talent retention and attrition.

For the majority of companies (82%), carving out a clear path for promotion and career progression is reported as the main challenge, followed by cash compensation (61%) not being competitive enough, followed by benefits (27%).



> People find great comfort in clarity. A well-structured talent development plan gives them a clear vision of their future and what they need to work on to get there. It’s crucial for HR and Reward managers to remember this and focus on developing these frameworks well. While employees may not stay forever — something quite common today — they will be able to use those development plans to excel within your company or move on to their next great opportunity.”

Vaso Parisinou • Chief People Officer

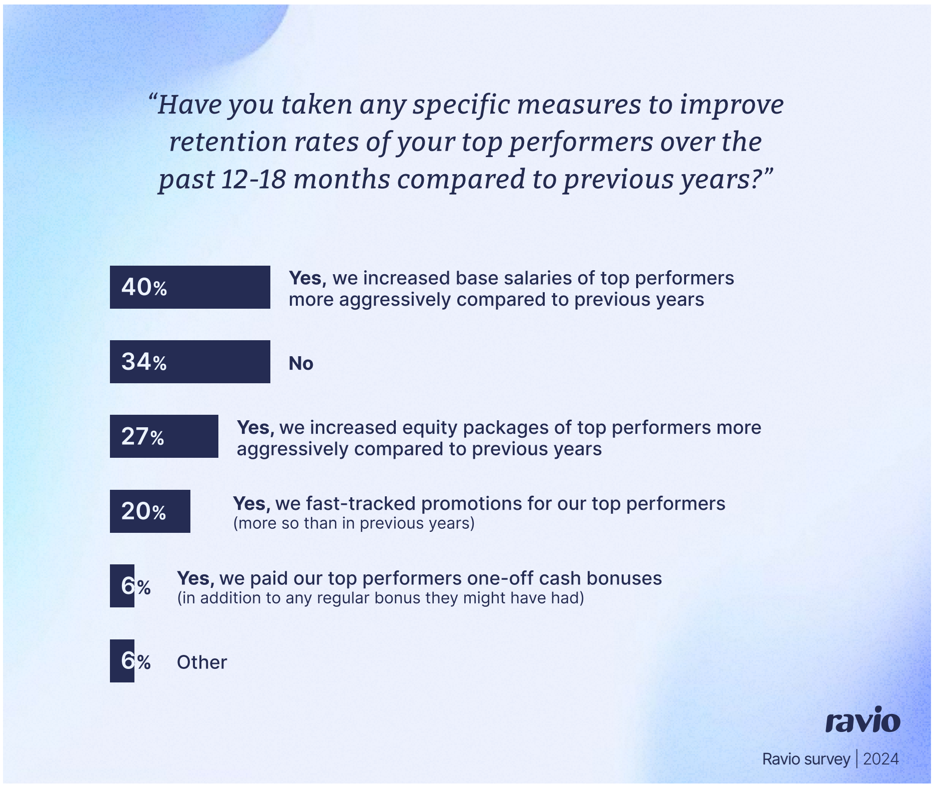
ravio

See what’s happening in the market today

Stay ahead of the market by comparing your average salary to relevant industry peers using Ravio’s live market trends.

Identify the roles that are in demand with a real-time view of the market, across total compensation.

Try 3 benchmarks for free →



In response to some of these challenges, 40% of companies are increasing base salaries for top performers significantly more than previous years. When we compare this with salary increase trends (page 14), which have all decreased, it might indicate that companies are implementing a pay increase strategy for top performers only.

It's also worth noting that the next biggest response was that companies are not taking any specific measures to improve retention rates despite challenges. This could be due to a number of factors, but could again come back to the fact that companies don't have as much expendable budget as previously.

