Behind closed doors
Compensation reviews

How 140 companies navigate the messy reality of pay review decisions

ravio

“How do other companies do their compensation reviews?”

We hear that question constantly at Ravio. There's intense curiosity about how other People and Reward teams navigate this process – and for good reason.

Compensation reviews are run by tiny Rewards teams working in isolation, or picked up by broader People teams managing pay as just one project among many. We’re making high-stakes decisions about our peoples’ livelihoods, with limited context for what approaches actually work for other companies.

On paper, compensation has all the hallmarks of science – market data, salary structures, benchmarking analysis. But the reality is that every decision gets filtered through human complexities: your company's unique culture, budget pressures, leadership philosophy, and the deeply personal nature of pay itself.

Some companies run reviews quarterly, others annually, still others have abandoned the traditional cycle entirely. Some give managers full discretion over pay decisions; others keep tight central control. Some share detailed reasoning with employees; others reveal only the final number.

This is the 'art' of compensation reviews – the human, contextual side that no framework can fully capture.

To help satisfy that curiosity, we surveyed 140 companies to find out how others really do it.

What we found was remarkable variance in approaches and how different companies think through the same dilemmas you face, as well as some fascinating patterns on what makes for a strong compensation review process.

Through that survey we opened those closed doors, so now we can finally answer that question: how do other companies approach compensation reviews? So let’s get into it.

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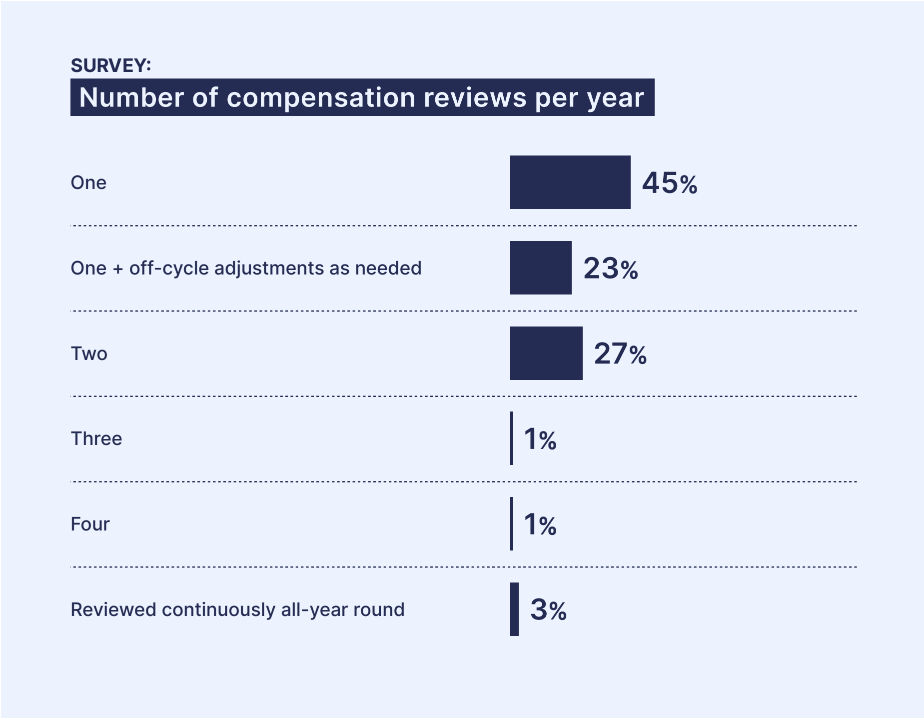
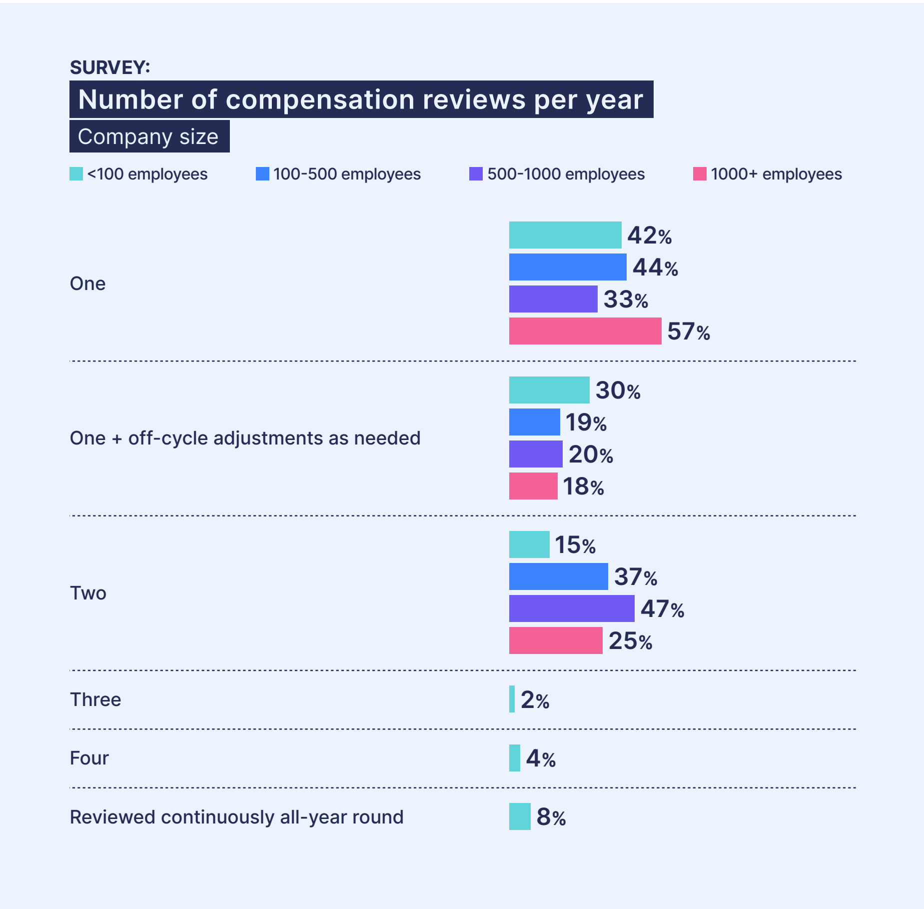
Phase 1: Plan

How frequently do companies run compensation reviews?

An annual cadence dominates, with 45% of companies running one review per year and an additional 23% an annual review with off-cycle adjustments as needed.





When we analyse responses by company size, the picture shifts quite significantly. Small companies are the only ones experimenting with eliminating traditional cycles entirely, with 8% reviewing compensation continuously throughout the year.

The 500-1000 headcount group are most likely to run bi-annual reviews (47%), whilst large companies with over 1,000 employees typically stick to annual reviews (57%).

These trends reflect how operational complexity grows with scale – the bigger you get, the harder frequent reviews become to coordinate without immense administrative burden.

Examples: Different cadences for different contexts

Skyscanner

Annual: Skyscanner (1000+ HC)

Why it works: As a large company, Skyscanner opt to mirror the market standard on review cycles. Plus, an annual cadence ensures compensation cycles align with broader business rhythms – annual goal-setting, budgeting, performance review cycles. This makes it operationally easier to connect compensation with business outcomes.

Kognia

Annual + off-cycle as needed: Kognia Sports (<100 HC)

Why it works: With a 30-person team, Kognia Sports is a small enough company that they're able to have a flexible approach, making ad hoc adjustments throughout the year to reflect market shifts, reward employee progression, or react to retention risk.

Showpad

Bi-annual – one main cycle, one smaller: Showpad (100-500 HC)

Why it works: Showpad runs one comprehensive review at fiscal year start covering market corrections, pay equity fixes, performance, and promotions, plus a smaller mid-year review focused only on additional market shifts and promotion needs. As a fast-moving tech scale-up, more regular review cycles better align with the speed of the company's growth trajectory and the pace of the tech talent market.

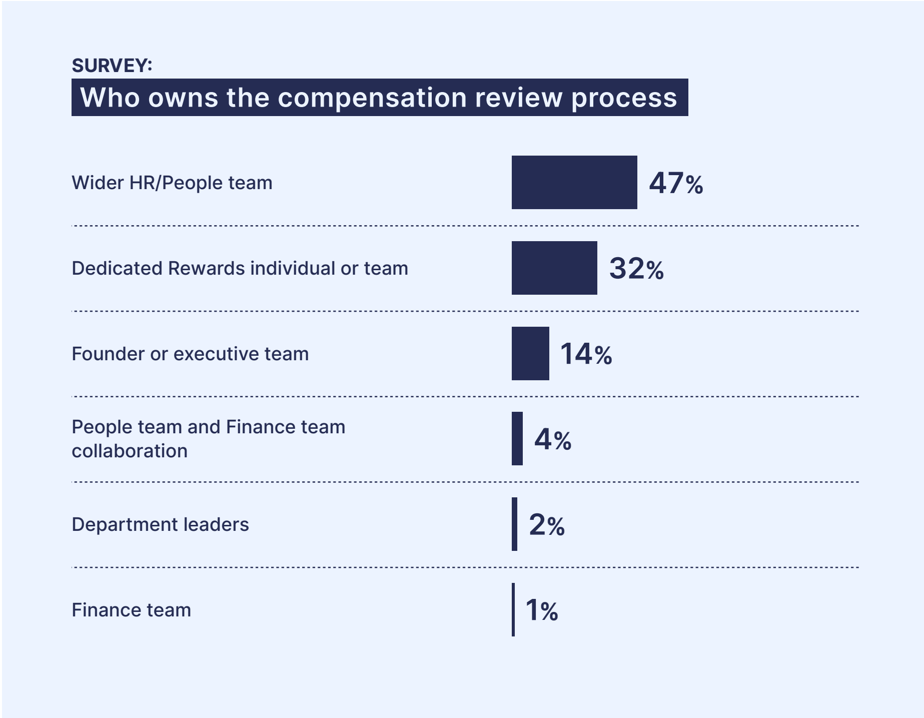
EGYM

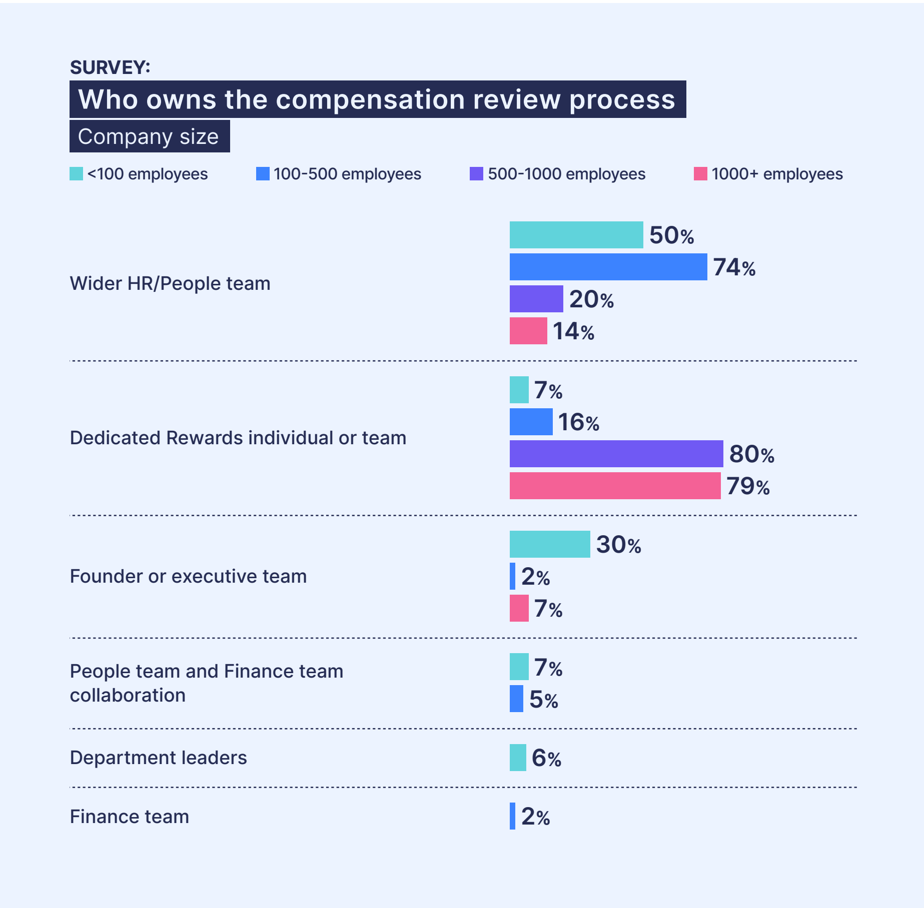
Bi-annual – two identical cycles: EGYM (500-1000 HC)

Why it works: As a rapidly scaling organisation, EGYM recognised that an annual performance and compensation review cycle was insufficient to accommodate the dynamic needs of its growing team. The inflexibility of the once-a-year model was resulting in frequent off-cycle exceptions and reactive adjustments. To create a more agile and equitable process, EGYM transitioned to a biannual review cadence, with two identical review cycles per year in May and November. This structured yet adaptive approach has significantly minimised the need for exceptional interventions, promoting greater consistency, transparency and efficiency across the organisation.

Which teams typically own the compensation review process?

Unsurprisingly, most compensation reviews are owned by HR teams, with 47% run by the wider HR/People team and an additional 32% handled by a dedicated Rewards team.



