Master's Thesis of Business Administration

Corporate Relocation and its Implications

Examining Salary Adjustments and CEO–Employee Salary Disparities

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임광영

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Abstract

The acquisition and retention of talented personnel are critical for businesses, as securing such talent can significantly influence corporate success and growth. Concurrently, compensating excellent CEOs and employees appropriately, thereby maintaining a balanced human resource cost, can also be a significant determinant in corporate strategy. In this context, the physical location of a corporation can meaningfully impact these two elements – talent acquisition and salary expenditure. This paper investigates the implications of corporate relocations on these dynamics, examining the shifts in salary levels of CEOs and employees, and the disparities between them, particularly in companies that have relocated from metropolitan to regional areas in South Korea. The phenomenon of increasing employee salaries due to their heightened bargaining power, stemming from the general reluctance to work in regional areas, is explored. The study finds that this results in wage increases for employees at a rate exceeding the CEO's salary rise due to relocation, thereby reducing the wage disparity between the two groups. Thus, corporate relocation emerges as a significant factor that can impact employment retention, turnover, and changes in salary levels.

Keyword: relocation, salary, agglomeration, human capital externalities, salary disparities

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INTRODUCTION

The physical location of a corporation, often viewed as a mere logistical detail, holds a pivotal role in shaping the company's talent acquisition strategies and salary expenditures. This reality is amplified when a company decides to relocate its headquarters, especially from a metropolitan to a provincial area. Such a shift can significantly impact various aspects of the corporate structure, affecting everything from employee satisfaction and retention to compensation strategies and wage disparities. In this paper, we delve deep into these dynamics, investigating the effects of corporate relocations on salary levels of CEOs and employees, particularly in the context of the national project implemented by South Korea aimed at promoting balanced development between metropolitan and provincial regions.

Launched in June 2003, this relocation project has served as an exogenous shock for the companies involved, marking a major shift in their operational dynamics. The initiative, predicated on the 'Special Act on the Construction and Support of Innovative Cities Due to the Relocation of Public Institutions,' has resulted in the successful relocation of 95 out of the 154 designated institutions as of December 2014. This continuing trend of relocation inspired our research into its potential economic ramifications, particularly the impact on employee salaries and wage disparities within these organizations.

Our investigation revolves around two primary hypotheses. The first suggests that the relocation of the head office from a metropolitan area to a provincial area might lead to increased salaries for employees. This increase could be driven by several factors, including labor market imperfections, spatial mismatches, and the

need for companies to offer competitive salaries to retain or attract skilled workers to less urbanized areas. The second hypothesis posits that the institutions that have relocated may exhibit less pronounced salary disparity between CEOs and employees compared to those remaining in metropolitan areas. This potential reduction in wage disparity could stem from the disruption of wage-enhancing mechanisms inherent to metropolitan environments and the need to adapt to the unique human capital, cost of living, and amenity considerations of the new provincial environment.

In the pursuit of these hypotheses, we incorporate various theoretical perspectives such as the theories of labor market imperfections, spatial mismatch, and local labor market conditions. These theories provide crucial insights into understanding the potential impacts of relocation on employee salaries. Moreover, we consider the impact of living costs, housing market conditions, and operational costs on wage structures. Lower living and housing costs in provincial areas might reduce the pressure on companies to maintain high wages, and the savings from lower operational costs could be reallocated towards employee salaries, potentially alleviating wage disparities.

Our study adds substantial value to the existing literature on the economic implications of policy-driven relocation and offers potentially valuable insights for policymakers and public institutions. The insights derived from this research shed light on wage dynamics between rural and metropolitan areas, contribute to our understanding of the implications of head office relocation, and labor market dynamics. These findings carry significant implications for companies considering relocation, policymakers aiming to reduce wage disparities, and individuals seeking employment in different

regions.

In essence, our research unravels the intricate tapestry of corporate relocations, exploring the influence of such decisions on the salary dynamics within organizations. We hope to provide a comprehensive understanding of these dynamics that will enable better-informed decision-making processes for companies considering relocation, and ultimately, foster more successful relocation outcomes and a more balanced economic development.

THEORY AND HYPOTHESES

Understanding the crucial role of compensation in employee retention and job satisfaction sets the stage for an exciting exploration into the impacts of organizational relocation on salary dynamics (Curtis & Wright 2001; Idemobi, Onyeizugbe, and Akpunonu, 2011; Kuvaas 2006). As firms strive to balance productivity and efficiency with employee satisfaction, a delicate interplay between job performance and compensation unfolds, especially in the context of organizational relocation from metropolitan to provincial areas.

Metropolitan regions, teeming with agglomeration economies, present a plethora of benefits, such as heightened productivity, innovation, and higher wages, making them attractive to a highly skilled workforce (Porter, 1998; Glaeser et al., 1992; Jacobs, 1969). However, when organizations choose to relocate to provincial areas, these established compensation dynamics are disrupted, possibly leading to increased salaries for employees as a means to attract and retain talent in a less urbanized environment. Informed by theories of labor market imperfections and spatial mismatch (Manning, 2003;

Kain, 1968; Autor, 2014; Cadena, 2013), the decision to relocate could necessitate higher compensation to offset the perceived disadvantages of provincial areas. Simultaneously, the relocation decision also has implications for internal wage disparity within organizations. In metropolitan regions, competition for talented individuals, especially those capable of performing CEO roles, often results in elevated CEO salaries. However, relocation to provincial areas could potentially disrupt this dynamic and level the playing field. The resultant reduction in CEO salaries and possible increase in employee wages could shrink the wage disparity as the company adapts to the provincial environment's unique human capital, cost of living, and amenity considerations.

Beyond these broad strokes, the narrative becomes even more nuanced when we consider the role of government policies, remote work trends, local labor market conditions, and social circumstances in shaping salary dynamics. By casting a spotlight on these factors and their intersection with organizational relocation decisions, we can better understand their impacts on employee salaries and wage disparities within organizations. The exploration of these factors provides an intriguing backdrop against which the impacts of organizational relocation on salary dynamics can be examined, offering a rich tapestry of insights for policymakers, business leaders, and employees alike.

2.1 Salary as a Determinant of Employment Choice

While hiring competent employees is a fundamental step for any organization, maintaining these employees proves to be a more critical task. The concept of employee retention has been extensively studied, with diverse factors identified as influencing it. Among the

primary factors, organizational commitment has been marked as an essential indicator of employee retention (Curtis & Wright 2001).

However, it's worth noting that employees' commitment to an organization is often tightly linked to their satisfaction with their jobs, a major aspect of which is their compensation packages. These packages typically comprise basic components like salaries, bonuses, and other incentives that contribute significantly to employee satisfaction (Idemobi, Onyeizugbe, and Akpunonu, 2011).

Digging further into what constitutes employee satisfaction, Hytter (2007) found that personal premises such as loyalty, trust, commitment, and identification and attachment with the organization directly influence employee retention. This suggests that the more an employee feels valued and fairly compensated in their workplace, the more likely they are to remain loyal and committed.

In this context, 'compensation' refers to the cumulative returns employees receive from their employment (Dessler 2008; Van Der Merwe 2009; Nazim-ud-Din 2013). As firms increasingly recognize individual pay and performance to encourage productivity and efficiency, it becomes evident that salary and incentives serve not only as motivators but also as tools for retaining valuable employees (Kuvaas 2006).

Indeed, salary is a considerable motivator for many employees, creating a connection between money and performance that inspires employees to be more productive and even go the extra mile (Zingheim and Schuster, 2007). Employee satisfaction, in turn, is the result of a psychological comparison process in which employees weigh the various aspects of their pay (e.g. salaries, benefits and incentives) against what they desire (Batol, 1992).

In conclusion, while there are numerous factors involved in job

and occupational choice, it is evident that salary plays a crucial role in not only attracting but also retaining employees. The understanding of its significance is therefore essential for organizations aiming to sustain a committed and productive workforce.

2.2 Agglomeration Economies and Human Capital Externalities

Agglomeration economies can be divided into three categories: localization economies, urbanization economies, and Jacob's externalities. Localization economies refer to the benefits that arise when firms from the same industry cluster together, sharing resources, knowledge, and infrastructure (Porter, 1998). Urbanization economies refer to the benefits derived from a diverse range of industries and services located within the same urban area, leading to knowledge spillovers and innovation (Glaeser et al., 1992). These agglomeration economies contribute to higher productivity, economic growth, and higher salary in metropolitan areas, making them more attractive for skilled workers. Jacobs's externalities describe the spillovers that occur when diverse industries and services co-locate, fostering creativity and innovation (Jacobs, 1969). Human capital externalities further reinforce the attractiveness of metropolitan areas. Moretti (2004) found that a higher concentration of college-educated workers in a particular area leads to higher salary for all workers, regardless of their education level. This suggests that skilled workers in urban areas not only benefit from higher salary but also contribute to the overall productivity and wage levels of the region.