Where organisations are exploring other methods to improve talent retention, we saw some key themes arise around benefits, events, and other approved methods:

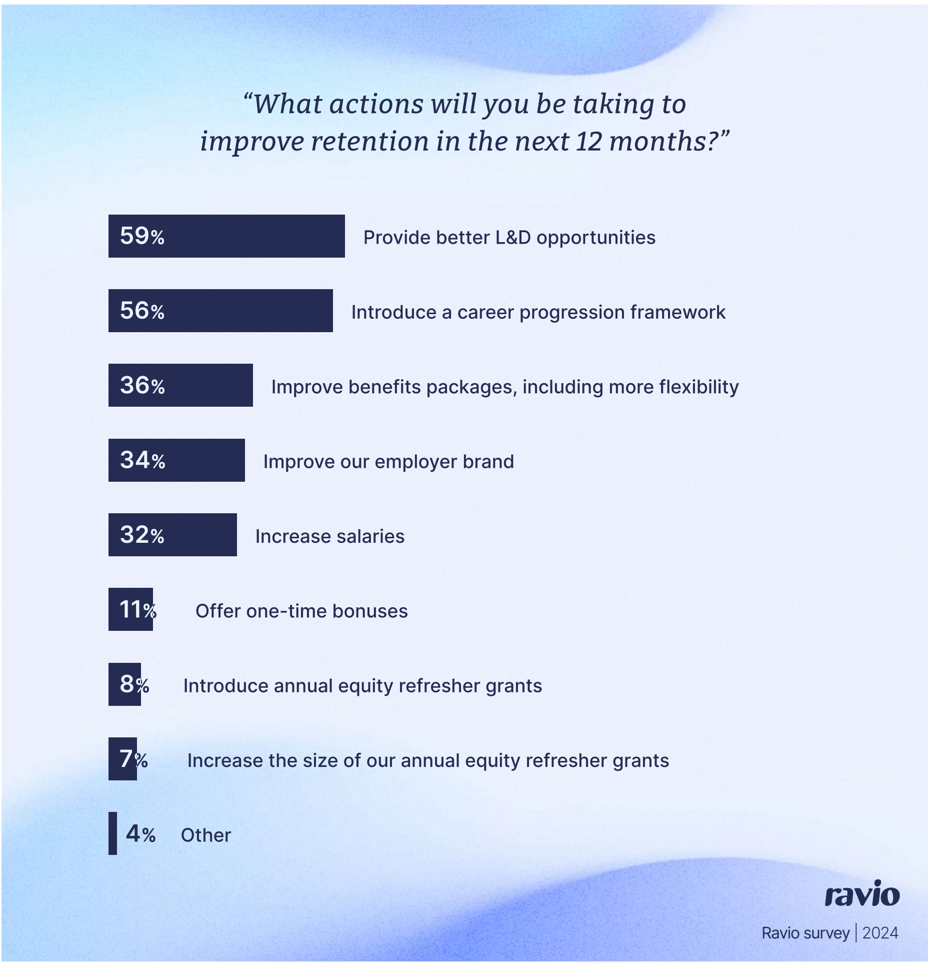
"We are providing other benefits and projects"

"We are focusing on events, team-building exercises etc."

"Conducted a risk assessment and identified measures to enable successful retention efforts"

The next 12 months

Despite tech companies experiencing challenges with talent retention – and a large number of companies not addressing this with any specific strategies in the past year – the majority of organisations (75%) do seem to be prioritising this in the future.



For those who are doing something to improve attrition, career development shone through as the main method. Almost 60% of companies are planning to address attrition issues with better L&D opportunities, and 56% are introducing a career progression framework.

This is again a lot higher than companies planning to increase salaries (32%) – once again reflecting the current market. People teams are clearly looking for additional, creative ways to encourage people to stay in their role – leveraging learning, development, and career progression as their main methods.

Of those who said they weren't placing employee retention as a business priority, two main themes came through.

Firstly, many companies are proactively focusing on improving employee development:

> *"We have reviewed comp and benefits over the past 18 months. Attrition has been stable and at a tolerable level. Higher priority to solve is employee development, career progression, pay & level transparency."*

Secondly, companies are also looking to attract talent as well as build out certain functions:

> *"Attracting the right talent with the right skills for future growth."*

> *"Retention is not a challenge. Building our sales team is."*

How long do employees typically stay in a role?

The current median tenure for an employee at a European tech company is around 2 years, slightly higher than last year's median average of 1 year and 9 months.

Tenure doesn't vary drastically between companies at different funding stages. However, it has had an uptick across functions when we compare to last year.

Unsurprisingly, Engineering's average tenure has gone up (in line with attrition rates going down), and now sits at 2 years and 5 months – quite an increase compared to last year's 1 year and 11 months.