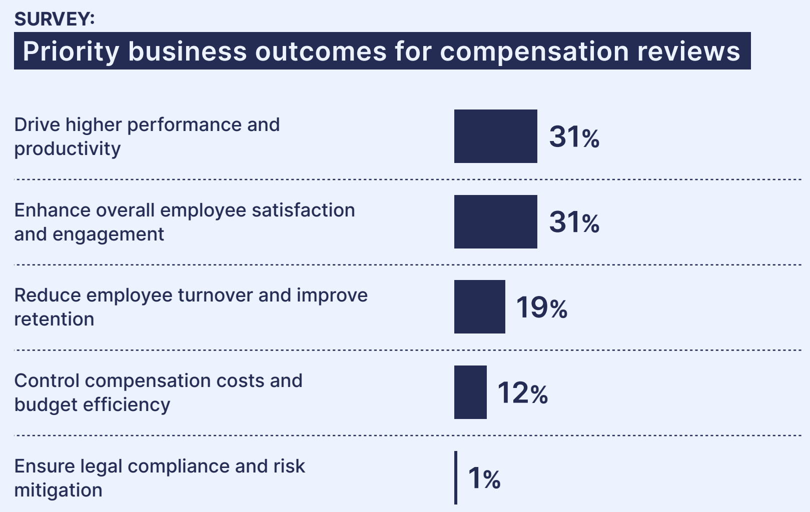


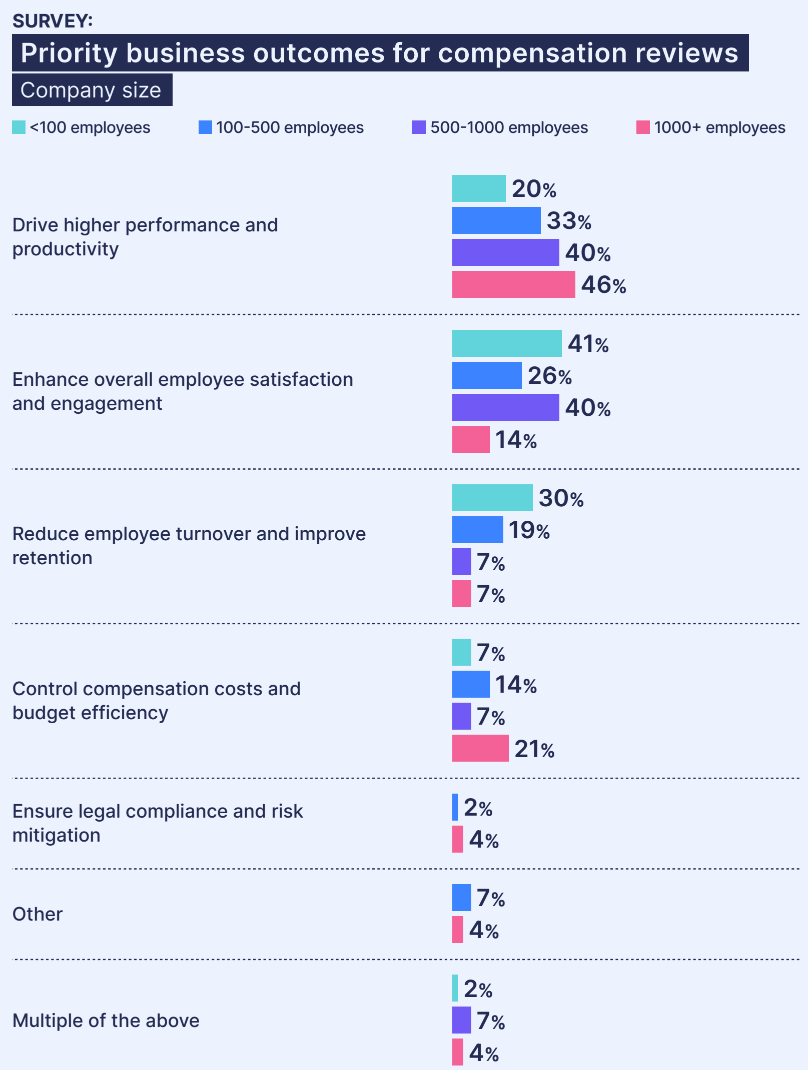
Dedicated Rewards teams only emerge at larger companies, where the scale requires focused expertise – 80% of 500+ HC companies have reviews run by a dedicated Rewards team.

On the other end of the scale, at small companies with less than 100 employees it's common for compensation decisions to be made at leadership level, without formalised HR ownership – 30% have a founder or exec-led pay review process (compared to just 14% overall) and 6% have department leaders owning the process (vs 2% overall).

What business outcomes are companies aiming to achieve with compensation reviews?

Companies are split on what they want compensation reviews to achieve – 31% prioritise driving productivity, whilst for a further 31% enhancing employee engagement is the most important outcome.





But, a pattern emerges once we analyse by company size: compensation reviews seem to evolve from a retention and culture tool at early stages to a performance and efficiency lever as companies mature and face pressure to optimise their largest cost centre – which could still imply a continued focus on retaining top performers for these larger companies.

For small companies, people-focused outcomes take priority. 41% prioritise employee satisfaction compared to 31% overall, and 30% target reducing turnover versus 19% overall.

As companies grow, though, productivity becomes increasingly important – rising from 20% at small companies to 46% at enterprises with 1000+ employees. Similarly, large companies also become more cost-conscious, with 21% prioritising budget efficiency.

Examples: Different priorities for different contexts

Skyscanner

Annual: Skyscanner (1000+ HC)

Why it's the priority: Skyscanner has big goals and targets to hit as a business, so they need their team members to be pushing progress towards those goals. Compensation reviews are a core part of incentivising and rewarding this – and the process ensures that if the company does well, the employees do too.

CrowdBuilding

CrowdBuilding: Employee engagement (<100 HC)

Why it's the priority: As a social impact startup focused on affordable housing and headquartered in high-cost-of-living Amsterdam, CrowdBuilding wants employees to never worry about finances. Competitive compensation that's regularly reviewed ensures they can "walk the walk" on their mission of helping people afford great places to live.

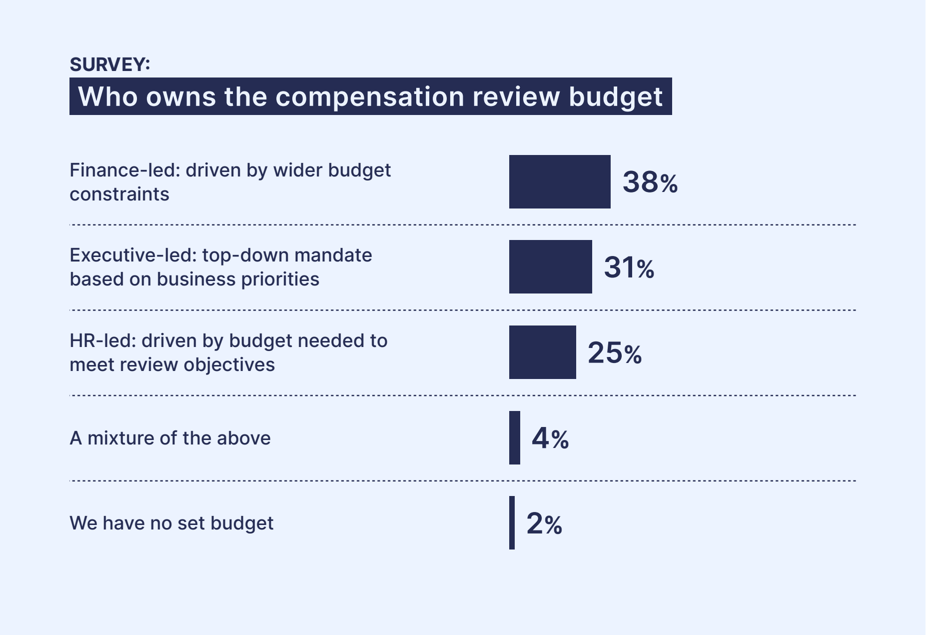
Showpad

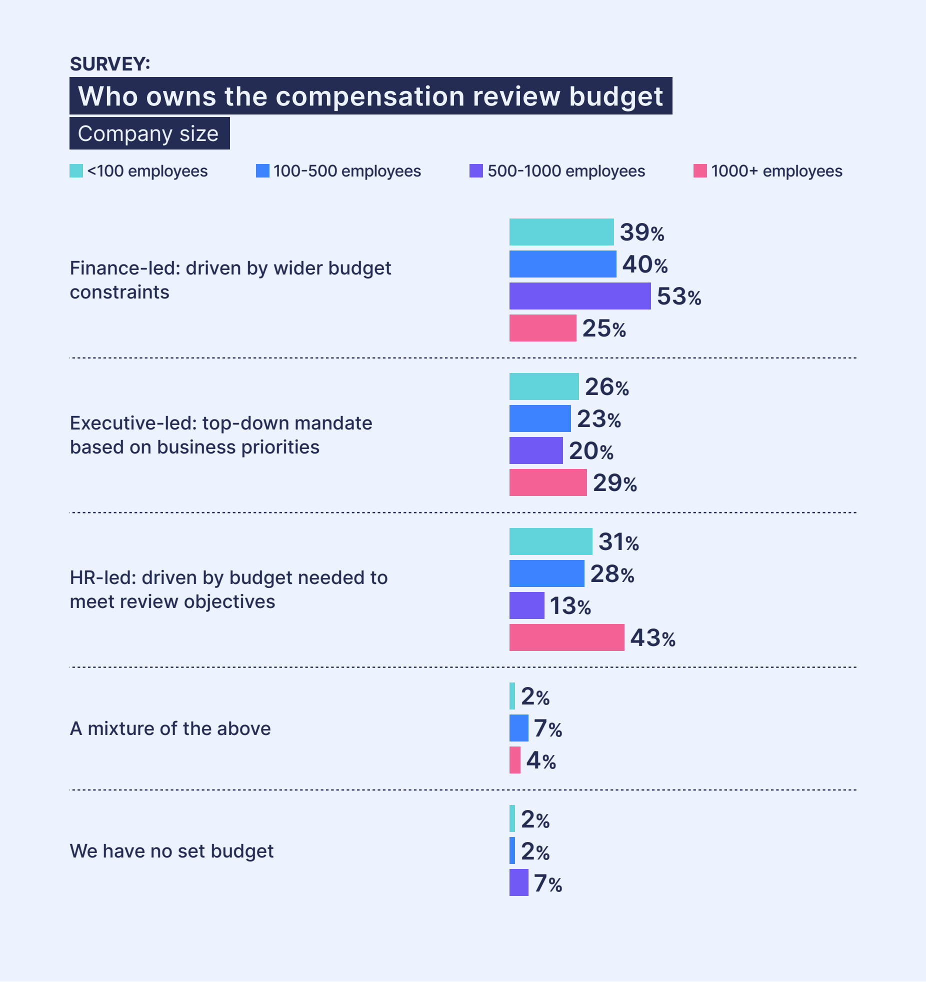
Showpad: Employee retention and average tenure (100-500 HC)

Why it's the priority: As a fast-growing scale-up with ambitious goals, Showpad needs to retain the right talent to drive company performance – experienced sales teams mean lower customer acquisition costs, for instance, or experienced customer success teams reduced churn rates. Compensation reviews play a key role in keeping pay competitive as well as recognising performance – alongside extensive incentive plans for most roles too.

How do companies approach compensation review budget ownership?

Budget ownership varies significantly: in 38% of companies Finance teams drive compensation review budgets, with leadership-led budgets coming second at 31%, and HR-led budgets at 25%.





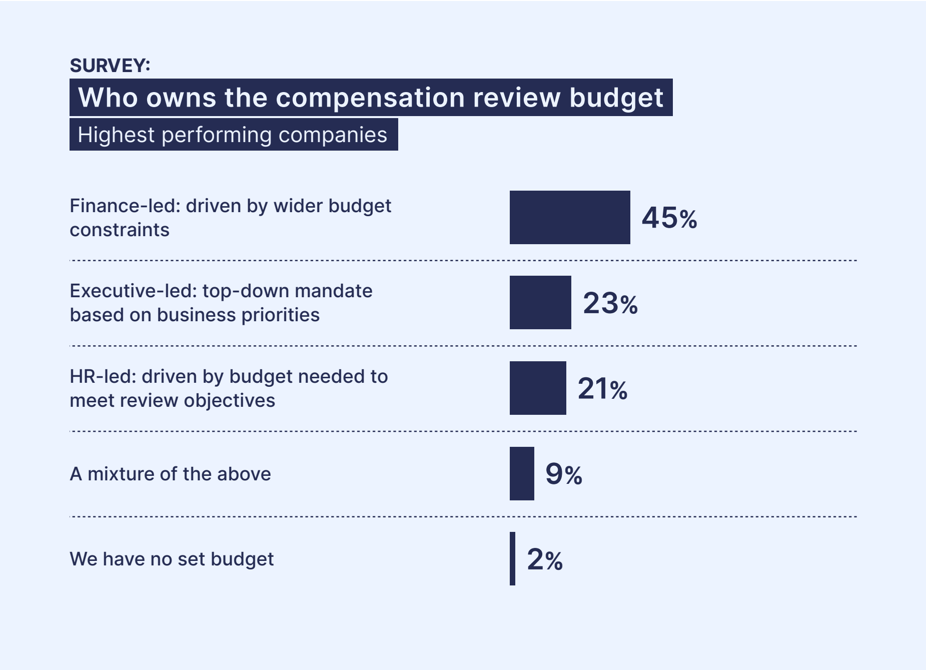
When we analyse responses by company size, the proportion of HR-led budgets remains broadly consistent, but there are large fluctuations between finance-led and executive-led.

As companies grow, the proportion of finance-led budgets increases, until it reaches 53% at the 500-1000 employee range. At the same time, executive-led pay review budgets become significantly less common (13% vs 31% overall), likely as budgets are delegated as the company grows.

But, interestingly, once companies reach 1000+ employees, leadership control over compensation budgets increases to become the most common approach, with 43% of companies – the highest of any company size. Perhaps at this size, compensation becomes a strategic workforce tool requiring executive direction, and potentially even board or remuneration committee oversight too.

Companies with the highest performing compensation review processes (those who achieve a 4-5 out of 5 against their success metrics) are much less likely to have leadership-led budgets (20% vs 31% overall) and are twice as likely to collaborate across teams (10% vs 5% overall).

This suggests that the most successful compensation reviews actually come from collaborative budget-setting rather than top-down mandates.



Expert insight: Why collaborative budgeting works best

For Lucia Nikolaou, Founder of CompanionHub, "a hybrid model where Finance and HR collaborate on the compensation review budget" is the ideal approach for most companies.

Finance-led budgets can be too rigid and lose sight of talent needs, while HR-led budgets risk overspending and misaligning with business goals, and executive-led budgets can become disconnected from operational realities.

But, when Finance and HR collaborate: "it combines financial discipline with people-focused insights, leading to more balanced and effective outcomes."

Our survey data supports this – companies using collaborative approaches are twice as likely to achieve high success ratings.

Typically, Finance will set initial parameters based on broader business goals, but HR highlights the employee needs or market shifts that inform how the budget relates to strategic objectives for the review.