2.3 Determinants of Relocation

Government policies and incentives can play a role in attracting skilled workers to provincial areas. For example, tax breaks, grants, or subsidies offered to companies that relocate or expand their operations in provincial areas may encourage firms to offer higher salary to attract skilled workers (Bartik, 1991). Additionally, government investments in infrastructure, education, and other public services can improve the overall quality of life in provincial areas, making them more attractive to skilled workers. Companies may adopt decentralization strategies to leverage the advantages of provincial areas, such as lower operating costs or access to specific resources. By relocating certain operations or headquarters to provincial areas, companies can create local job opportunities for skilled workers (Glaeser & Resseger, 2010). These corporate strategies can also contribute to the development of local labor markets, ultimately leading to higher salary and better working conditions in provincial areas. The increasing prevalence of telecommuting and remote work opportunities may influence the decision of skilled workers to accept local work in provincial areas. With advancements in communication and collaboration technologies, skilled workers can maintain connections to metropolitan labor markets while living and working in provincial areas (Brynjolfsson & Hitt, 2000). This trend may help reduce the wage disparities between metropolitan and provincial areas, as skilled workers can enjoy the benefits of lower living costs in provincial areas while still accessing higher salary associated with metropolitan labor markets. Encouraging entrepreneurship and innovation in provincial areas can create new job opportunities for skilled workers and contribute to the economic growth of the region (Falck et al., 2012). By supporting local startups and innovative business ventures, provincial areas can

create an environment that attracts skilled workers and fosters wage growth. Moreover, the development of local innovation ecosystems, such as incubators, accelerators, and coworking spaces, can help facilitate connections between skilled workers and local businesses, ultimately contributing to the attractiveness of local work in provincial areas.

2.4 Local Labor Market Conditions

Several studies have focused on how regional economic conditions, such as employment and unemployment rates, affect salaries in local companies. Barrow and Rouse (2010) found that youth living in areas with higher unemployment rates have lower employment rates and earn lower salary. Gregg and Machin (1993) discovered a negative relationship between local unemployment rates and low-wage labor demand. Autor et al. (2006) found a positive relationship between regional wage gaps and the rise of the skill premium. Labor market integration through commuting patterns can also influence the decision of skilled workers to accept local work in provincial areas. Partridge et al. (2010) found that offering higher salary in rural areas, combined with good job quality and access to amenities, can be an effective way to attract skilled workers from urban areas. The development of efficient transportation infrastructure that facilitates commuting between urban and provincial areas can help make local work in provincial areas more attractive to skilled workers. Regional identity and preferences can also influence the decision of skilled workers to accept local work in provincial areas. Individuals may develop strong attachments to their home region or be influenced by social norms that favor urban living (Falck et al., 2012). In such cases, offering higher salaries in

provincial areas can help counteract these preferences and attract skilled workers who would otherwise avoid local work.

2.5 Social Circumstances

Quality of Life and Amenities: The quality of life and amenities available in a particular location can also affect the decision of skilled workers to accept local work in provincial areas. Access to education, healthcare, leisure facilities, and cultural events can influence the attractiveness of a location for skilled workers (Glaeser et al., 2001). By investing in the development of local amenities, provincial areas can increase their appeal to skilled workers and potentially offset the wage disparities with metropolitan areas. The cost of living, particularly housing costs, can play a significant role in the decision of skilled workers to accept local work in provincial areas. High living costs in metropolitan areas may act as a push factor, encouraging skilled workers to consider relocating to provincial areas with lower living expenses (Waldorf, 2009). This can create an opportunity for provincial areas to attract skilled workers by offering competitive salary that, when combined with the lower cost of living, provide an attractive overall compensation package. Roles of social capital and local networks in shaping the employment opportunities and wage levels in provincial areas should not be overlooked. Strong local networks can facilitate access to job opportunities, resources, and information, potentially leading to higher salary for skilled workers (Granovetter, 1983). By investing in the development of social capital and fostering connections between local businesses, educational institutions, and community organizations, provincial areas can create a supportive environment that attracts and retains skilled workers.

The quality of life and work-life balance in provincial areas can

also influence the decision of skilled workers to accept local work. Factors such as access to green spaces, lower crime rates, and a sense of community may be attractive to skilled workers seeking a better work–life balance (Van Ham & Feijten, 2008). Companies that emphasize the non–monetary benefits of living and working in provincial areas, such as better work–life balance, may have more success in attracting and retaining skilled workers. The availability of cultural and social amenities in provincial areas can influence the decision of skilled workers to accept local work. Factors such as access to cultural events, sports facilities, and recreational activities can contribute to the overall attractiveness of a region (Florida, 2002). By investing in the development of cultural and social amenities, provincial areas can enhance their appeal to skilled workers, ultimately contributing to higher salary and better working conditions in the region. Education is another factor that interacts with work area to affect salary. Mark Lee (2019) establishes that education has a more significant impact on salary in some work areas than others, and that certain areas require higher levels of education for higher–paying jobs. This implies that the returns to education may vary across work areas, with some areas rewarding education more than others.

2.6 HYPOTHESES

Hypothesis 1: The relocation of the head office from the metropolitan area to the provincial area may lead to increased salary for employees.

Labor market imperfections, such as monopsony power, may contribute to the observed higher salary in rural areas. Manning (2003) investigates the role of monopsony power in labor markets,

while Hirsch et al. (2010) and Faggio et al. (2010) extend this research by examining the impact of monopsony power on wage determination across regions and industries. These studies offer valuable insights into how labor market imperfections can contribute to higher salary in rural areas for employees with the same skills. Additionally, the literature on spatial mismatch highlights the importance of job accessibility and agglomeration economies in determining salary (Kain, 1968; Autor, 2014; Glaeser, 1999; Cadena, 2013). Spatial mismatch occurs when job opportunities are geographically distant from job seekers, often resulting in longer commutes and potentially higher salary to compensate for the additional travel time and inconvenience.

The role of local labor markets in explaining urban spatial inequality further underscores the significance of accessibility, transportation, and agglomeration in determining salary (Sturm, 2008; Gibson & Tran, 2016, 2014; Xing et al., 2018; Vlachos & Heuermann, 2015). As companies relocate from metropolitan to provincial areas, they may need to offer higher salary to attract skilled workers who would otherwise face a spatial mismatch between their residence and job location. In the context of head office relocation, companies may need to offer higher salary to attract and retain skilled workers, who may be hesitant to move to a less urbanized area with fewer amenities and a lower quality of life (Partridge & Olfert, 2011; Waldorf, 2009). This increase in salary could serve to offset the perceived disadvantages of relocating to a provincial area, such as reduced access to cultural and educational opportunities and diminished professional networks (Falck et al., 2012).

The role of local labor markets in determining salary is another factor that can contribute to higher salary in rural areas. Topel (1986)

examines the impact of local labor demand on salary, while Partridge et al. (2010) and Glaeser and Resseger(2010) build upon this research by analyzing the role of local labor markets in shaping regional wage patterns and disparities. These studies emphasize the importance of considering local labor market conditions when analyzing wage patterns across regions. Companies relocating to provincial areas may take advantage of lower operating costs, such as lower property costs and reduced congestion (Partridge et al., 2010), and allocate these savings towards increased salary for employees. This strategy aligns with the research by Baum-Snow and Pavan (2012), which found that the cost of living and location-specific factors could influence employee compensation. In this case, companies may increase salary to account for the potential loss of urban amenities and compensate for the perceived disadvantages of a provincial location.'

Hypothesis 2: Companies that relocate from metropolitan to provincial areas may exhibit less pronounced salary disparity between CEOs and employees compared to those remaining Metropolitan area.