Average tenures across other job families include:

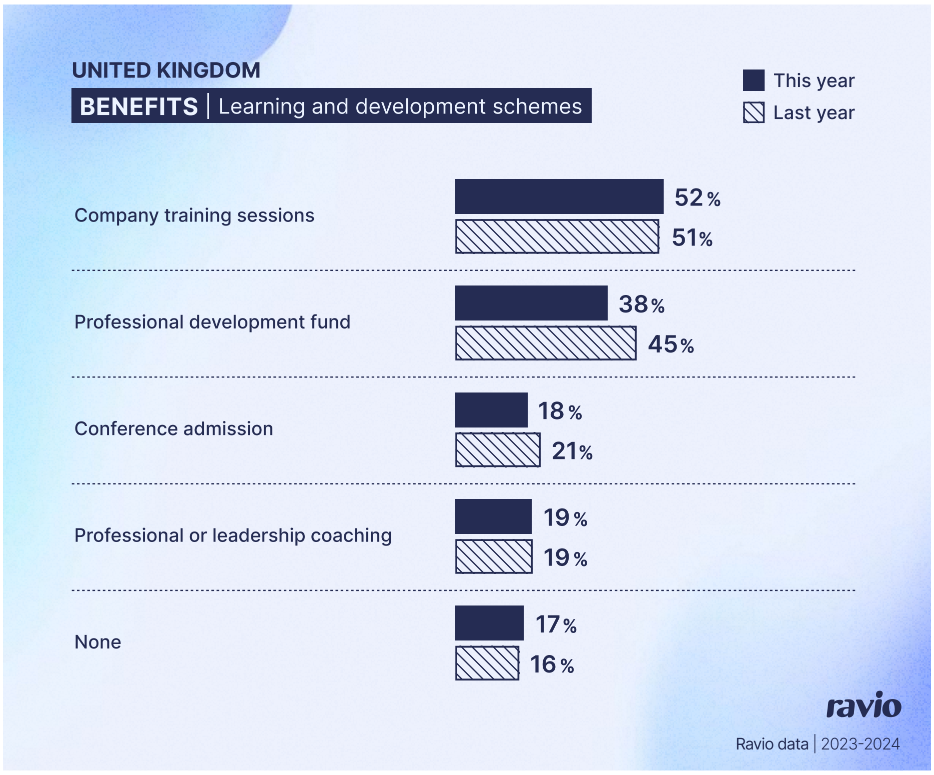
- Commercial: 2 years, 1 month
- People: 2 years, 3 months
- Marketing: 2 years, 3 months
- Product: 2 years, 5 months

Benefits

What L&D benefits are companies offering employees?

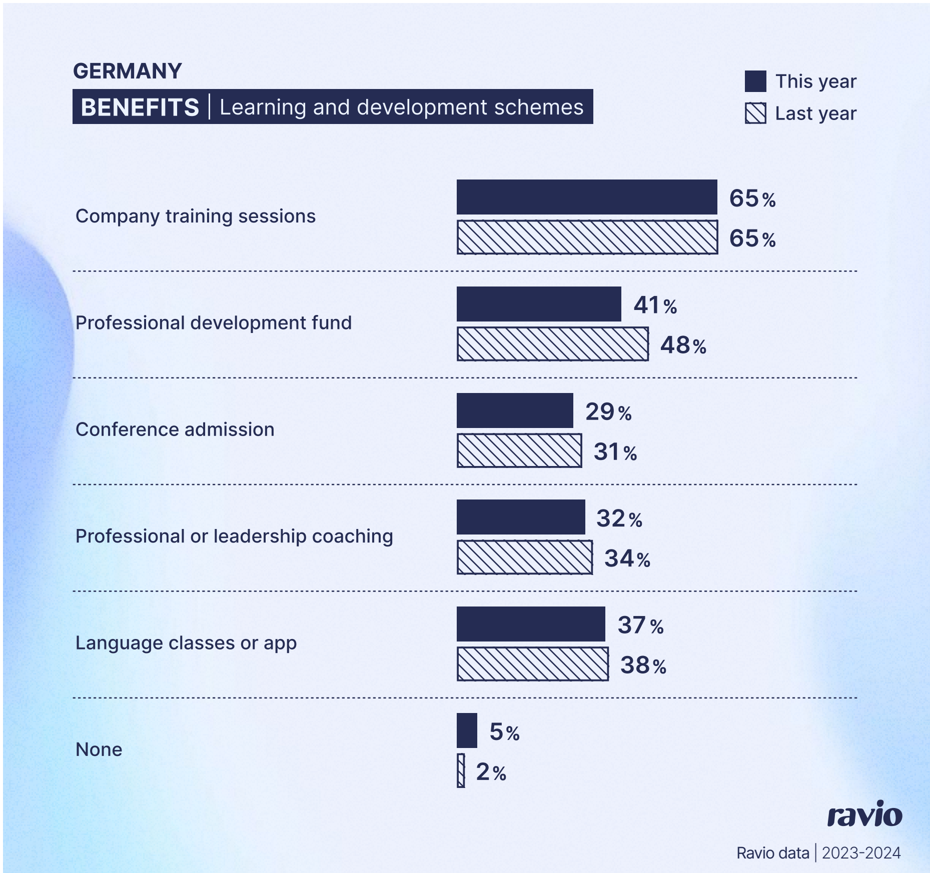
Alongside career progression frameworks, learning and development for employees is an important part of career progression – helping employees to develop the skills and competencies to meet the expectations of that next job level.