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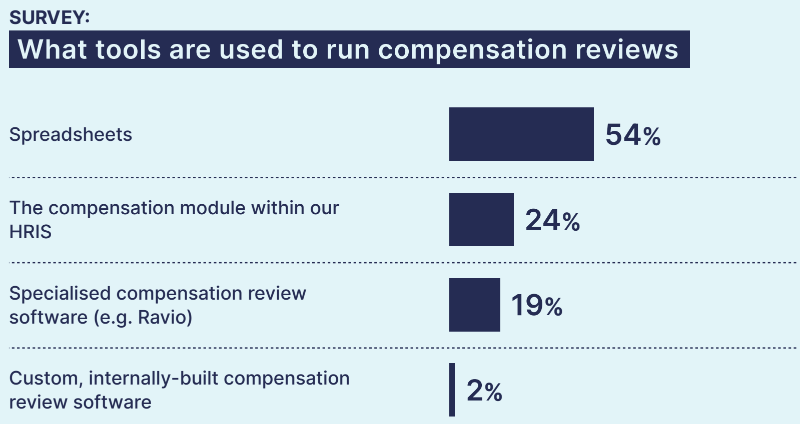
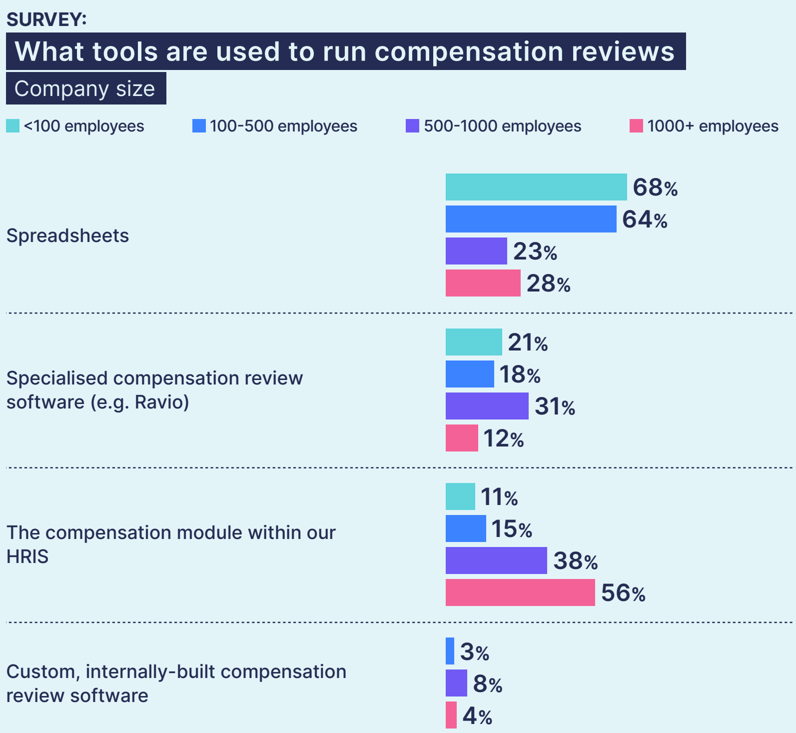
Phase 2: Run

What tools do companies use to manage compensation reviews?

Despite the complexity of compensation reviews, 54% of companies rely on spreadsheets to manage the process.





This varies dramatically by company size, with a clear technology adoption curve as organisations mature.

Small companies are overwhelmingly spreadsheet-dependent, with 68% of companies under 100 employees and 64% of those with 100-500 employees. This reflects both budget constraints and simpler coordination needs when managing fewer employees.

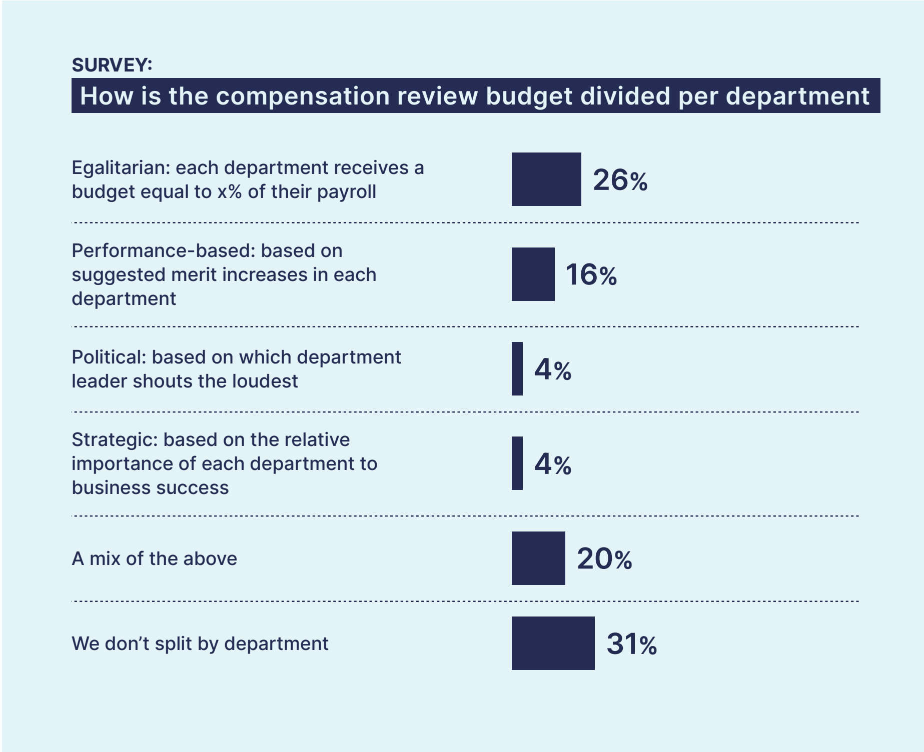
The transition happens sharply around 500 employees, where only 23% still use spreadsheets. Instead, mid-size companies adopt more sophisticated solutions: 38% use HRIS compensation modules and 31% use specialised software. Managing hundreds of employees across multiple departments makes spreadsheets unworkable, forcing investment in tooling.

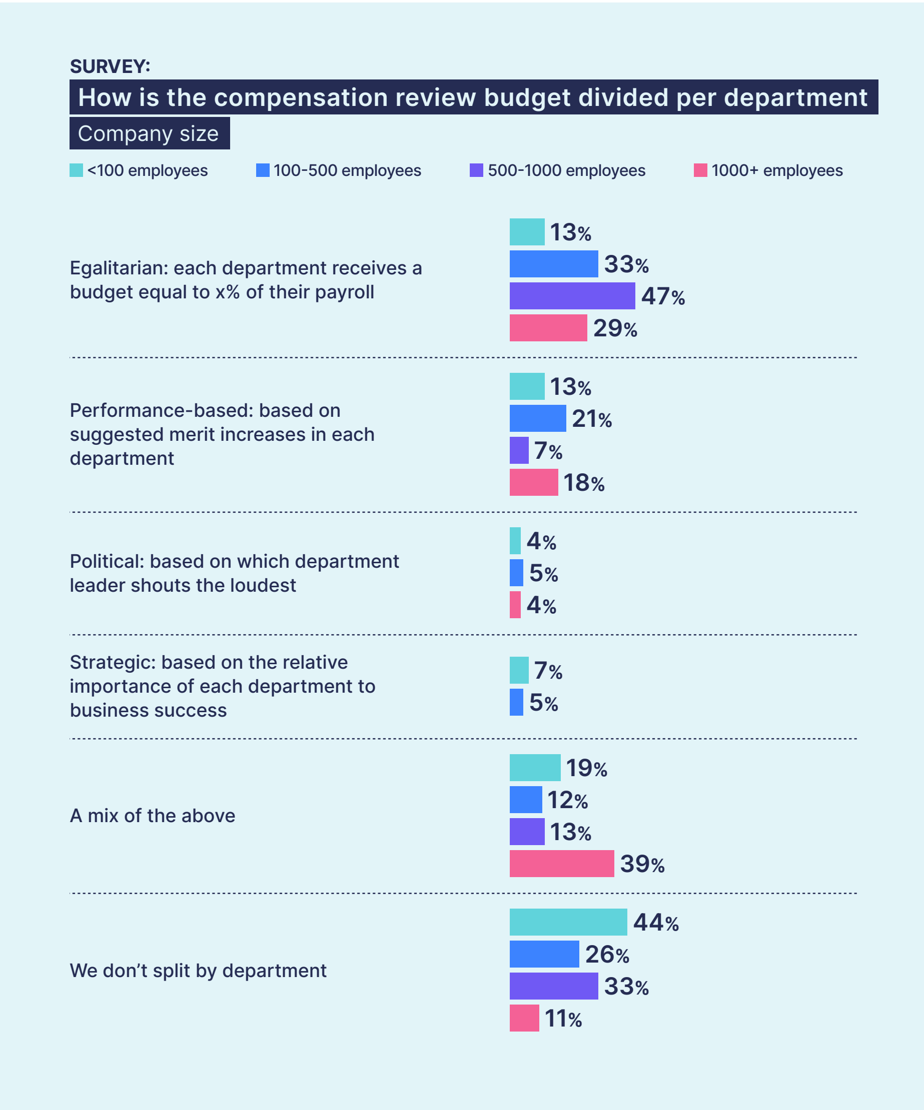
Further, **companies with a high performing compensation review process (4-5/5 rating) are much more likely to use software solutions (50% vs 43% overall)** rather than spreadsheets, suggesting that whilst spreadsheets might feel sufficient, they may limit process effectiveness.

How do companies split their budget by team?

There's no clear consensus when it comes to allocating compensation budgets across departments.

31% don't split by department at all, 26% use an egalitarian approach based on each team's percentage of payroll, while others base decisions on performance needs (16%), or a mix of approaches (20%).





Small companies overwhelmingly don't divide their budget by department (44% vs 31% overall), reflecting simpler organisational structures where a centralised approach for all employees may make more operational sense than a per team approach.

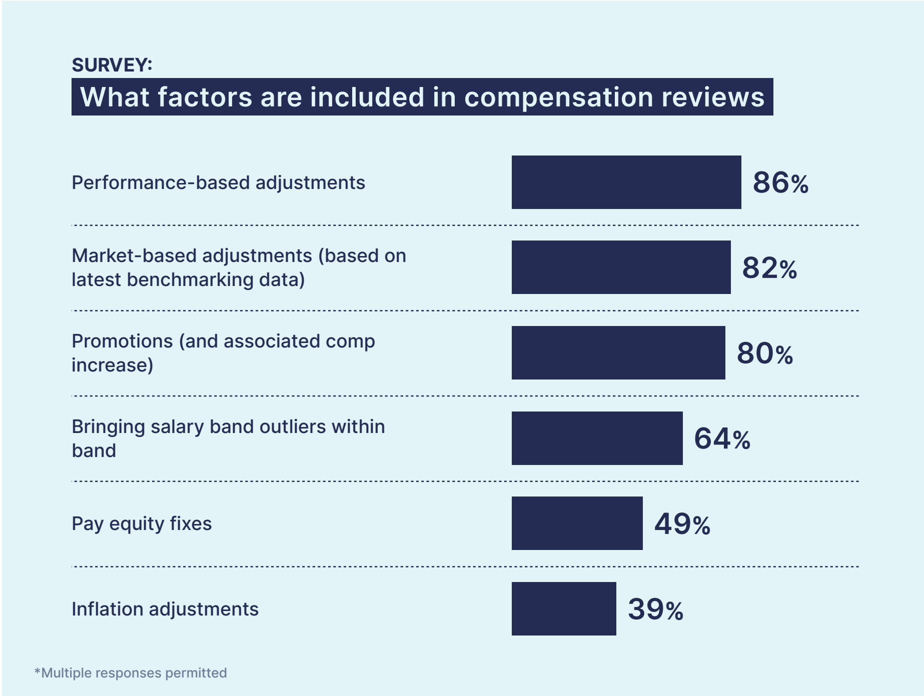
The 500-1000 employee group are much more likely to use an egalitarian model where each department gets a budget equal to a percentage of their payroll (47% vs 26% overall) – suggesting a heightened focus on structure and fairness at this point of scaling a business.

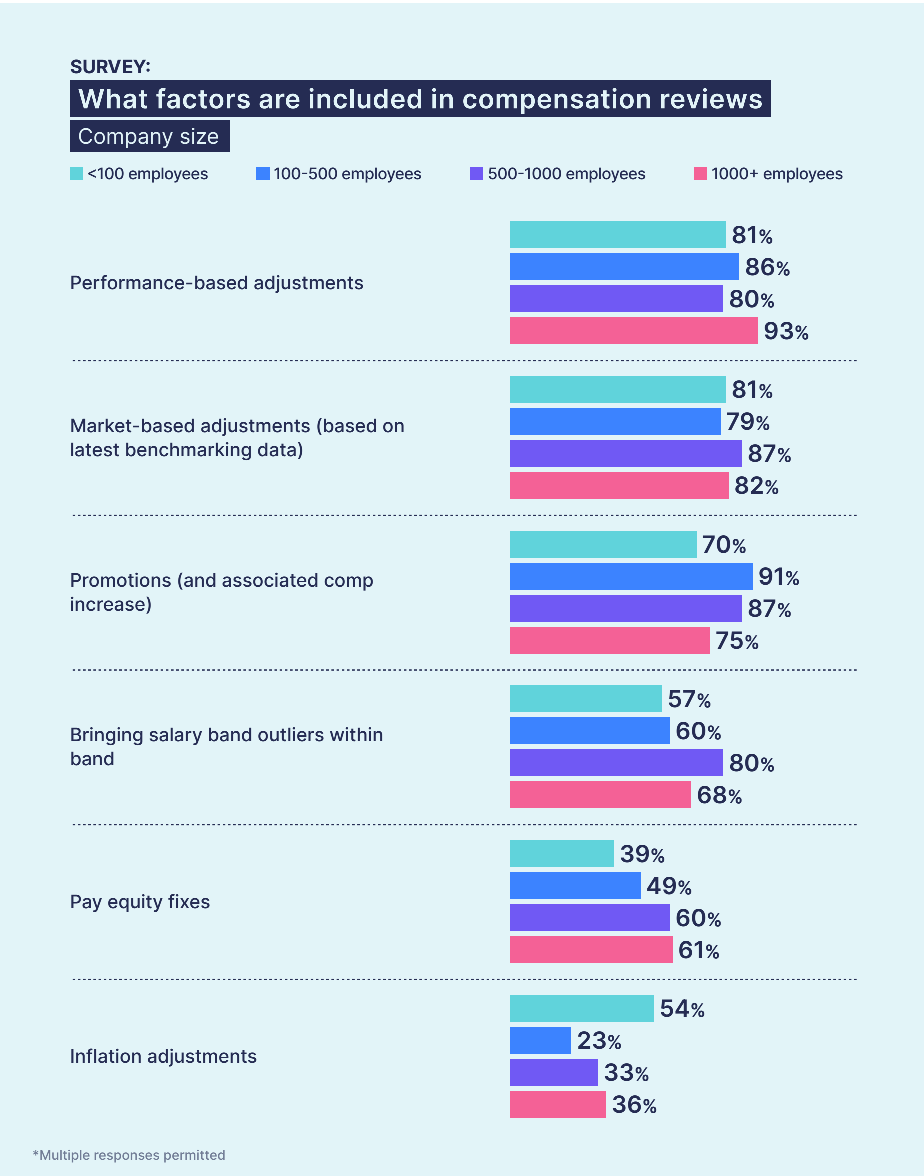
Large companies (1000+) are more likely to use mixed approaches (39%) using mixed approaches, perhaps reflecting the reality that with numerous departments and global locations, a one-size-fits-all approach becomes impractical.