Becker's (1964) human capital theory propounds that investing in human resources promotes productivity and results in higher wages. Extending this idea, Glaeser and Resseger (2010) posit that such skilled labor, concentrated geographically, particularly in metropolitan regions, produces positive externalities that further augment this wage-increasing effect. The resultant enhanced wages stem largely from elevated competition, knowledge spillovers, and networking benefits inherent to metropolitan environments. However, a company's move from a metropolitan to a provincial area could disrupt this wage-enhancing mechanism. This shift could lessen the

wage disparity between CEOs and other employees. To encourage existing employees to move or attract local talent, it might be necessary to increase average employee wages. In a metropolitan setting, a multitude of companies vie for talented individuals, particularly those capable of performing CEO roles effectively. Consequently, CEOs transitioning to provincial regions might be perceived as having lesser professional capabilities than their metropolitan counterparts and thus, receive lower compensation. This wage difference is also influenced by the disparities in cost of living between urban and provincial regions, the latter generally being less burdensome. The lower cost of living in provincial areas, particularly housing and other living expenses, results in lower overall expenditure, making acceptance of comparatively lower compensation levels feasible. Furthermore, this implies that while ordinary office workers might choose to work in provincial regions, giving up many metropolitan advantages in exchange for higher wages, CEOs, who do not receive as high salaries in the metropolitan regions, might opt to work in provincial areas where they can command relatively higher salaries. Hence, Hypothesis 2 suggests that as companies transition from metropolitan to provincial areas, the wage disparity between CEOs and employees is likely to shrink. This shift is marked by a reduction in CEO salaries and an increase in employee wages, as the company adapts to the new provincial environment with its unique human capital, cost of living, and amenity considerations. Consequently, Hypothesis 2 posits a less pronounced wage disparity in companies that relocate from metropolitan to provincial regions.

Insert here Figure 1.

DATA

The data for this research is obtained from 78 public corporations in South Korea spanning from 2012 to 2016. The companies were carefully selected based on several predetermined criteria. This includes the requirement for the company to be a market-oriented enterprise with a minimum of 50 employees. Their total assets had to exceed KRW 2 trillion, and self-generated income had to account for at least 85% of total revenue. Non-governmental quasi-market-oriented companies were also included in the data set.

Out of the 78 enterprises, 32 relocated from the metropolitan area to provincial regions in 2014. Simultaneously, two companies shifted their location within the metropolitan area. For companies originally based in provincial regions, 27 remained stationary during this period. Lastly, 17 companies elected to move within the metropolitan region itself. These companies represent a wide array of industries and business activities, thus providing a diverse sample for robust analysis.

In 2014, the reference year, the companies collectively employed a significant workforce of around 30,000 individuals. This large number allowed for rigorous analysis of salary scales and their correlation with corporate relocation and overall company performance.

Data were gathered from various sources such as the Korean government's ALIO platform, the Clean Eye platform, Statistics Korea, and National Assembly Research Reports. This information included aspects such as company location, salary scales, and performance indicators. The data then underwent a meticulous

extraction, cleaning, and verification process to ensure the compilation of a comprehensive and error-free dataset. This dataset was then coded and organized for regression analysis.

It's important to note that the salary data include base pay and performance-related pay. However, welfare and housing support funds have been excluded from the salary data. This expansive data set has enabled a thorough investigation into the relationship between corporate relocation and salary levels within public enterprises in South Korea. Through detailed examination of these factors, we can derive meaningful conclusions about the impacts of such relocations on the financial wellbeing of employees and provide insights into potential strategies for improving compensation structures in relation to company location.

Insert here Figure 2.

METHOD

Our methodology aimed to offer a comprehensive understanding of the relationship between the relocation status of firms and a range of salary variables. For this purpose, we conducted both descriptive statistical analysis and multiple regression analysis.

Independent Variable: The independent variable in this study is the relocation status of firms. This variable was operationalized as a categorical variable with four levels. These levels are: "Non-moved / Metropolitan area", "Non-moved / Provincial area", "Moved / Metropolitan to Metropolitan", and "Moved / Metropolitan to Province". The Metropolitan area is defined as 'Seoul', 'Gyeonggi', and 'Incheon', and the rest of the area is coded as province. This

variable signifies whether a company relocated or stayed in the same location, as well as whether the company is based in a metropolitan or provincial area. To focus specifically on the impact of relocating from the metropolitan area to the provincial area, we recoded the relocation variable as a binary variable. We then employed multiple regression as our primary analytical method. This statistical technique enabled us to examine the relationship between the relocation variable and the salaries of CEOs, existing employees, and new hires while controlling for other potential confounding factors. Multiple regression provides a robust and comprehensive approach to exploring these relationships, and its application here has allowed us to gain valuable insights into the effects of company relocation on salary disparities. In this recoding, "Moved / Metropolitan to Province" was coded as "1", and all other categories (i.e., "Not moved / Metropolitan area", "Not moved / Provincial area", "Moved / Metropolitan to Metropolitan") were coded as "0". Through this analysis, we were able to derive insights into the factors influencing net profit and specifically, the impact of relocating a company's head office from the metropolitan area to the provincial area.

Dependent Variables: The dependent variables in this study are the various types of salaries within the firms. These variables include the starting salary and the annual salary of employees, the CEO's salary, and the salary ratio (which refers to the disparity between the CEO's salary and the employees' salaries). These variables are used to measure the outcome of the independent variable, which in this case is the relocation of firms. Each dependent variable represents a different facet of salary distribution within a firm and is used to assess the impact of the independent variable (relocation status).

Control Variables: In addition to the independent variable, several control variables were also incorporated into the regression model to account for potential impact on salary levels. These include company performance indicators from the fiscal year (2012~2015), such as the number of employees, sales, operating profit, and net profit. In addition, the following variables were examined for a comprehensive understanding. GRDP (Gross Regional Domestic Product) Similar to the GDP on a national level, GRDP is the aggregate measure of the economic output of a region. It is the sum of all value added by businesses, organizations, and individuals within a specific region, typically calculated annually. This is used as an important barometer to gauge the economic health and size of an economy at a regional level. Apartment Price Index, this index measures the relative changes in the price of apartments over time in a certain geographical area. It can be utilized to analyze housing market trends and the cost of living in a specific area. Each region can have different factors affecting their respective apartment price index, such as supply and demand, the overall economic situation, or government housing policies. Unemployment Rate, a high unemployment rate in the provincial area could signal a weak job market, which might dissuade employees and CEOs from relocating if they fear job insecurity or limited opportunities for career progression. However, high unemployment could also mean less competition for jobs, potentially making it easier for employees and CEOs to secure employment if they decide to relocate. CPI (Consumer Price Index), A statistical measure of inflation, representing the rate of change in prices of a basket of goods and services bought by households. The basket includes necessities such as food, housing, education, healthcare, transportation etc. A high CPI indicates a higher cost of living and

erodes purchasing power, while a low CPI indicates lower inflation and stable prices.

By controlling for these variables, we can ensure that any observed changes in the dependent variables are due to the independent variable (relocation status), rather than any extraneous variables. This helps to ensure the validity of the findings. In this study, we began by computing descriptive statistics for each of the four categories of relocation, encompassing firms that did not move and remained in metropolitan areas, firms that did not move and stayed in provincial areas, firms that relocated within metropolitan areas, and firms that moved from metropolitan to provincial areas.

For each category, we calculated the mean values of each dependent variable, which included various types of salaries within the firms, along with company performance indicators such as the number of employees, sales, operating profit, and net profit. In order to identify statistically significant differences among these categories, hypothesis testing was employed. We used one-way ANOVA to compare group means for continuous variables, reporting p-values for these tests with a threshold indicating statistical significance. Building on the descriptive statistics and hypothesis testing, we then performed multiple regression analysis to probe deeper into the relationship between the relocation status of firms (the independent variable) and the various salary variables (the dependent variables). To account for the potential influence of other factors on salary levels, we incorporated the company performance indicators from the fiscal years 2012 to 2015 as control variables in the model. By doing so, we could assure that any observed changes in the dependent variables were indeed attributable to the independent variable (relocation status), rather than to any confounding variables. This in

turn bolstered the validity of our findings. Our dataset was also checked for satisfying the assumptions of regression analysis, which include linearity, independence of errors, homoscedasticity, and normality of residuals. In cases of any violations, appropriate statistical techniques were applied to make corrections. After ensuring the applicability of the regression model, we used it on the entire dataset and interpreted the results to determine the statistical significance of the relationship between relocation and the salary variables. Each coefficient in the model was examined to understand the change in the dependent variable for each one-unit change in the corresponding independent variable, with all other independent variables held constant. This analysis was repeated separately for each of the salary variables to discern if the effect of relocation differed across different types of salary. Based on the findings from these regression analyses, we formulated hypotheses for future research, paving the way for further exploration and investigation into the impacts of firm relocation on salary disparities and levels.

RESULT

Insert Figure 3 and Figure 4 here.

Our exploration of the data yielded significant findings supporting our initial hypotheses. As demonstrated in Figure 3, we find evidence endorsing Hypothesis 1. We observed an increase in the salaries of existing employees (annual salary), new hires (starting salary), and even the CEO when companies relocate from metropolitan to provincial areas. This suggests that such a relocation can have a substantial impact on salary levels across various employee categories.

