

Adaptation is evolution : Ravio's latest report reveals that European startups will focus on retention

Ravio, an HR technology company that analyses real-time employment and compensation data for European startups, has today released a comprehensive report on startup compensation, hiring, and growth rates.

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"It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change." - not Darwin

Besides the fact that this quote is commonly misattributed to Charles Darwin, the idea that adaptation is key to evolution remains a certainty.

One of the most well-known examples is dinosaurs. Theropods, the clade including the mighty tyrannosaurus, the fast velociraptor and the monstrous gigantosaurus, have all slowly but drastically evolved. As food got scarce, they got smaller. Preys became rare, so most of them became omnivores, and some even herbivores! They lost their fangs and claws, and as they slowly turned into preys themselves, they developed wings to escape their new predators, and became the birds we know today.

So even if the once all-mighty theropods evolved into smaller beings, they have an advantage over other dinosaurs; they survived.

The same goes for us. What has once worked and made us grow might have to change. Useful features and qualities, that were once essential to an individual, to a company, need to be rethought. Without adaptation there is no evolution, and without evolution one is doomed to disappear.

War is over

Last year, European tech companies were in the middle of a talent war. A zero-interest rate environment, remote working policies, and “the great resignation” led to high hiring rates for a small pool of talent. Now, Europe’s startups are facing a different reality: the deployment of VC funding has decreased, the IPO window remains closed, interest rates have kept growing, and companies have focused their operations on profitability. *Ravio* is revealing how Europe’s top startups have significantly altered their growth, hiring, and compensation packages in response to these new conditions.

Ravio's mission for equality

Ravio is on a mission to empower companies to build better teams and ensure they are paid fairly, with a compensation management platform designed specifically for high-growth technology companies. With well over 150,000 compensation datapoints, Ravio has the most comprehensive real-time talent dataset in Europe, and is used by People and Reward leaders across European tech to track the talent market and manage their compensation review process.

Ravio’s report shows startup hiring rates are down by nearly 40%. Further, the current economic environment has hit Europe’s largest tech companies particularly hard, with hiring at late-stage startups halving

versus last year.

"We now analyse well over 150,000 compensation datapoints in real-time in the Ravio platform. This volume of information means we can generate a level of insight that previously did not exist in the market. We're looking to create this report regularly as a bellwether for Europe's technology ecosystem. We hope to not only help startup employers navigate this new economic reality, but also employees understand what fair pay looks like for them in this job market." comments Roy Blanga, Ravio founder and co-CEO.

Change of priorities

Startups were growing at rapid pace during the pandemic, creating unprecedented demand for technology talent. As a result, 2022 was a big year for tech compensation. The average startup employee could expect a salary increase of 8%, far above the non-tech industry standard of 2-3%.

Startups have now shifted their focus to retention, with the majority aiming to keep headcount flat for the first half of 2024. With reduced demand for new hires and a focus on greater financial discipline, tech companies are only budgeting for a 4.8% increase in base salaries for their employees this year, 40% less than the year prior.

The gender pay gap issue still remains

Startups are rightly under increasing pressure to deliver improvements in pay equality, especially in light of the EU Pay Transparency Directive coming into effect in 2024.

Ravio reveals that startups must focus on both pay equality and representation to close the gender pay gap. In the C-suite, women have the lowest representation versus other seniorities, but in terms of median salaries, there is no difference between genders.

The opposite is true in more junior positions.

The gender pay gap for individual contributors is the highest of all career tracks. At this level, women still earn 22% less than their male counterparts, yet represent a much higher 41% of the workforce.

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