What do companies typically include in compensation reviews?

Most companies take a comprehensive approach to compensation reviews, with performance-based adjustments (included by 86% of companies), market adjustments (82%), and promotions (80%) being near-universal.

However, only around half of companies address structural issues like fixing band outliers (64%) and pay equity gaps (49%) during the review – suggesting that rewarding performance takes priority over ensuring fair and consistent compensation across the board.





When we analyse by company size, we see that small companies with <100 employees are the most likely to offer inflation adjustments (54% vs 39% overall), but are less likely to include promotions or fixes for band outliers or pay equity issues – perhaps reflecting smaller budgets or less structured compensation approaches.

Larger companies more commonly factor in pay equity fixes, with 61% of 1000+ HC and 60% of 500-1000 HC.

The 500-1000 HC group seem to have particularly comprehensive review processes, as they are also the most likely by far to include fixes for salary band outliers (80% vs to 64% overall) and market adjustments (87% vs 82% overall).

Meanwhile, performance adjustments remain consistently high across all company sizes (81-93%), suggesting pay for performance remains a universal priority regardless of organisational maturity.

How are companies keeping their market data current?

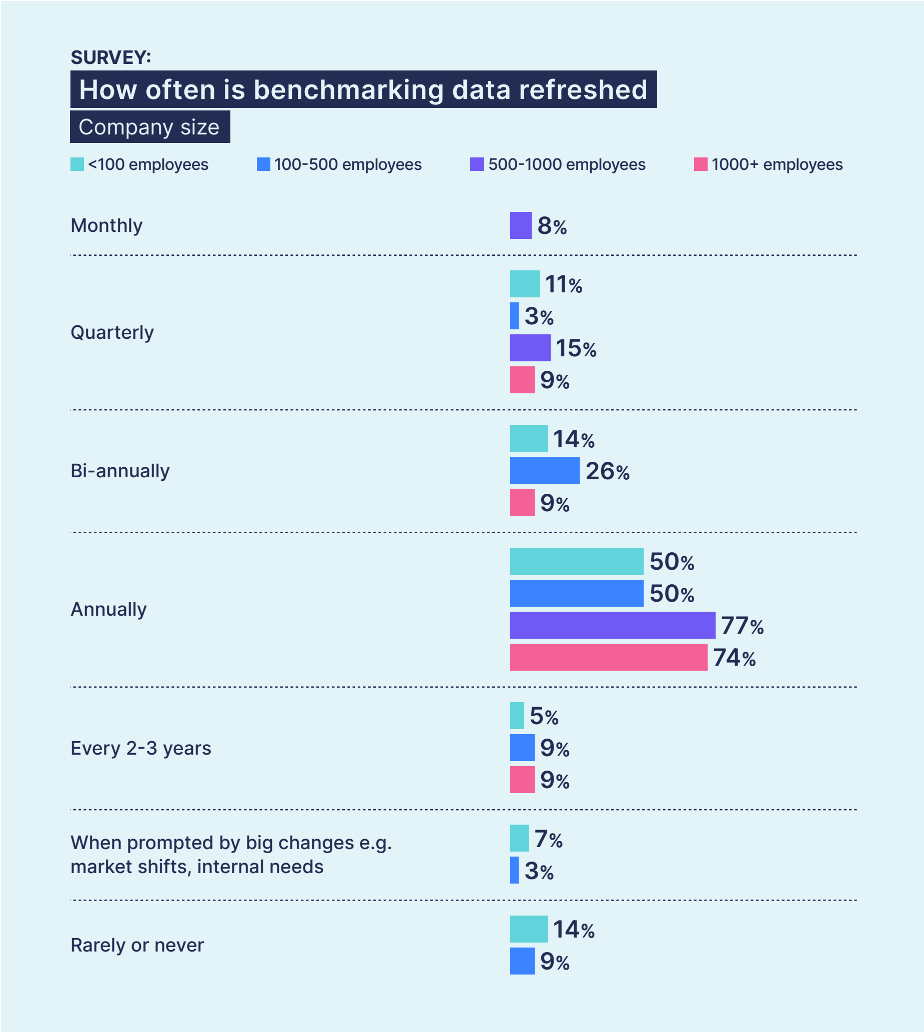
For those companies that do include market-based adjustments in their compensation reviews, it's of course important to have access to reliable, up-to-date market data.

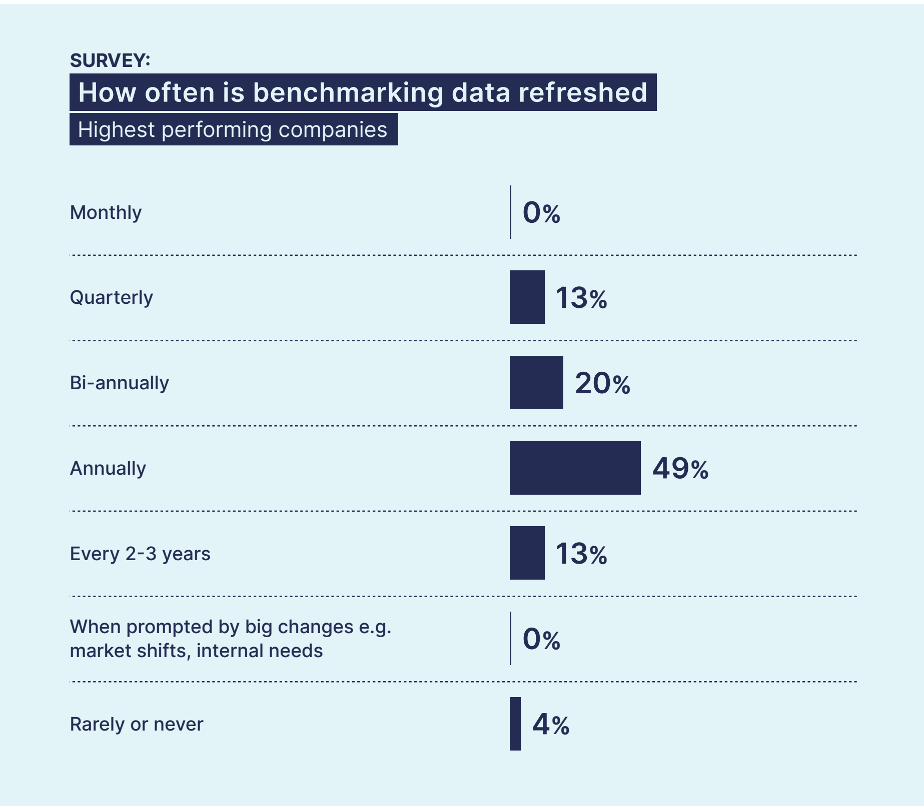
Overall, most companies refresh their benchmarking data annually (58%), but the cadence of buying or refreshing market data varies dramatically by company maturity.

Small companies with less than 100 employees show the most varied approaches – 11% refresh quarterly compared to 9% overall, but they are also more likely to refresh only when prompted by major market shifts (7% vs 4%) or rarely at all (14% vs 8%). This suggests smaller teams take a more reactive, as-needed approach to market data.

The 500-1000 employee range continues to demonstrate a particularly strong approach, being the most likely to refresh data regularly with 8% updating monthly and 15% quarterly.

But once companies hit enterprise scale, they're also more likely to settle into annual benchmarking cycles (76% for 500+ employees), perhaps reflecting the increased operational complexity and reduced agility.



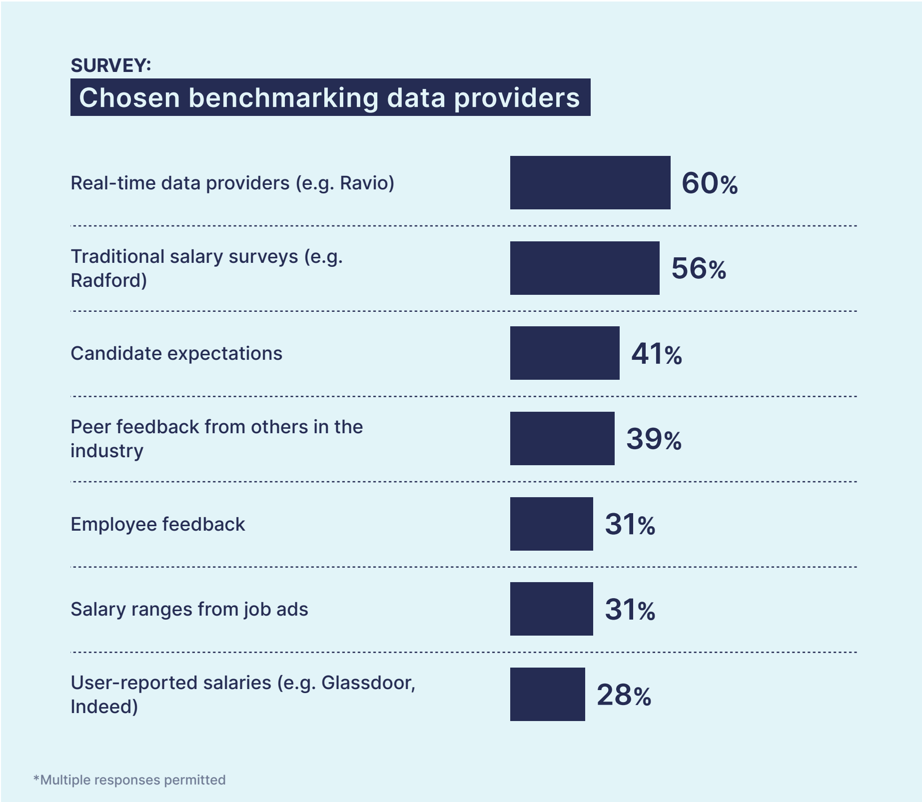


Companies with the most successful compensation reviews (4-5/5 ratings) are much more likely to refresh their market data regularly – 13% quarterly (vs 9% overall) and 20% bi-annually (vs 15% overall).

What sources are companies using for market data?

Whilst the most common compensation benchmarking data sources are real-time tools like Ravio (60% of companies) and traditional salary surveys (56%), many companies are heavily reliant on unreliable data sources – from anecdotal peer feedback (39%) to job adverts (31%) to user-reported sources like Glassdoor (28%).

74% of companies use multiple data sources for benchmarking, with 22% combining both traditional salary surveys and a real-time provider like Ravio to ensure full coverage.



Expert insight: The case for combining traditional salary surveys with real-time tools

Traditional salary surveys provide established datasets for large enterprises, but they lag behind market changes (because of the manual survey submission process) and they can lack data for certain roles and locations – especially for fast-growing tech companies.

Evert Kraav, Senior Compensation Manager at Bolt, found this to be the case – traditional surveys lacked coverage for comparable tech scale-ups and had limited data in the smaller countries where Bolt operates.

To ensure full coverage for all 4,000+ employees in 50+ countries, Evert uses both salary survey data and Ravio's real-time benchmarking tool.

For Bolt, combining traditional surveys with real-time data helps validate benchmarks while ensuring they can "see the impact of big market swings immediately".

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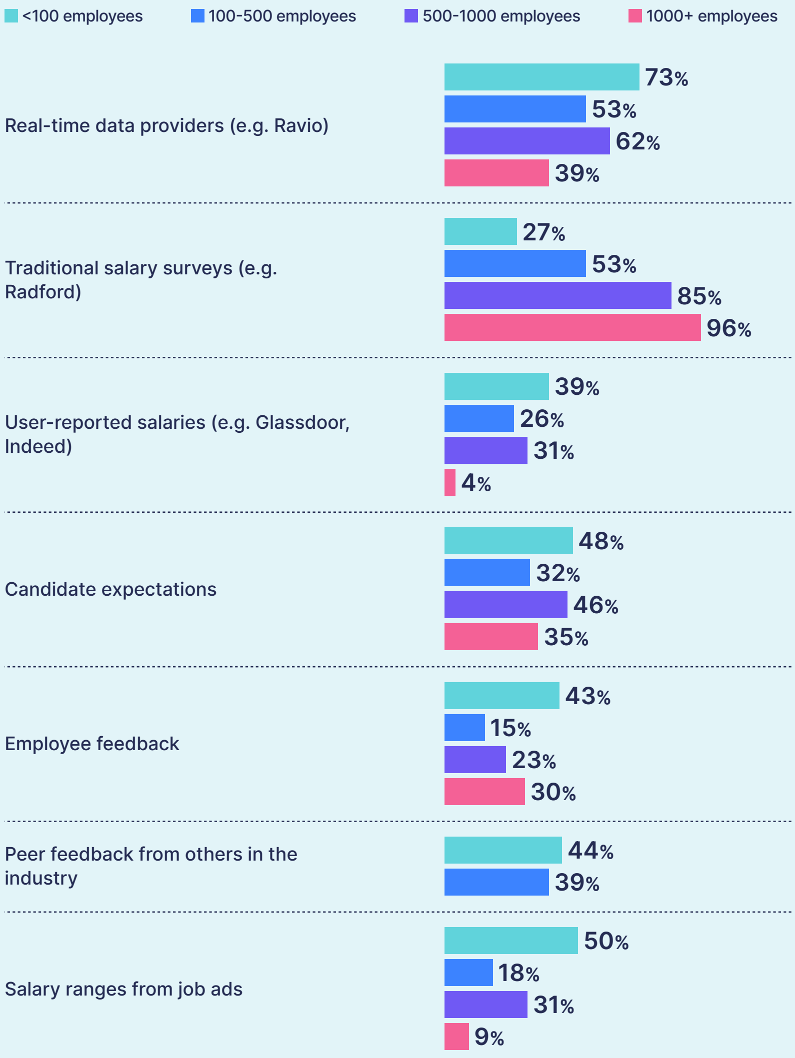
SURVEY:

Chosen benchmarking data providers

Company size



*Multiple responses permitted

Companies with less than 100 employees are the most likely to use real-time data providers, at 73% of companies (vs 60% overall) and are way less reliant on traditional salary surveys (27% vs 56% overall).