In terms of salary growth rate, the increase after the relocation is quite pronounced when compared to salary levels in 2014, prior to the relocation. This finding provides clear evidence that a company's relocation can exert a considerable influence on salaries, inducing a general upward trend.

In Figure 4, we discovered that the salary disparity between the CEO and employees (both existing and new hires) was at its lowest when companies relocated from metropolitan to provincial areas. Remarkably, this pattern of reduced salary disparities was more pronounced for these companies compared to others that fell into the "Not moved / Metropolitan area", "Not moved / Provincial area", or "Moved / Metropolitan to Metropolitan" categories. This finding suggests that the act of relocating from a metropolitan area to a provincial area can have a unique and significant impact on internal salary structures, potentially leading to a more equitable distribution of wages within the organization. As we have examined in the previous sections, both the CEO's and employees' salaries increased when companies relocated from metropolitan to provincial areas. Now, turning to the matter of the decreasing salary disparity between the CEO and employees, one possible explanation, as suggested by our analysis, could be that the rate of salary increase for employees was higher than that for the CEO. In other words, while both groups saw salary increases, the increase for employees may have been more pronounced, thereby leading to a reduced salary gap within the company. This finding provides an interesting perspective on the potential for corporate relocations to contribute to salary equity within organizations. This observation supports Hypothesis 2, proposing that a corporate relocation from a metropolitan to a provincial area would result in a reduction in the salary gap between

CEOs and employees. This suggests that the shift to provincial areas could potentially equalize wage disparities within the organization.

Insert here Table 1.

Further insights were garnered through regression analysis. The coefficients for annual salary and starting salary were found to be −25 ($p<0.001$) and 27 ($p<0.001$), respectively. This implies that, all else being equal, a unit increase in the dependent variable leads to a decrease in the annual salary by 25 units, while the starting salary increases by 27 units.

The positive coefficient for the CEO salary was 0.32 ($p<0.001$), suggesting that CEO salaries increase with each unit increase in the dependent variable. However, the positive coefficient for the CEO/Employees' Annual Salary Ratio and the negative coefficient for the CEO/Employees' Starting Salary Ratio indicate a more complex relationship between CEO and employee salaries.

Overall, the results of our investigation, including the regression analysis, provide mixed support for both hypotheses. They suggest that while company relocation significantly impacts salaries and salary disparities, these impacts are complex and likely influenced by a range of factors beyond the company's geographic location alone. Future research could delve deeper into these relationships, exploring other factors that may influence employee salaries and CEO–employee salary disparities in the context of company relocation.

Insert Table 2 and Table 3 here.

GRDP (Gross Regional Domestic Product): The Gross Regional Domestic Product (GRDP) is a measure of a region's economic output and overall activity. In the model, the coefficient for GRDP was 0.42, but its p-value was 0.12, surpassing the conventional threshold (0.05) for statistical significance. This indicates that the GRDP is not a significant predictor of whether a company relocates from a statistical standpoint. However, from a real-world perspective, a higher GRDP in a provincial area might be perceived as a positive indicator of economic vitality, potentially offering more career growth opportunities and economic stability. Thus, for employees and CEOs contemplating relocation, a robust GRDP might be seen as a compelling factor, despite its lack of statistical significance in the model.

CPI (Consumer Price Index): The CPI is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. According to the model, as CPI increases, the likelihood of a company relocating decreases, as indicated by the statistically significant ($p<0.001$) negative coefficient of −12,864. This implies that companies are less likely to relocate to areas with high costs of living. For employees and CEOs, a high CPI could act as a deterrent to relocation unless there are corresponding increases in salary or other forms of compensation to offset the increased cost of living.

Unemployment Rate: The unemployment rate is a key measure of economic health. It signifies the percentage of the labor force that is jobless and actively seeking employment. In the model, the coefficient for the unemployment rate was −13,811, which is statistically significant ($p<0.001$), suggesting that as the unemployment rate increases, the likelihood of a company relocating

decreases. From an employee's perspective, a high unemployment rate could be seen as indicative of a weak job market and may deter relocation due to concerns about job security and career progression. Conversely, from the company's standpoint, high unemployment could suggest social instability or economic issues, making the region less attractive for business operations.

Apartment Price Index: The Apartment Price Index is a measure of the cost of apartment housing. In the model, the coefficient for the apartment price index is −365, with a p−value of 0.057, marginally above the threshold for statistical significance. This suggests that, from a statistical standpoint, the apartment price index is not a significant determinant of whether a company relocates. However, practically speaking, high apartment prices could discourage relocation as they can substantially increase the cost of living for employees and CEOs. Therefore, unless the company offers a sufficient salary adjustment or a relocation package to offset this increase, employees and CEOs might be less inclined to relocate. While the statistical model provides valuable insights into the factors influencing company relocation, the real−world decision to relocate is likely to be influenced by a complex interplay of factors beyond those included in the model. For employees and CEOs, considerations of economic indicators like the GRDP, CPI, unemployment rate, and apartment price index, in conjunction with personal and professional factors, will likely influence their decision to relocate with the company.

CONCLUTION

This research embarked on an exploration of the relationship

between the relocation of public enterprises and salary levels in South Korea, with a specific focus on the impact of a company's relocation from a metropolitan area to a provincial region on the salaries of its employees and the disparity between the wages of the employees and the CEO. The findings from this comprehensive study, which involved detailed statistical analyses and careful control of extraneous variables, have significantly enriched our understanding of the dynamics surrounding corporate relocation.

Our findings lend credence to both hypotheses, revealing that relocation from metropolitan areas to provincial regions leads to an increase in employee salaries and a decrease in the salary disparity between CEOs and employees. These findings have profound implications for theories related to labor market imperfections, local labor market conditions, and agglomeration economies. The increase in employee salaries in provincial areas supports existing theories about the effects of monopsony power, spatial mismatch, and local labor market conditions on wage levels. It suggests that companies relocating to provincial areas may need to increase employee salaries to compensate for the potential loss of urban amenities and the perceived disadvantages of a provincial location. Furthermore, our study's conclusion affirms the hypothesis that relocation to a provincial area can lead to a decrease in the wage disparity between CEOs and employees. This aligns with the human capital theory and the research suggesting that geographic concentration of skilled labor can result in high wages in metropolitan areas, but these can decrease when a company moves to a provincial area.

Meanwhile, the metropolitan area, a fiercely competitive environment, demands high capabilities from those who survive this competition and occupy the position of a CEO. This is demonstrated

through the salary they receive. Our findings suggest that the salary of CEOs who relocate their companies to the provinces increases, but the increase is less than that of CEOs who remain in the metropolitan area. On the other hand, for employees, particularly new hires, the phenomenon of avoiding working in the provinces due to social values can be mitigated by offering higher salaries, thereby securing excellent talent. This can be confirmed through data. Similarly, existing employees also experienced similar salary changes. That is, the salaries of existing employees of both companies that continue to stay in the metropolitan area and those that relocate to the provinces have increased. However, the salary increases for employees of companies that continue to stay in the metropolitan area was relatively higher than that of employees of companies that relocated to the provinces. These interactions have led to mixed results in the hypothesis. This suggests that the dynamics of salary changes and company location are complex and influenced by a variety of factors, including the concentration of opportunities and resources in metropolitan areas, the competitive environment, and social values.

The regression analysis also revealed intriguing correlations between regional economic metrics such as GRDP, CPI, unemployment rate, and apartment price index, and firm net profit. This underscored the complex interplay of various factors that might influence the company's performance and compensation strategy post-relocation. In conclusion, this study provides substantial evidence of the impact of corporate relocation on salary scales within firms, thereby contributing valuable insights to both academic discourse and practical aspects of business management, urban planning, and economic policy. However, it's important to remember that each relocation scenario is unique and subject to a variety of

different influences. While the patterns observed in this study provide a robust framework for understanding the general dynamics of corporate relocation and salary distribution, they may not apply in every context or to every firm. Future research may build on these findings to explore the potential long-term impacts of corporate relocation on employee wellbeing, job satisfaction, and productivity. Additionally, future studies could extend this analysis to private firms and other geographical contexts to enhance the generalizability of these findings. A more detailed analysis of how specific company characteristics (such as industry sector or company size) and specific provincial factors (such as local cost of living or available infrastructure) influence the observed relationships could offer additional useful insights. Overall, this research provides a steppingstone for further in-depth explorations into the impacts of firm relocation, a topic of substantial importance in an increasingly global and mobile business landscape.