So how are European companies approaching learning and development for their employees? It actually differs significantly across countries – as we can see by looking at the top 5 learning and development schemes on offer:



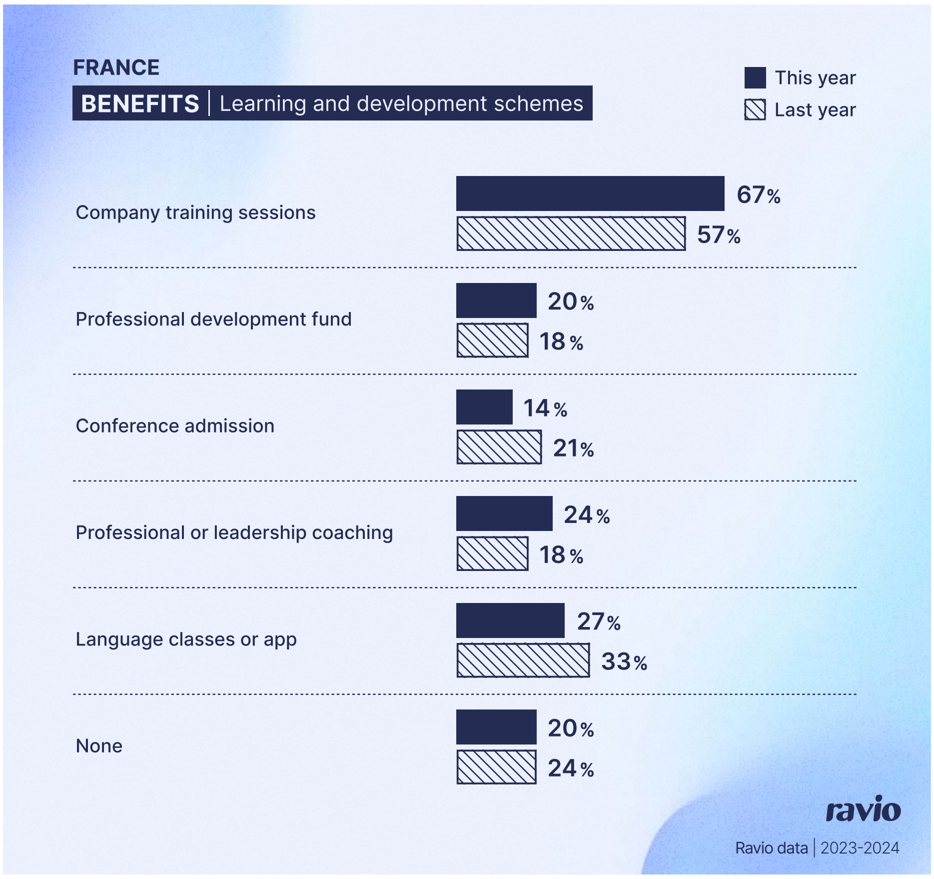
Given how big the UK tech market is, it's surprising to see that companies based here don't leverage benefits as much as their smaller competitors.