At the other end of the scale, 96% of companies with 1,000+ employees rely on salary surveys. This reflects the brand credibility that salary survey consultancies have for large enterprises, but also highlights how younger, more agile companies are shifting towards a real-time approach to market data to ensure they're able to compete in today's talent market.

Companies with the highest performing compensation review processes (4-5/5 rating) are 7% more likely to use real-time benchmarking providers, compared to the overall average.

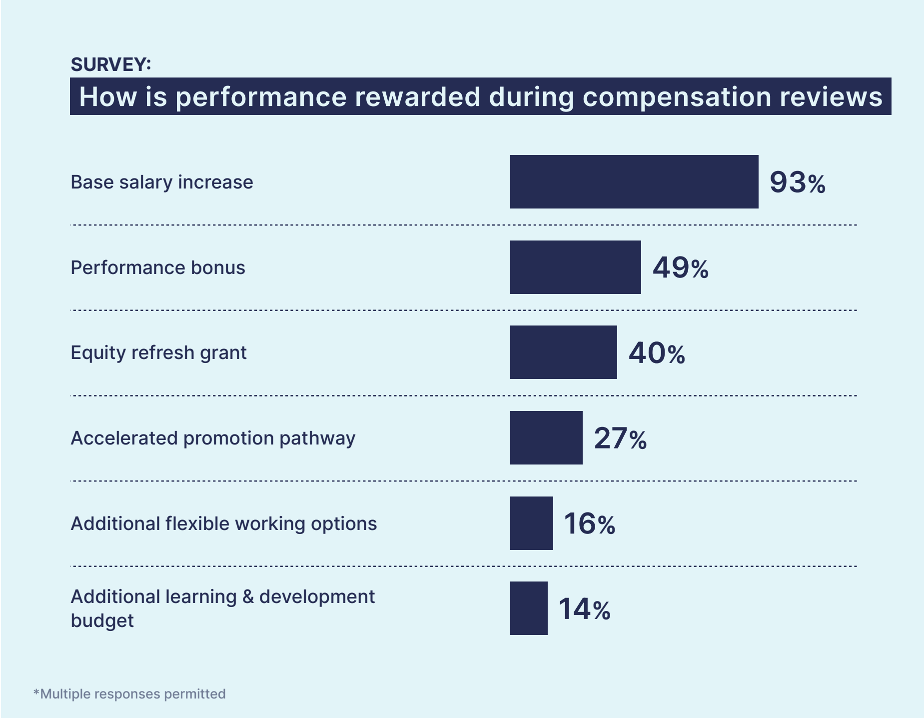
How do companies reward performance during compensation reviews?

Performance-based adjustments are a feature of compensation reviews for 86% of companies. Of these, the overwhelming majority (93%) use base salary increases to reward performance – and this stays broadly consistent across all company sizes.

Whilst popular, the inclusion of performance in compensation reviews isn't without controversy. When we asked survey respondents what areas of traditional compensation reviews need improvement, performance integration regularly featured.

Some argued that the "pay for performance model is broken", with a recurring theme that "performance should come through bonuses and pay should adjust to the market only." Others highlighted bias issues: "almost every process I've seen is imperfect and biased, either consciously or unconsciously."

This suggests that while 86% of companies include performance in their reviews, many are questioning whether they're doing it effectively – or whether they should be doing it at all.



Expert insight: We should focus compensation reviews on calibration, rather than reward

It's clear that many companies struggle with linking pay to performance fairly.

Marko Lahtinen, Compensation & Benefits Manager at Finom, advocates for a different approach: treating compensation reviews primarily as calibration exercises – keeping focus on 'reviewing' rather than 'rewarding'.

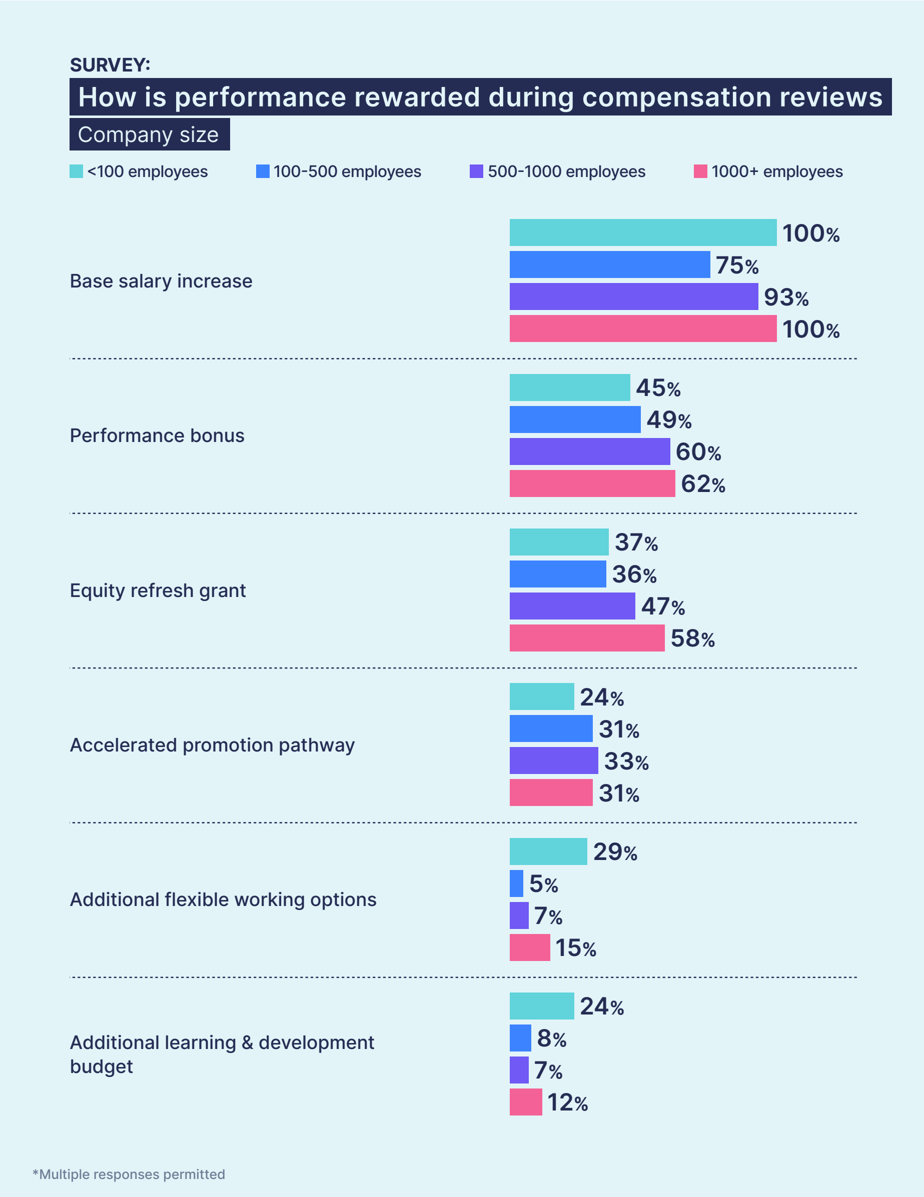
With emphasis on rewarding performance, it can be easy to slip into inconsistencies and inequities.

For instance, if a great candidate negotiates hard when joining the company, they might be given a comparatively high base salary from the start of their role. If the expectation is that they should then continue to be rewarded for a high performance rating during each review cycle, that employee will quickly become an outlier, paid above their band maximum.

Marko's view is that, instead, during compensation reviews we should be laser-focused on answering the question "does this employee's salary make sense given their tenure and performance, and in comparison to their colleagues and the current market for their role and location?"

High performers might receive no increase if they're already well-compensated, while others get adjustments to ensure the overall picture is fair and competitive.

This "calibration" mindset could address many of the bias and fairness concerns raised by survey respondents when it comes to including performance in compensation reviews.



Larger companies typically complement salary increases with additional levers, with performance bonuses much more common at mid-size and large companies (60% at 500-1000 employees and 62% at 1000+ vs 49% overall), as well as equity refreshers (47% and 58% respectively vs 40% overall).

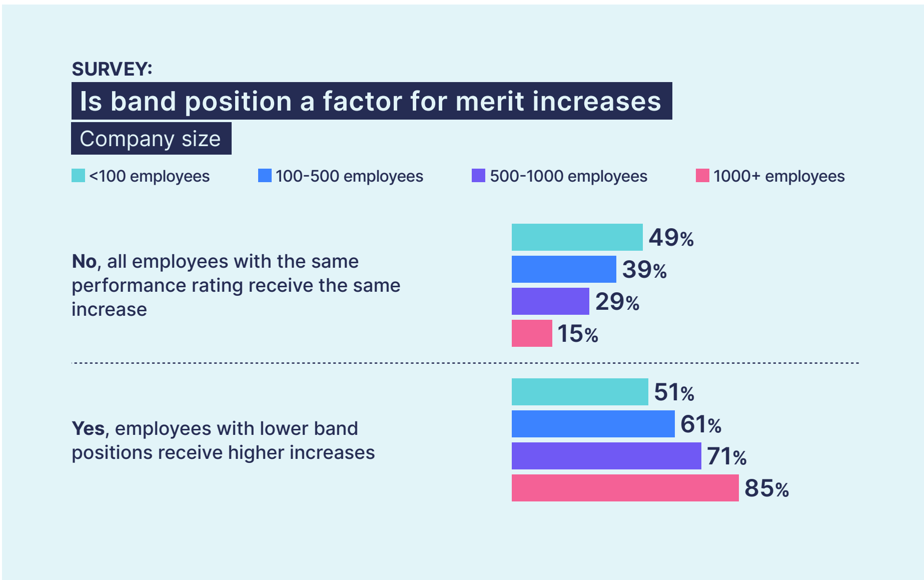
Smaller companies are more likely to get creative with employee benefits. Companies under 100 employees are twice as likely to offer additional flexible working (24% vs 16% overall) and learning & development budgets (29% vs 14% overall) as performance rewards.

This likely reflects increased budgets at larger companies, but could also suggest that smaller companies are able to be more agile and flexible in responding to what employees want from total rewards packages – particularly the growing value of flexible working opportunities.

Overall, **63% of companies that use salary increases to reward performance use a 'merit matrix'** approach wherein performance ratings are combined with salary band position – a way to maintain systematic fairness whilst rewarding performance.

This becomes more common as the size of the company increases, reflecting the growing importance of consistency and pay equity for larger companies.

It's less common for companies to use forced distribution to limit the number of employees in each performance rating, only used by **24% of companies**.



43% of companies have a mandate to manage out low performers, rather than waiting for the next review cycle to see how performance changes – more likely at larger companies, with 35% of the <100 employees but 50% of 100+. This further highlights the importance placed on performance as companies scale, as well as, perhaps, an economic environment with pressure for efficiency.

Examples: Different approaches to performance and pay

FINOM

Finom: Combining performance and market data for pay increases (500-1000 HC)

Why it works: Finom prioritises building a high performance culture to meet ambitious company goals, so recognising top performers through salary increases is central to their compensation reviews. They've also introduced an equity scheme where management can nominate a handful of outstanding employees for additional equity compensation each year. However, salary increases are also informed by up-to-date market data for each location, balancing performance recognition with market competitiveness to attract and retain talent.

pipedrive

Pipedrive: Keeping performance and pay separate (1,000+ HC)

Why it works: Pipedrive separates salary reviews from performance, focusing compensation reviews on market competitiveness, pay equity, and employee progression. Performance is still recognised, but through annual bonuses and career development opportunities instead of through salary increases. This separation is to avoid consolidating performance increases into base salary forever, where it can cause ongoing and compounding issues with fairness and consistency across the organisation.

CrowdBuilding

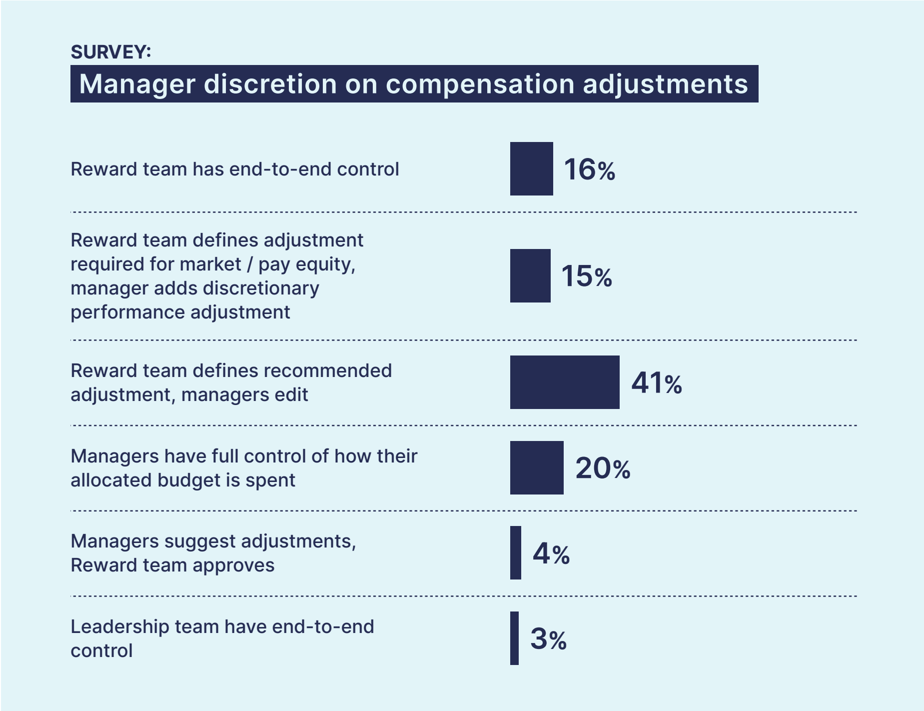
CrowdBuilding: Mission-aligned progression paths (<100 HC)