Our research emphasizes the significant role of geographical factors in shaping the salary gap between CEOs and employees. Through statistical analysis, we observed a notable decrease in the wage gap when companies relocated from metropolitan areas to provincial areas. This finding suggests that the dynamics of wage distribution are not solely influenced by internal company factors. External factors, such as geographical location, also play a significant role. This insight holds particular importance for companies considering relocation, as it indicates that such a move can have profound implications for their wage distribution strategies (Zhang, Ni, & Zhang, 2023).

The salary gap between CEOs and employees is a critical component that significantly influences a company's management

strategy. This gap can directly impact employee satisfaction, a crucial element in the overall strategy (Zhang, Ni, & Zhang, 2023). Employee satisfaction can affect various aspects of a company's operations, including productivity, performance, and workplace morale. Therefore, the effective management of the salary gap is essential for maintaining high levels of employee satisfaction and, consequently, enhancing a company's performance (Przychodzeń & Gómez-Bezares, 2021).

LIMITATION

While this study provides valuable insights into the relationship between the relocation of public enterprises and salary levels in South Korea, it is not without its limitations.

Firstly, the nature of our analysis is observational and cross-sectional, which restricts our ability to infer causality. Although our findings reveal associations between firm relocation status and various outcomes, these relationships should not be interpreted as causal. The observed correlations could be influenced by other factors not accounted for in our analysis.

Secondly, our study relies on secondary data, which might have inherent limitations in terms of accuracy and completeness. The data used in this study may not fully capture all the nuances and complexities of the firms and regions involved. There might also be omitted variable bias due to factors not included in the study, such as detailed industry-specific conditions, company culture, and other unobserved characteristics that could influence the outcomes.

Thirdly, our study assumes that firms relocating to different regions are moving into similar economic conditions. This might not

always be the case. Differences in local economic conditions, regulatory environments, and cultural contexts might also impact the outcomes we studied. The impact of these factors on salary levels and disparities could vary widely across different regions and industries, and our study did not account for these potential variations.

Lastly, our study's findings are based on firms in South Korea, limiting their generalizability to other contexts. The dynamics of firm relocation and salary distribution might differ in other cultural and economic environments. Therefore, caution should be exercised when applying these findings to other contexts.

Future research is needed to address these limitations and further explore the dynamics of firm relocation. A longitudinal or experimental design could provide more definitive insights into the causal relationships between firm relocation and various outcomes. Additionally, in-depth case studies or qualitative research could supplement our findings by providing a deeper understanding of the factors that influence firm decisions to relocate and how these decisions impact firm outcomes. By addressing these limitations, future research can provide a more comprehensive understanding of the impacts of firm relocation, thereby contributing to both academic discourse and practical aspects of business management, urban planning, and economic policy.

FIGURES and TABLES

Figure 1. Research Model

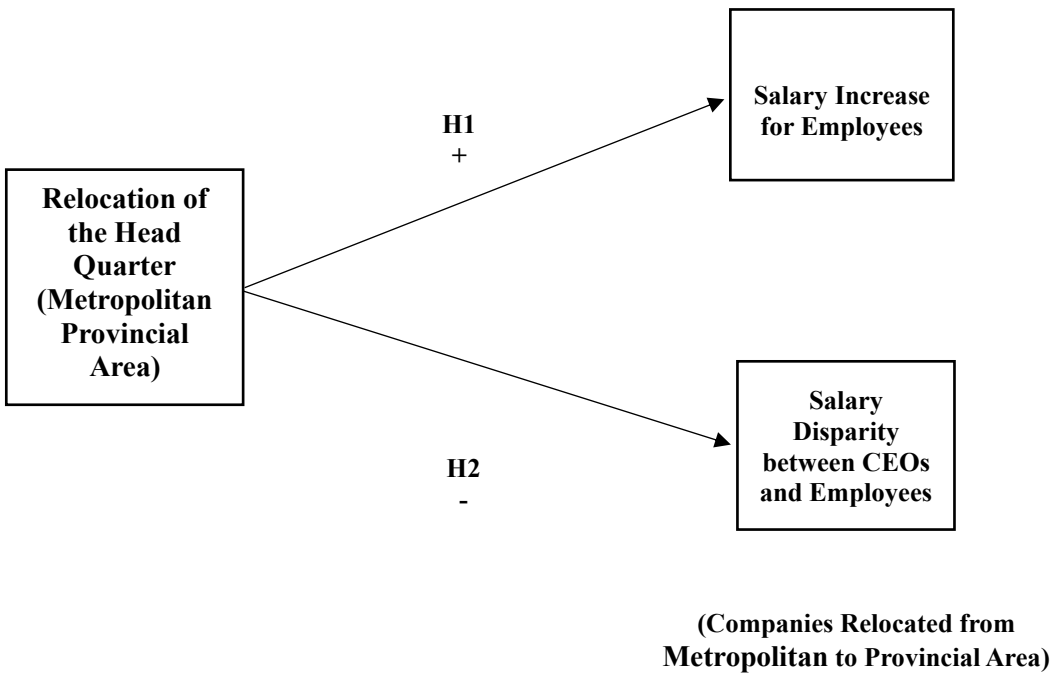


Figure 2. Data of Companies and Employees (2012 – 2015)