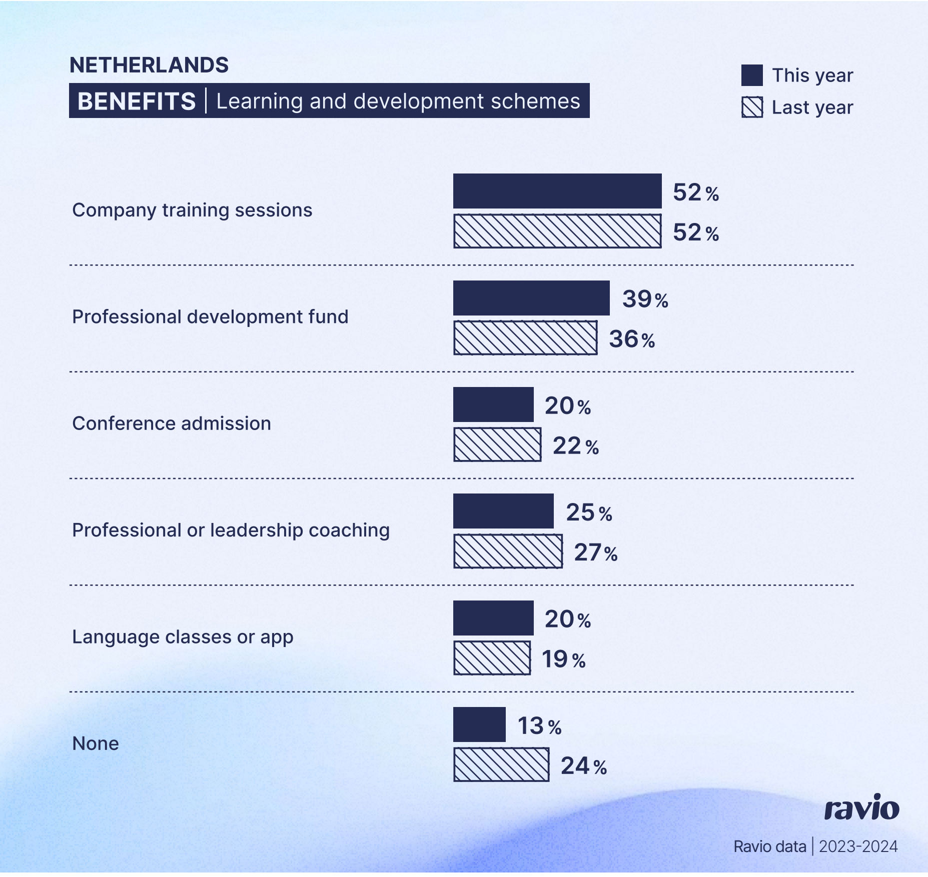
In fact, 17% of tech companies in the UK don't offer any L&D opportunities to their employees, compared to only 5% in Germany.



Germany also offers 41% of their employees a professional development fund. Although this has dropped significantly from 48% last year, Germany continues to remain in the top spot when it comes to this particular benefit.

France leads the way when it comes to company training sessions, offering 67% of their employees company-wide training sessions.





Methodology

Ravio data

All data included in this report is drawn from the Ravio dataset – the most comprehensive real-time talent dataset in Europe, with over 300,000 compensation data points.

Ravio connects directly to the HR systems of its customers and refreshes its data in real-time.

The dataset used to perform the analyses contained in this report is current as of the end of Q3 2024. All data has been anonymised. All data has been standardised (i.e. made comparable) by using the Ravio job levelling framework.

Salary data and analyses have been performed on base salaries only, i.e. excluding variable compensation and equity. Insights on variable compensation and equity can be found in the Ravio platform.

Ravio uses GBP as the standard currency so all salary data is shown in GBP, with other currencies converted to GBP using the exchange rate as of the end of Q3 2024. Salary trend analyses are performed on a constant-currency basis. Other currencies can be found in the Ravio platform.

Ravio survey

The survey was distributed to People Leaders within the tech industry in August 2024, receiving over ninety responses.

Version 1.01 published 25 September 2024