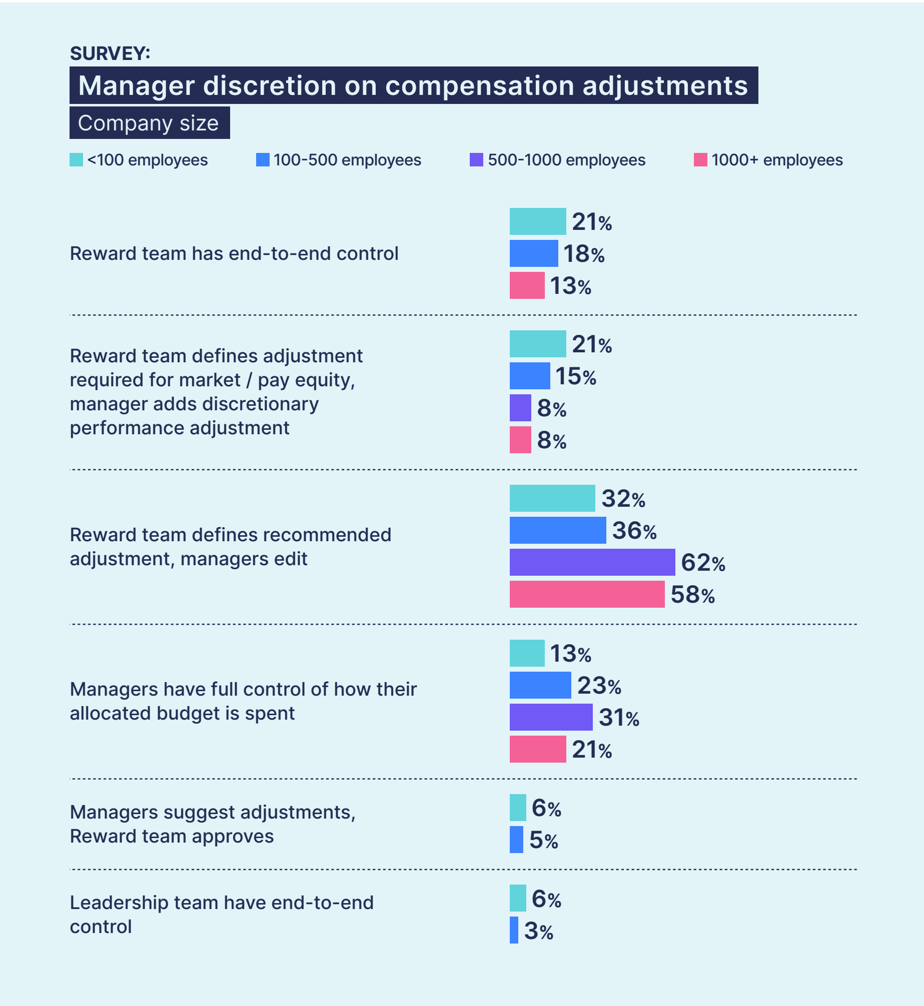
Why it works: CrowdBuilding rewards performance through structured progression rather than traditional merit increases. Employees advance through four skills-based sublevels (learning, established, thriving, stellar) with pay increases reflecting their in-role development. Additionally, employees can earn up to 10% extra for demonstrating expertise related to the mission of affordable housing – either when joining with existing industry knowledge or by developing this expertise over time. This dual system ensures pay reflects both professional growth and mission-critical knowledge.

How much discretion do line managers get on pay adjustments for their team?

The most common approach is collaborative: Reward teams define recommended adjustments, and managers can then suggest changes based on their additional context (41% of companies).

This strikes a balance between systematic fairness and managerial insight – which could explain why companies with successful compensation reviews (4-5/5 ratings) favour this approach even more strongly (49%).





This collaborative approach is particularly popular at larger organisations where 62% of 500-1000 employee companies and 58% of 1000+ companies use this model.

On the other hand, smaller companies favour more centralised control. 21% keep end-to-end control with Reward teams (vs 16% overall), and 6% give leadership teams full control (vs 3% overall) – likely reflecting the ability to manage compensation decisions centrally with smaller teams.

Mid-size companies (500-1000 employees) are most likely to give managers full budget control, with 31% allowing managers end-to-end discretion over their team's adjustments.

Manager input is clearly important, but it also requires oversight.

Where managers have input, **58% of companies require justification for changes and 65% have a final stage of Reward team approval.** Given increasing pay equity regulations, every company should be enforcing such safeguards to prevent bias creeping into compensation decisions.

Examples: Different levels of manager discretion

CrowdBuilding: HR team maintains full control (100 HC)

Why it works: As a 15-person startup with a flat hierarchy, CrowdBuilding's HR Lead maintains end-to-end control over all compensation decisions. With no traditional management structure, centralised control brings structure, consistency, and fairness to how compensation and employee progression are managed.

Storyblok: Guided flexibility through merit ranges (100-500 HC)

Why it works: Storyblok's Reward team defines a recommended range for salary increases based on market competitiveness and performance ratings (e.g. 4-4.8%increase for exceeding expectations). Managers then choose where each employee sits within that range based on individual context. This gives managers meaningful flexibility to retain the talent they need, whilst maintaining systematic fairness through performance-based guardrails and market competitiveness.

Skyscanner: Systematic process with challenge rights (1000+ HC)

Why it works: Skyscanner uses an automated process where the Reward team controls compensation decisions based on performance ratings, experience, and peer comparisons. Managers can challenge specific recommendations but have limited discretion to override the systematic approach. This ensures fairness and consistency across their large global workforce whilst preventing bias from affecting compensation decisions.

Showpad: Team leads own outcomes with phased enablement (100-500 HC)

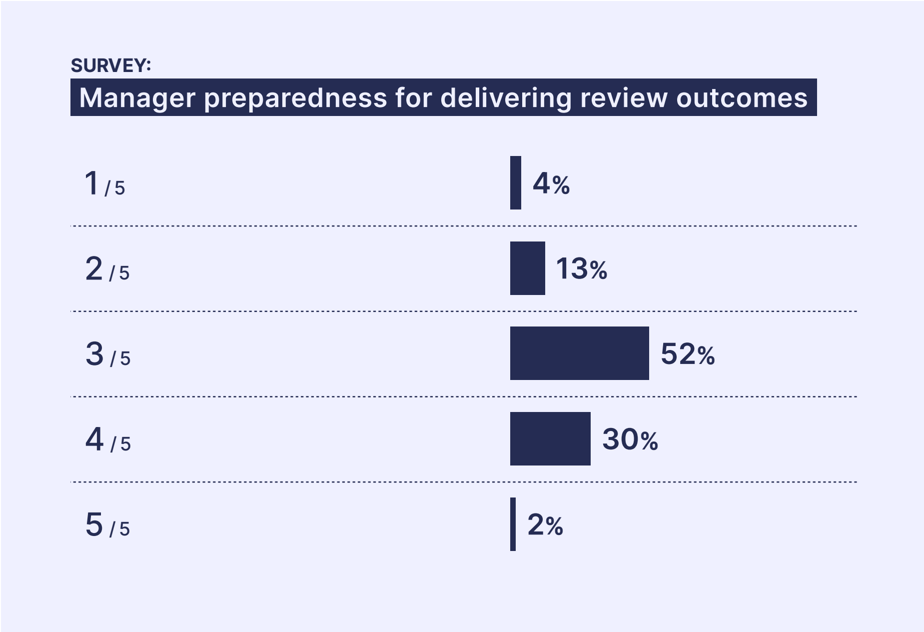
Why it works: Showpad's Reward team evaluates market data, pay equity, and performance inputs and provides this information to team leads, who have full control over compensation decisions for their teams – with final review by CEO and Director of Total Rewards. Currently this is limited to VPs and Directors, with the capability being systematically built across management layers over time, aiming to eventually have people managers owning the process. This phased approach ensures decision-making quality through strong understanding, whilst building toward line manager ownership by the people with the best context on individual employee needs.

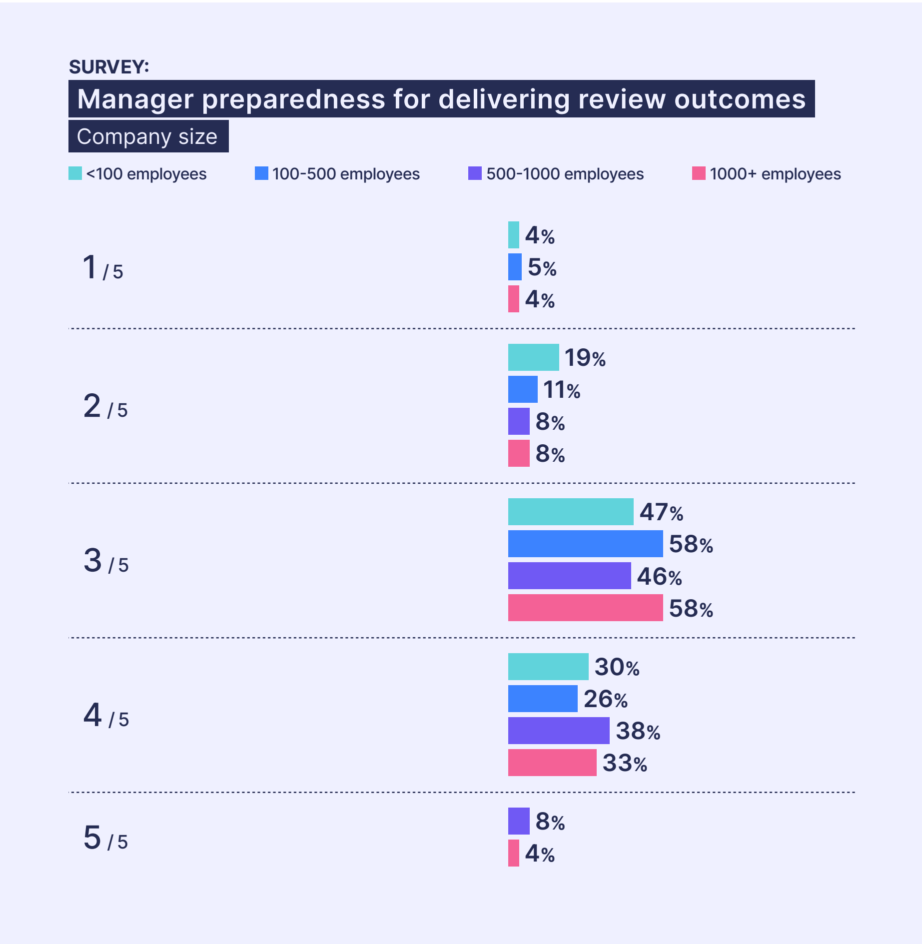
Phase 3: Rollout

How do companies prepare line managers for compensation conversations?

Most companies recognise they're falling short on preparing managers for compensation conversations – a huge 69% rate their line manager preparedness as just 1-3 out of 5.

This represents a significant gap, with these conversations directly impacting how employees experience the compensation review process. People teams are clearly aware of this as a key issue, but seem to struggle with how to influence better preparation for managers.





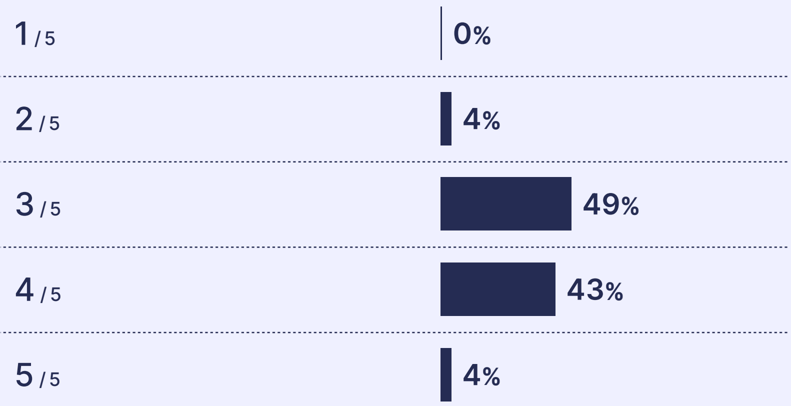
Company size doesn't seem to solve the problem. Whilst larger companies are the only ones achieving top ratings (5/5), and mid-size companies avoid the worst scores (none rated 1/5), the core challenge remains consistent across all organisation sizes.

Even at enterprise scale, many companies are struggling to equip managers with the skills and information needed for effective compensation discussions.

Whilst challenging, getting manager preparation right seems to be crucial for compensation review success.

Companies with successful compensation reviews (4-5/5 ratings) report significant improvements: 43% rating their company a 4 out of 5 for line manager preparedness (vs 30% overall) and 4% the full 5 out of 5 (vs 2% overall).

SURVEY:
Manager preparedness for delivering review outcomes
Highest performing companies



Example: Strong manager preparation at EGYM

EGYM

EGYM's line managers feel confident and well-equipped when handling compensation reviews, thanks to the company's clear processes and support. When we spoke to Beate Lehmann, Head of People Operations, she highlighted the particular importance of line manager preparation in their context, given that managers have a high level of discretion on compensation adjustments.

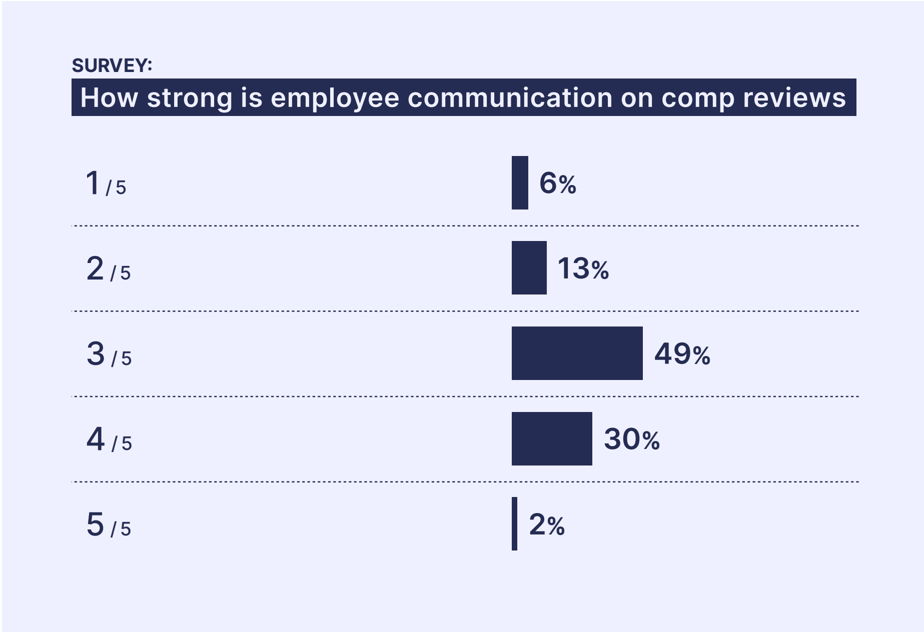
Managers are supported with training, consulting with People Management, and documentation to ensure they understand how compensation review decisions should be made – including how performance evaluation and promotion eligibility factor in.