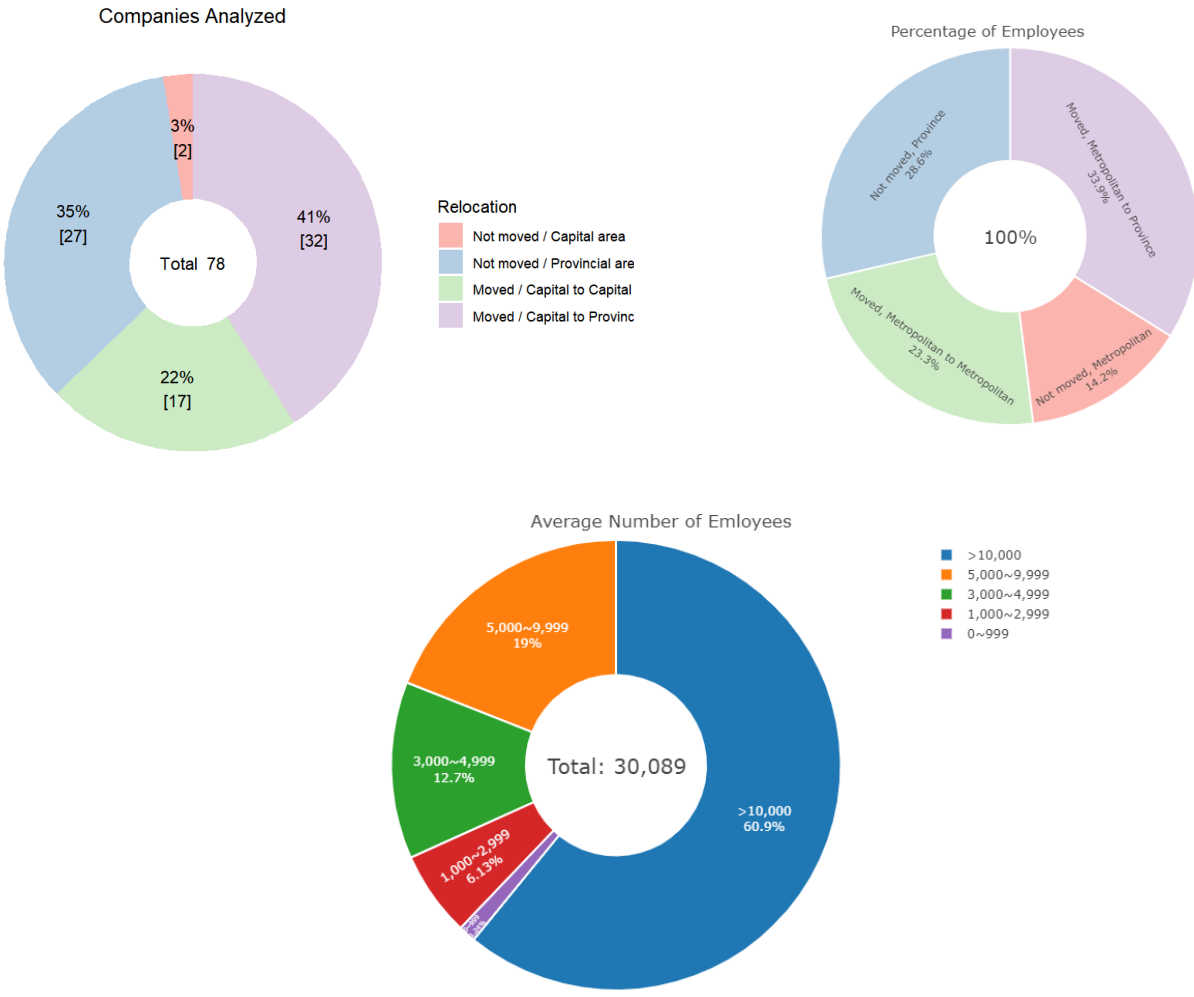
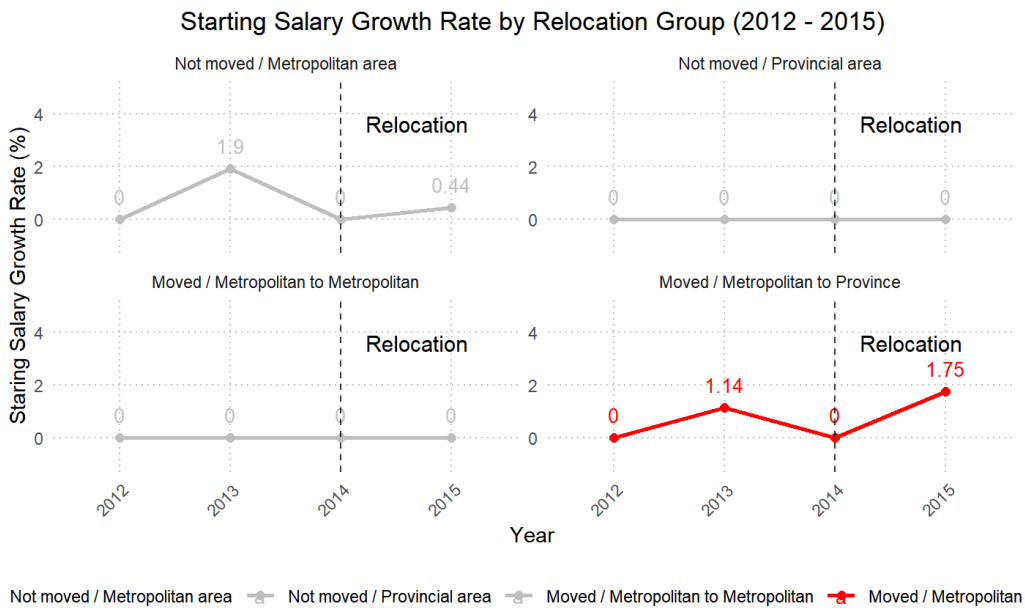
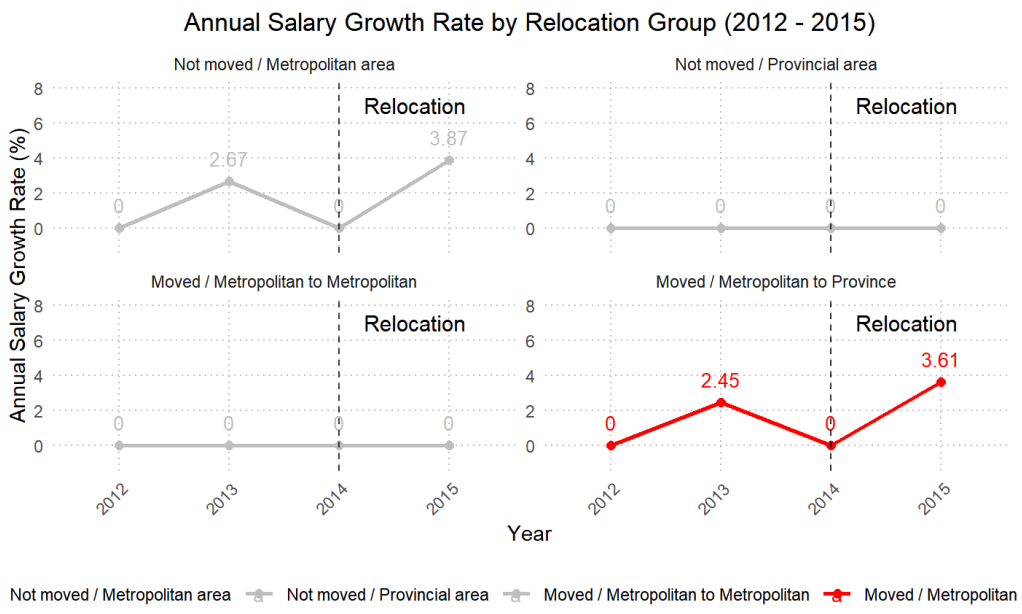


Figure 3. Employees' Starting & Annual Salary and CEO's Salary Growth Rate





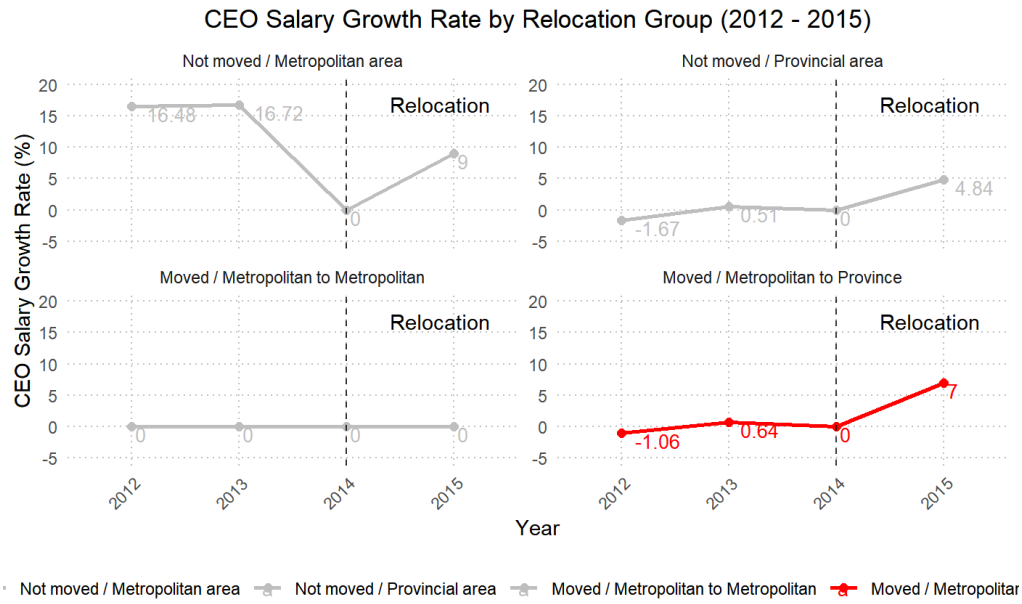
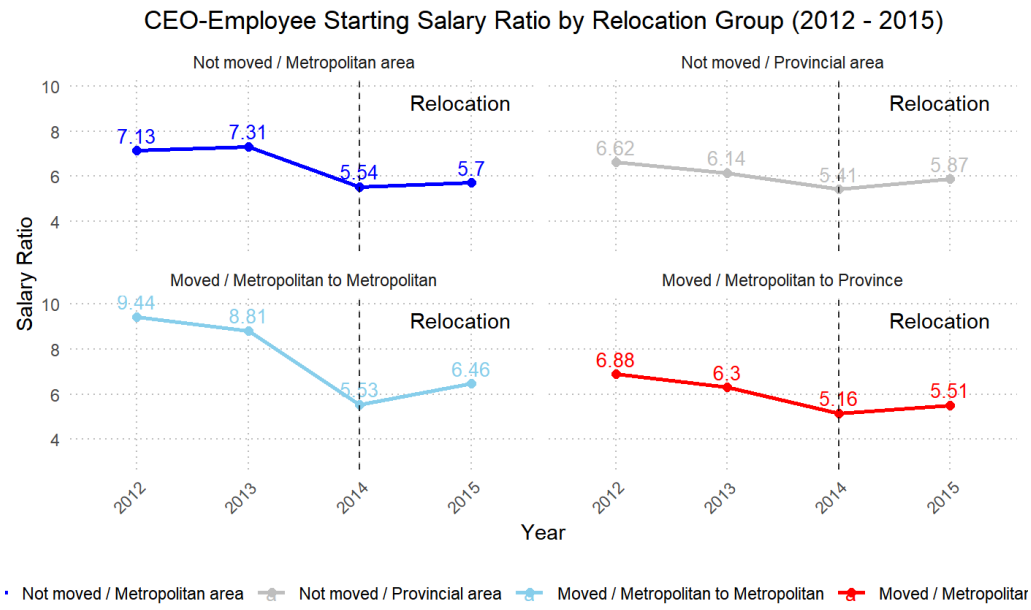
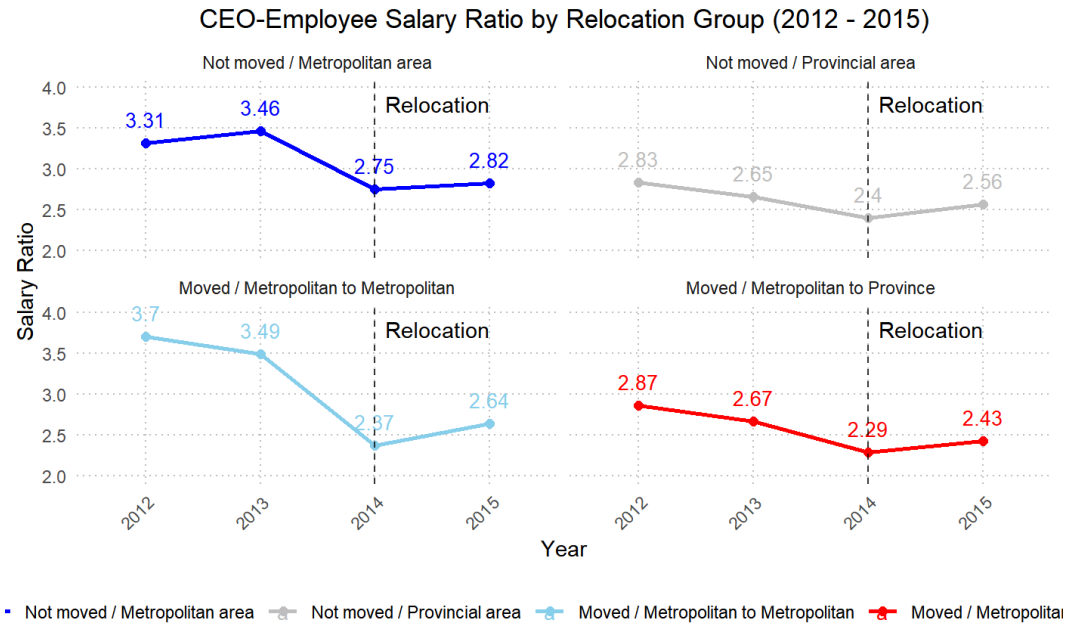

CEO Salary Growth Rate by Relocation Group (2012 - 2015)
Not moved / Metropolitan area
Not moved / Provincial area
Moved / Metropolitan to Metropolitan
Moved / Metropolitan to Province
Relocation
CEO Salary Growth Rate (%)
Year
16.48
16.72
0
9
-1.67
0.51
0
4.84
0
0
0
0
-1.06
0.64
0
7
2012
2013
2014
2015
Not moved / Metropolitan area
Not moved / Provincial area
Moved / Metropolitan to Metropolitan
Moved / Metropolitar

Figure 4. CEO - Starting & Annual Salary Ratio





Tables

Table 1. Multiple Regression - Firm and Province Related

Variables	β[1]	SE[2]	CI[2]	P value
Firm age	-2,330***	75	-2,477, -2,183	<0.001
Sales	0.01***	0	0.01, 0.01	<0.001
Operating Profit	1.1***	0.002	1.1, 1.1	<0.001
Employees' Starting salary	-25***	0.224	-25, -24	<0.001
Employees' Annual salary	27***	0.535	26, 28	<0.001
CEO Salary	0.32***	0.025	0.27, 0.37	<0.001
CEO/Employees' Annual Salary Ratio	91,707***	5,025	81,858, 101,557	<0.001
CEO/Employees' Starting Salary Ratio	-32,055***	2,089	-36,149, -27,961	<0.001
Number of Executives	-27***	2.83	-33, -21	<0.001
Number of Employees	-64***	0.381	-65, -63	<0.001
GRDP	0.42	0.265	-0.10, 0.93	0.12
Apartment Price Index	-365	192	-740, 10	0.057
CPI	-12,864***	1,616	-16,031, -9,696	<0.001
Personal Income	-1.1	2.15	-5.3, 3.1	0.6
Economic Growth Rate	-2,080*	1,059	-4,155, -4.3	0.05
Employment Rate	-724	1,267	-3,208, 1,760	0.6
Unemployment Rate	-13,811***	3,177	-20,037, -7,584	<0.001
Urban Area	0	0	0.00, 0.00	0.5
Wage Increase Rate	2,739*	1,160	467, 5,012	0.018

No. Obs. = 360,270; R^2 = 0.729; Adjusted R^2 = 0.729; Statistic = 48,529

[1] *p<0.05; **p<0.01; ***p<0.001,

[2] SE = Standard Error, CI = Confidence Interval

Table 2. Descriptive Statistical Analysis

	Not moved, Metropolitan (N=131784)	Not moved, Province (N=481764)	Moved, Metropolitan to Metropolitan (N=1824)	Moved, Metropolitan to Province (N=359328)	Total (N=974700)	p value
Firm Age						
Mean (SD)	34.4 (28.4)	33.9 (23.1)	29.0 (16.0)	23.0 (16.0)	30.0 (22.3)	<0.05
Median [Min, Max]	29.0 [2.00, 109]	31.0 [3.00, 107]	29.0 [13.0, 45.0]	14.0 [-1.00, 64.0]	22.0 [-1.00, 109]	
Employees' Starting Salary						
Mean (SD)	36000 (4440)	30100 (3790)	30700 (3180)	30600 (3920)	31100 (4390)	<0.05
Median [Min, Max]	35900 [28300, 46500]	29200 [22900, 41600]	30200 [27100, 34900]	30900 [21900, 39800]	30900 [21900, 46500]	
Employees' Annual Salary						
Mean (SD)	75000 (12800)	69200 (9890)	75000 (4150)	70500 (11300)	70500 (11000)	<0.05
Median [Min, Max]	75600 [50500, 94700]	71200 [49400, 88000]	75700 [67600, 80600]	75900 [34700, 86500]	73000 [34700, 94700]	
CEO Salary						
Mean (SD)	228000 (108000)	178000 (63000)	230000 (50400)	178000 (71400)	185000 (75700)	<0.05
Median [Min, Max]	217000 [0, 533000]	179000 [14900, 306000]	222000 [164000, 306000]	185000 [14900, 312000]	184000 [0, 533000]	
CEO/Employees' Annual Salary Ratio						
Mean (SD)	3.03 (1.27)	2.56 (0.801)	3.05 (0.591)	2.51 (0.900)	2.61 (0.929)	<0.05
Median [Min, Max]	2.82 [0, 6.17]	2.61 [0.297, 3.89]	3.03 [2.33, 3.79]	2.69 [0.256, 4.00]	2.65 [0, 6.17]	
CEO/Employees' Starting Salary Ratio						
Mean (SD)	6.32 (2.79)	5.92 (2.03)	7.56 (1.74)	5.84 (2.27)	5.95 (2.24)	<0.05
Median [Min, Max]	6.05 [0, 13.2]	6.12 [0.586, 9.70]	7.99 [5.16, 9.70]	6.24 [0.573, 9.69]	6.18 [0, 13.2]	
Number of Executives						
Mean (SD)	654 (1200)	521 (534)	905 (767)	395 (427)	494 (645)	<0.05
Median [Min, Max]	242 [6.00, 4490]	252 [-297, 1960]	906 [78.0, 1710]	229 [-297, 1960]	232 [-297, 4490]	
Number of Employees						
Mean (SD)	2330 (2140)	4110 (5570)	3320 (1100)	5000 (6200)	4200 (5550)	<0.05
Median [Min, Max]	1640 [164, 8390]	2690 [95.0, 27900]	3290 [2060, 4630]	2280 [366, 27900]	2300 [95.0, 27900]	
Sales						
Mean (SD)	5980000 (9620000)	4940000 (11400000)	6120000 (1670000)	11700000 (17400000)	7520000 (14000000)	<0.05