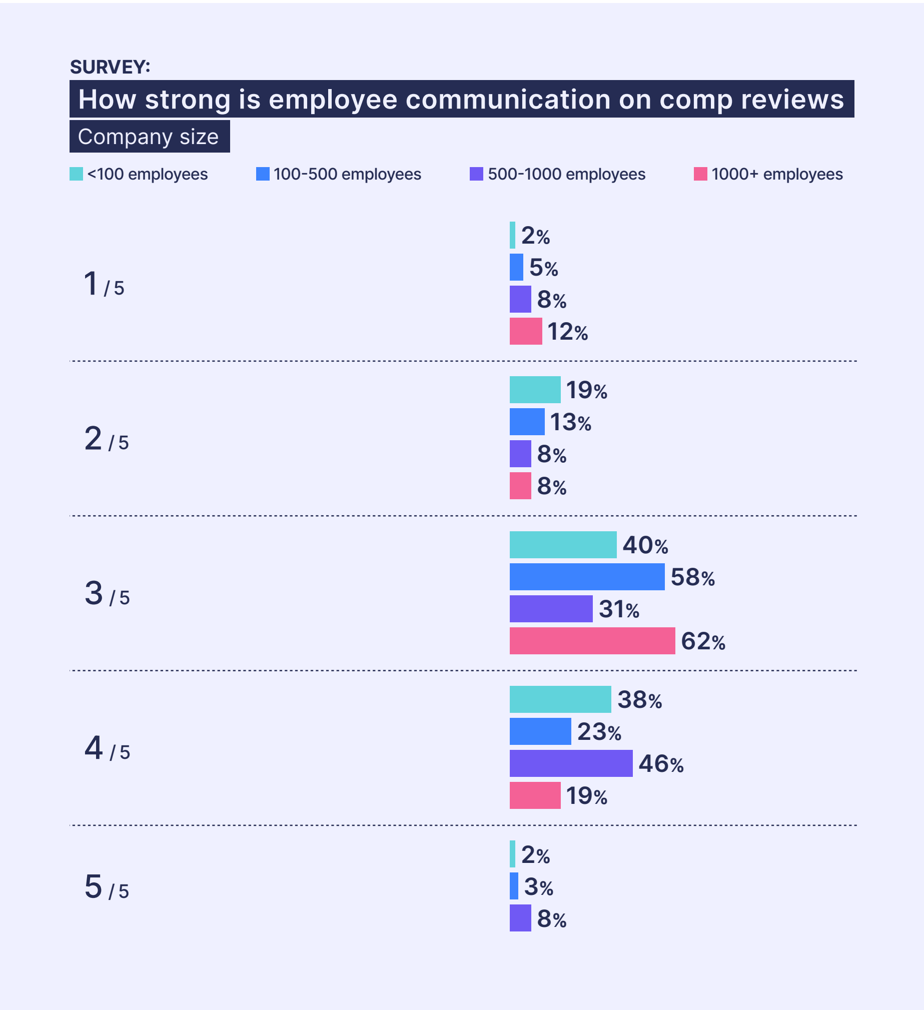
This is supported by a strong transparency across the company with significant efforts made to ensure all employees understand how compensation works at the company and line managers are well-prepared to engage in effective conversations about pay review outcomes.

It's important to note that EGYM's success here wasn't built overnight. Beate explains that these processes and materials reflect learnings made over the past 2-3 years, as the company has entered a more rapid scaling phase and more support and guidelines have been needed to ensure a smooth process.

How do companies communicate about compensation reviews with employees?

Employee communication about compensation reviews is another area where most companies recognise they're falling short – 68% rated their employee communications as just 1-3 out of 5.





Small companies perform better, with 39% rating their employee comms as 4-5 – likely because personal, direct communication is easier to manage with fewer employees.

But, overall, it's actually the 500-1000 employee group that has the strongest employee communications, with 53% rating their communications 4-5.

Those achieving 5/5 communication ratings emphasise the importance of process clarity, transparency, eliminating surprises, and dedicating sufficient time to the process rather than treating it as an administrative afterthought.

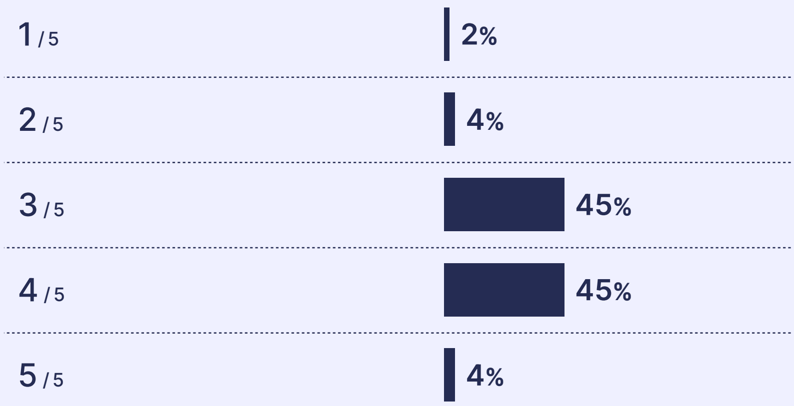
As with line manager preparation, it's clear the employee communication is a tricky part of the compensation review process, but getting it right contributes to a successful review.

Companies with successful compensation reviews (4-5/5 ratings) report significantly higher ratings for employee communications: 45% rating their company a 4 out of 5 (vs 30% overall) and 4% the full 5 out of 5 (vs 2% overall).

SURVEY:

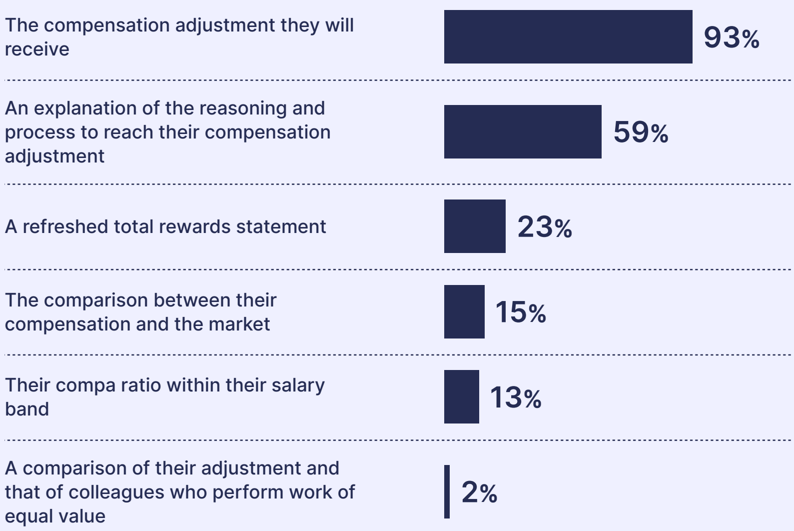
How strong is employee communication on comp reviews

Highest performing companies



SURVEY:

What information do employees receive about their compensation adjustment



*Multiple responses permitted

In terms of what information is shared with employees about their compensation adjustment, most companies share the basics, but miss the context.

93% tell employees their compensation adjustment, and 59% also provide rationale for the decision made. Fewer help employees understand their market position (15%), band progression opportunities (13%), or pay equity compared to colleagues (2%) – a significant missed opportunity to build understanding and trust.

Example: Comprehensive employee communications at Skyscanner

Skyscanner

Skyscanner rated their employee communications as 4 out of 5. Colin Rae, Head of Reward, explained that their success comes from providing employees with detailed reward statements that include not just the adjustment amount, but clear explanations of the reasoning behind each decision. Employees understand exactly how the merit matrix works and can see what their increase would have been with different performance ratings.

Crucially, Skyscanner invests heavily in preparing managers for these conversations, with learning modules on how benchmarks work, as well as an AI tool that lets managers practice difficult compensation conversations before meeting with employees.

This preparation ensures consistent, clear communication with employees across their large global workforce, with managers equipped to explain both positive and disappointing outcomes effectively.

The 500-1000 employee 'sweet spot': where compensation reviews hit their stride

Whilst overall we see a huge amount of variance in how companies approach compensation reviews, one consistent trend does arise: companies with 500-1000 employees consistently outperform their peers across multiple aspects of compensation reviews.

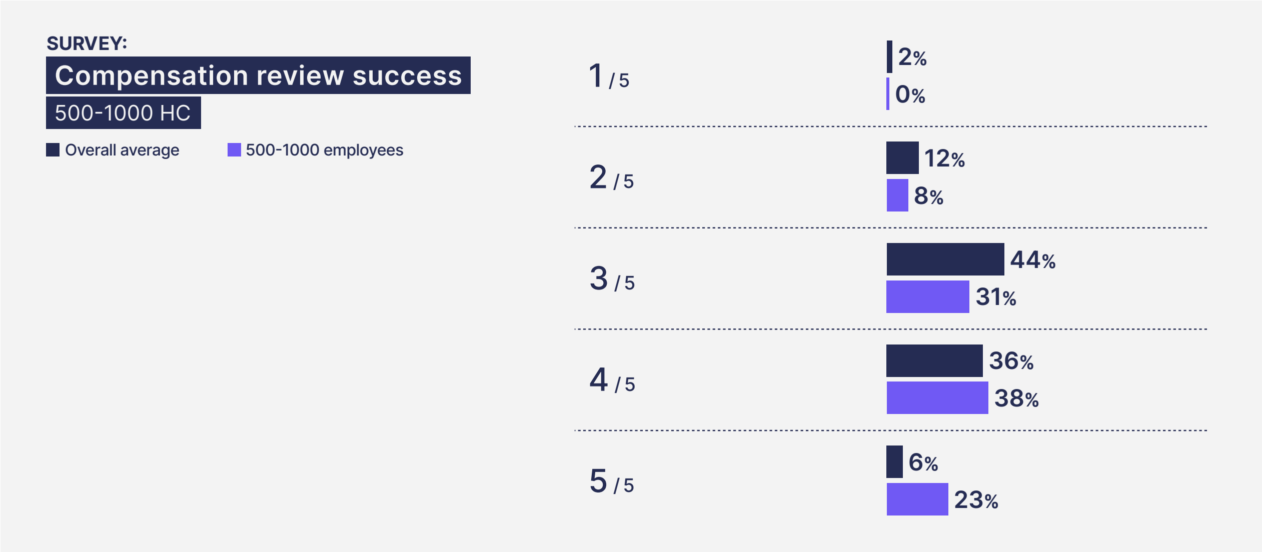
We've just seen this in relation to employee communications, where 53% achieve 4-5/5 ratings compared to 32% overall – the highest of any company size.

They're also the company size with the best investment in line manager training and support, with 46% reporting a 4-5/5 for line manager preparedness compared to 31% overall – and they're also the only group where no companies rated their line manager preparedness as 1/5, suggesting better investment in manager training and support.

As we'll see a little later in the report, they also rate higher for overall compensation review success against their chosen metrics – 23% achieve 5/5 ratings compared to 6% overall, again the highest performance of any company size group.

So what's different in how these 500-1000 HC companies are running compensation reviews?

Well, for the first time at this scale, companies invest in dedicated expertise – 80% have specialist Rewards teams running the process compared to just 32% overall. And it seems like this leads to a more structured and comprehensive approach.



This structured approach shows up in multiple ways: they're more likely to adopt software for compensation reviews (23% using spreadsheets vs 54% overall), most likely to refresh market data regularly (15% quarterly vs 9% overall), and take the broadest view of what compensation reviews should address – 87% include market adjustments (vs 82% overall), 80% fix salary band outliers (vs 64% overall), and 60% include pay equity fixes too (vs 49% overall).

They've also moved away from informal decision-making toward professionalised processes, with 53% using finance-led budgets (38% overall) and 70% Reward team-led decisions on compensation adjustments (56% overall).

But they're also more collaborative – 62% enable line managers to edit the recommended adjustments from the Rewards team (vs 41% overall).

Perhaps 500-1000 HC companies represent the optimal balance: large enough to justify dedicated expertise and systematic processes, but not yet burdened by the bureaucratic complexity that can slow down larger enterprises. They've hit the sweet spot where structure enhances rather than hinders effective compensation management.

Phase 4: Review

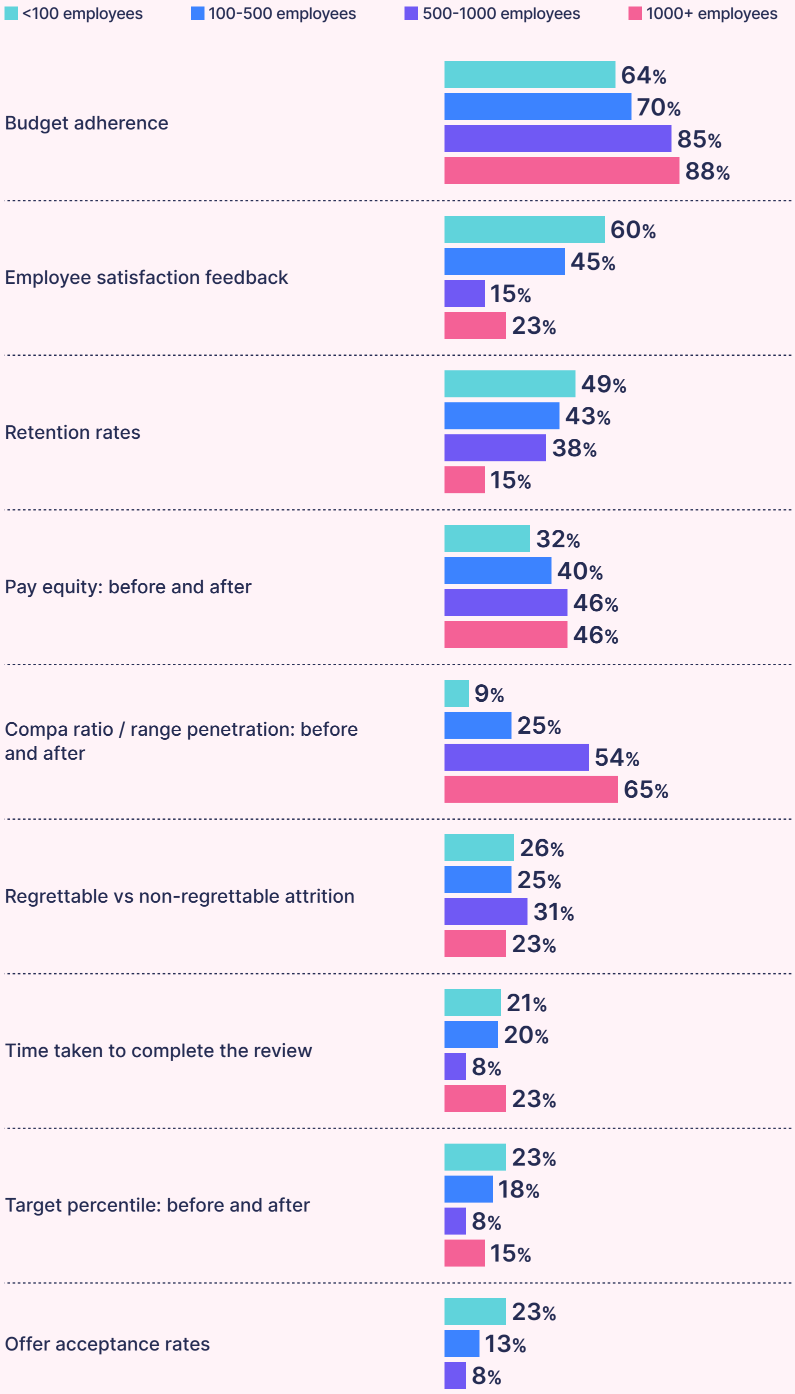
How do companies measure compensation review success?

Budget adherence dominates as the primary success metric, with 74% of companies tracking whether they stayed within their allocated compensation budget. It's clear from this that costs are a large concern, despite most companies highlighting different priorities for their compensation reviews, like driving performance or enhancing employee engagement.

SURVEY:

Compensation review success metrics

Company size



*Multiple responses permitted

The focus on budget intensifies dramatically as companies scale, reaching 85% at 500-1000 employee companies and 88% at large enterprises.

Larger companies are also much more likely to track metrics focused on fairness and consistency, like compa ratio analysis (54% at 500-1000 employees and 65% at 1,000+ vs 31% overall) and pay equity comparisons (46% at both larger sizes, vs 40% overall).

For smaller companies, employee satisfaction feedback is much more important (60% at <100 HC and 45% at 100-500, vs 15% at 500-1000 and 23% at 1000+).

This could reflect a shift away from employee experience towards process efficiency at larger companies, but could also reflect different measurement capabilities – smaller companies typically rely on anecdotal feedback and direct observation, whilst larger companies have invested in analytical methods for tracking success systematically.

Examples: Different approaches to measuring success

Kognia

Kognia Sports: Employee satisfaction (<100 HC)

Why it works: Kognia Sports includes employee satisfaction feedback as a top priority success metric. With just 30 employees, it's easier to capture personal experiences – but it's also more important. Any individual who is disengaged with their role or thinking about leaving the company has an outsized impact because of the small nature of the team. Direct conversation and personal feedback gives them the real-time pulse they need to catch any issues early and retain their small but critical team.

EGYM

EGYM: Regrettable vs non-regrettable attrition (500-1000 HC)

Why it works: EGYM evaluates talent losses that impact business continuity and those that do not. These metrics are paired with exit interview data to add critical context to understand when compensation is a driving factor, allowing for more informed decisions and targeted improvements to its retention strategies.

storyblok

Storyblok: Compa ratio and pay equity (100-500 HC)

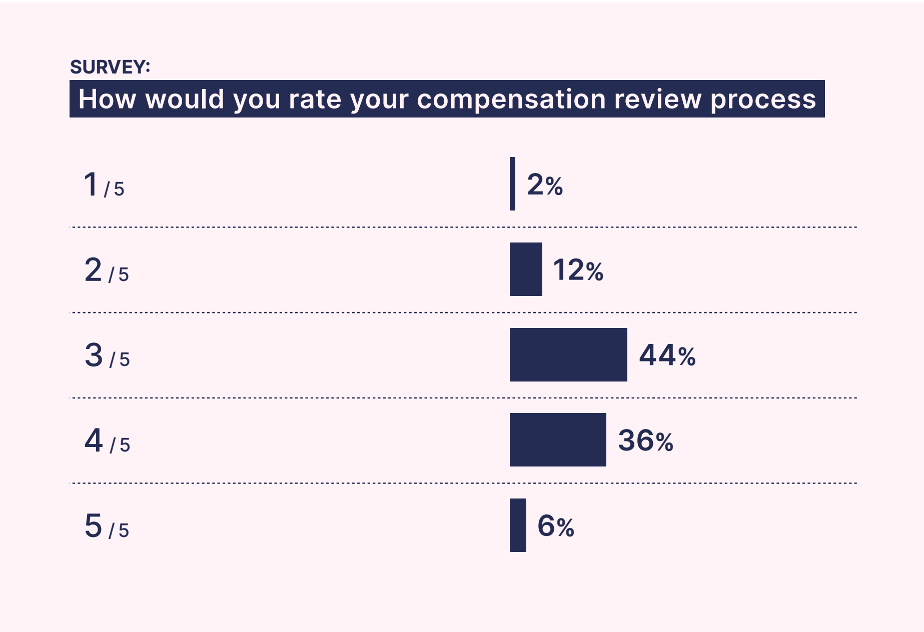
Why it works: Storyblok prioritises compa ratio analysis and pay equity as their key success metrics, alongside retention rates. As a growing company with ambitious goals, maintaining market competitiveness is key to attracting and retaining the talent needed – and this is especially important during review cycles to ensure existing employees don't experience salary compression compared to new hires. At the same time, with the EU Pay Transparency Directive approaching, ensuring the compensation review is used to address any pay equity issues is a must.

How do companies rate their current compensation review process against those success metrics?

Most companies recognise significant room for improvement, with 58% rating their compensation review process as just 1-3 out of 5 against their chosen success metrics. This suggests that whilst companies have established processes, many are struggling to execute them effectively.

Companies achieving 5/5 ratings consistently highlight four key areas:

1. Improved transparency and communication with employees
2. Better stakeholder enablement through manager training
3. More efficient and streamlined processes
4. Confidence in their market competitiveness data.



The themes from companies seeking improvement mirror these strengths.

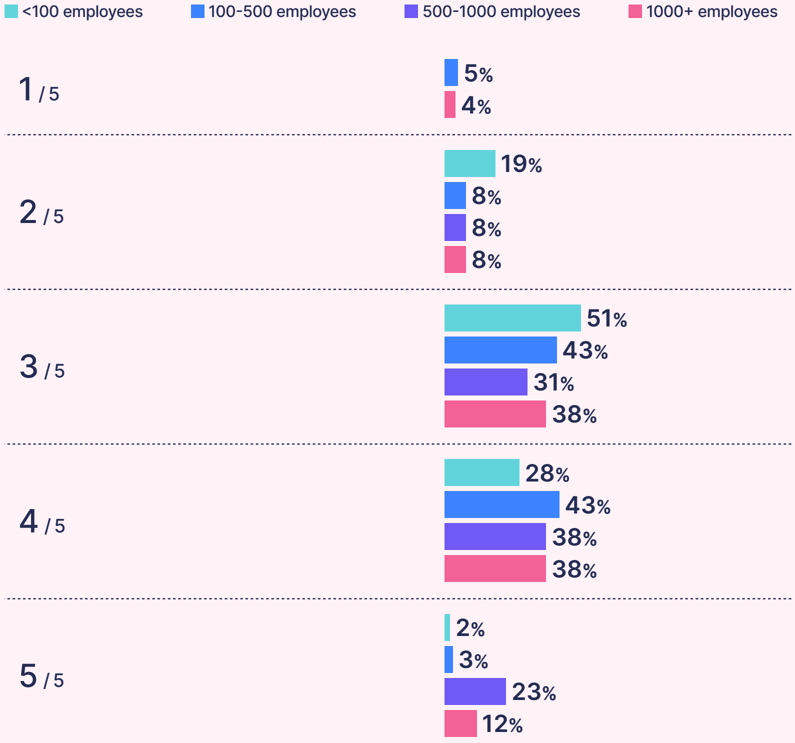
Pay transparency emerged as the biggest challenge, with responses calling for "more visibility into salary ranges" and "training managers on effective communication."

Process efficiency is another major concern, with many companies still operating "ad hoc" approaches and seeking to "standardise and adopt a formal process" including "use a tool instead of spreadsheets".

SURVEY:

How would you rate your compensation review process

Company size



Smaller companies are the least confident in their compensation review process, with 70% of the <100 employee group and 56% of 100-500 rating their process a 1-3 – much higher than the overall average.

The 500-1000 employee group stands out as the most successful group by far, with just 39% rating their process a 1-3, and a huge 23% achieving the top rating of 5 out of 5 – compared to just 6% overall. Ratings dip again once for companies with 1,000+ employees, though, with 50% rating their process 1-3.

This reinforces the pattern we've seen throughout this research of this 500-1000 employee group hitting the 'sweet spot' for review processes, but complexities arising again for the largest companies.

What are the most stressful parts of the compensation review process for other companies?

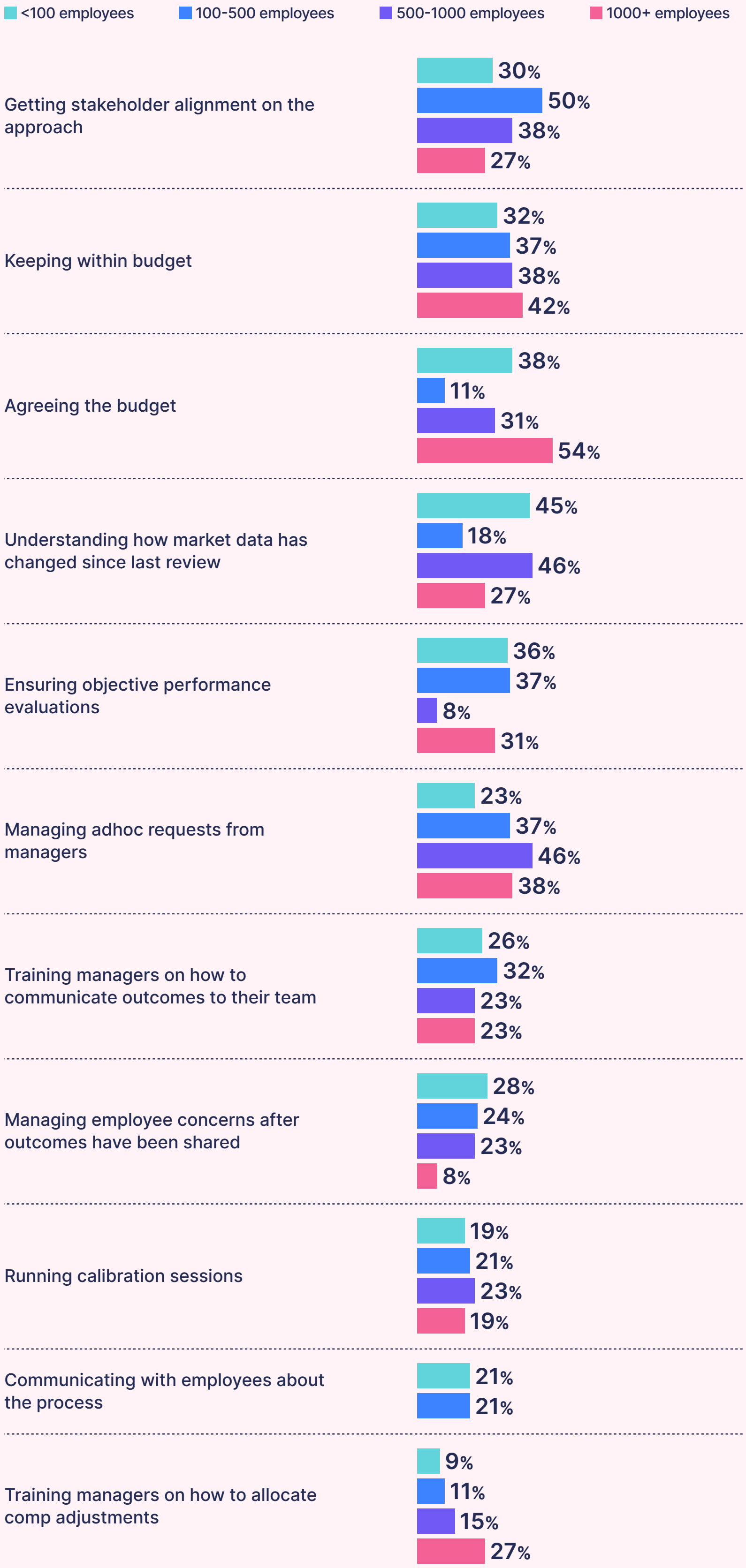
Running compensation reviews is universally challenging, and this is reflected here in the variance of responses.

Keeping within budget (37%) and getting stakeholder alignment on approach (37%) emerge as the joint biggest stressors, followed closely by agreeing the budget, understanding market data changes, ensuring objective performance evaluations, and managing ad hoc requests from managers.

SURVEY:

The most stressful parts of compensation reviews

Company size



*Multiple responses permitted

Large companies (1,000+) struggle particularly with agreeing and keeping to budgets, perhaps reflecting the size of compensation review budgets at enterprise scale, and the complex approval processes and multiple stakeholders involved.

However, they're much less stressed about employee communications and managing concerns (just 8% vs 22% overall), suggesting they've developed better processes or more decentralised approaches that don't burden the Rewards team directly.

Small companies face the opposite challenge – they're particularly stressed about understanding market shifts (45% vs 33% overall) and communicating with employees (21% vs 15% overall). Without dedicated expertise, keeping pace with market changes whilst managing direct employee relationships creates significant pressure on small HR teams.

Opening closed doors: what we learned

We started this research with a simple question: "How do other companies do compensation reviews?" The answer, it turns out, is as varied as the companies themselves.

Some run quarterly cycles, others have abandoned structured reviews entirely. Some give managers full discretion, others maintain tight central control.

There's no universal playbook because every company is wrestling with the same fundamental tension: balancing systematic fairness with human complexity.

And most are finding it difficult.

58% of companies rate their compensation review process as needing improvement. 69% struggle with manager preparation. 68% admit their employee communication needs work.

The stress is real – from keeping within budget to stakeholder alignment to understanding market shifts.

But some patterns did emerge from the chaos.

Companies with 500-1000 employees consistently outperform their peers, suggesting there's a sweet spot where systematic processes enhance rather than hinder effectiveness.

The most successful companies favour collaboration over top-down control. And, those achieving high ratings also invest in both manager preparation and employee transparency.

Plus, the space is evolving in real time. Companies are questioning whether performance belongs in compensation reviews at all. Transparency expectations are rising. Teams are shifting from spreadsheets and surveys to real-time tools.

So whilst there may be no magic solution that stops compensation review season being the most stressful time of the year, the patterns in this research are pointing toward more collaborative, transparent, and systematic approaches for future evolutions.