	Not moved, Metropolitan (N=131784)	Not moved, Province (N=481764)	Moved, Metropolitan to Metropolitan (N=1824)	Moved, Metropolitan to Province (N=359328)	Total (N=974700)	p value
Median [Min, Max]	1690000 [99000, 36300000]	574000 [65200, 59000000]	5960000 [4160000, 8560000]	4840000 [175000, 62600000]	1180000 [65200, 62600000]	
Operating Profit						
Mean (SD)	222000 (625000)	440000 (1400000)	752000 (294000)	821000 (1770000)	545000 (1480000)	<0.05
Median [Min, Max]	191000 [-1900000, 1500000]	23400 [-445000, 11300000]	879000 [208000, 1030000]	166000 [-1160000, 11300000]	114000 [-1900000, 11300000]	
Net Profit						
Mean (SD)	258000 (553000)	28500 (1830000)	236000 (194000)	579000 (2240000)	259000 (1890000)	<0.05
Median [Min, Max]	133000 [-1910000, 1750000]	18400 [-5800000, 13400000]	124000 [80400, 583000]	94800 [-4500000, 13400000]	54800 [-5800000, 13400000]	
GRDP						
Mean (SD)	32000 (11800)	31900 (11800)	32000 (11800)	31800 (11800)	31900 (11800)	<0.05
Median [Min, Max]	28300 [18100, 62900]	28300 [18100, 62900]	28300 [18100, 62900]	28300 [18100, 62900]	28300 [18100, 62900]	
Apartment Price Index						
Mean (SD)	85.7 (13.2)	85.7 (13.1)	85.7 (13.2)	85.6 (13.1)	85.7 (13.1)	<0.05
Median [Min, Max]	82.8 [63.0, 112]	82.8 [63.0, 112]	82.8 [63.0, 112]	82.8 [63.0, 112]	82.8 [63.0, 112]	
Personal Income						
Mean (SD)	16400 (2040)	16300 (2030)	16400 (2040)	16200 (2010)	16300 (2030)	<0.05
Median [Min, Max]	15700 [13700, 22900]	15700 [13700, 22900]	15700 [13700, 22900]	15600 [13700, 22900]	15700 [13700, 22900]	
Economic Growth Rate						
Mean (SD)	3.08 (3.38)	3.06 (3.35)	3.08 (3.38)	2.99 (3.21)	3.04 (3.30)	<0.05
Median [Min, Max]	2.65 [-2.60, 25.5]	2.60 [-2.60, 25.5]	2.65 [-2.60, 25.5]	2.60 [-2.60, 25.5]	2.60 [-2.60, 25.5]	
Economic Activity Participation Rate						
Mean (SD)	62.1 (2.60)	62.0 (2.60)	62.1 (2.60)	62.0 (2.60)	62.0 (2.60)	<0.05
Median [Min, Max]	61.7 [57.6, 69.8]	61.7 [57.6, 69.8]	61.7 [57.6, 69.8]	61.7 [57.6, 69.8]	61.7 [57.6, 69.8]	
Employment Rate						
Mean (SD)	60.2 (2.62)	60.2 (2.62)	60.2 (2.62)	60.1 (2.63)	60.2 (2.62)	<0.05
Median [Min, Max]	60.0 [55.9, 68.5]	59.9 [55.9, 68.5]	60.0 [55.9, 68.5]	59.9 [55.9, 68.5]	59.9 [55.9, 68.5]	
Unemployment Rate						

	Not moved, Metropolitan (N=131784)	Not moved, Province (N=481764)	Moved, Metropolitan to Metropolitan (N=1824)	Moved, Metropolitan to Province (N=359328)	Total (N=974700)	p value
Mean (SD)	2.98 (0.820)	2.97 (0.821)	2.98 (0.820)	2.95 (0.823)	2.96 (0.822)	<0.05
Median [Min, Max]	2.90 [1.50, 5.00]	2.90 [1.50, 5.00]	2.90 [1.50, 5.00]	2.90 [1.50, 5.00]	2.90 [1.50, 5.00]	
Urban Area						
Mean (SD)	1040000000 (752000000)	1040000000 (752000000)	1040000000 (752000000)	1040000000 (752000000)	1040000000 (752000000)	1
Median [Min, Max]	798000000 [140000000, 3360000000]	798000000 [140000000, 3360000000]	798000000 [140000000, 3360000000]	798000000 [140000000, 3360000000]	798000000 [140000000, 3360000000]	
CPI						
Mean (SD)	93.9 (1.33)	93.9 (1.33)	93.9 (1.33)	93.8 (1.34)	93.8 (1.34)	<0.05
Median [Min, Max]	94.1 [90.6, 96.3]	94.0 [90.6, 96.3]	94.1 [90.6, 96.3]	93.8 [90.6, 96.3]	94.0 [90.6, 96.3]	
Wage Increase Rate						
Mean (SD)	3.22 (1.54)	3.24 (1.55)	3.22 (1.54)	3.30 (1.59)	3.26 (1.57)	<0.05
Median [Min, Max]	3.25 [-3.50, 7.50]	3.30 [-3.50, 7.50]	3.25 [-3.50, 7.50]	3.30 [-3.50, 7.50]	3.30 [-3.50, 7.50]	
Registered Population						
Mean (SD)	3010000 (3140000)	3010000 (3140000)	3010000 (3140000)	3010000 (3130000)	3010000 (3140000)	0.998
Median [Min, Max]	1910000 [113000, 12500000]	1910000 [113000, 12500000]	1910000 [113000, 12500000]	1910000 [113000, 12500000]	1910000 [113000, 12500000]	
Average Wage Increase						
Mean (SD)	2640000 (237000)	2640000 (237000)	2640000 (237000)	2630000 (236000)	2630000 (237000)	<0.05
Median [Min, Max]	2620000 [2140000, 3260000]	2620000 [2140000, 3260000]	2620000 [2140000, 3260000]	2620000 [2140000, 3260000]	2620000 [2140000, 3260000]	

Note : # The table offers a comprehensive view of the data, presenting median (Q1-Q3) values, mean±SD for continuous variables, and counts (percentages) for categorical variables. Moreover, it includes a p-value column, indicative of the statistical significance of observed differences across the groups determined by the Relocation variables. And, the results generated from the analysis provide an in-depth view of the interplay between company location, remuneration schemes, and financial performance.

Table 3. Correlation Matrix

	Firm age	Employees' Starting salary	Employees' Annual salary	CEO Salary	CEO/Employees' Annual Salary Ratio	CEO/Employees' Starting Salary Ratio	Number of Executives	Number of Employees	Sales	Operating Profit	Net Profit
Firm age	1										
Employees' Starting salary	-0.061***	1									
Employees' Annual salary	-0.043***	0.617***	1								
CEO Salary	-0.106***	0.325***	0.447***	1							
CEO/Employees' Annual Salary Ratio	0.025***	0.067***	0.017***	0.076***	1						
CEO/Employees' Starting Salary Ratio	0.016***	-0.005***	0	0.054***	0.921***	1					
Number of Executives	0.145***	0.076***	-0.01***	0.144***	0.026***	0.019***	1				
Number of Employees	-0.049***	-0.167***	-0.111***	-0.033***	-0.021***	-0.003*	0.377***	1			
Sales	0.051***	0.042***	0.145***	0.091***	-0.007***	0.003*	0.257***	0.52***	1		
Operating Profit	0.013***	-0.002	0.103***	0.086***	-0.015***	-0.003*	0.262***	0.487***	0.739***	1	
Net Profit	-0.004*	0.012***	0.043***	0.068***	-0.001	0.002	0.173***	0.278***	0.605***	0.833***	1
GRDP	-0.004*	0.037***	0.005**	-0.004*	0	-0.014***	-0.004**	-0.003	-0.005***	-0.002	-0.003*
Apartment Price Index	-0.005**	0.044***	0.003	-0.001	0.006***	-0.013***	-0.005**	-0.003*	-0.006***	-0.002	-0.004*
Personal Income	-0.015***	0.139***	0.025***	-0.023***	-0.012***	-0.062***	-0.015***	-0.011***	-0.021***	-0.008***	-0.012***
Economic Growth Rate	-0.002	0.008***	-0.005***	-0.023***	-0.02***	-0.025***	-0.002	-0.002	-0.003*	-0.001	-0.002
Economically Active Population	-0.001	0.006***	0.001	-0.002	-0.001	-0.003*	-0.001	-0.001	-0.001	0	-0.001
Economic Activity Participation Rate	-0.008***	0.061***	0.01***	-0.021***	-0.016***	-0.038***	-0.008***	-0.006***	-0.011***	-0.004**	-0.006***
Employment Rate	-0.006***	0.046***	0.009***	-0.016***	-0.013***	-0.029***	-0.006***	-0.004**	-0.008***	-0.003*	-0.005**
Urban Area	0	0	0	0	0	0	0	0	0	0	0
CPI	-0.023***	0.206***	0.027***	-0.055***	-0.035***	-0.113***	-0.024***	-0.017***	-0.032***	-0.012***	-0.019***
Unemployment Rate	-0.009***	0.069***	0.006***	-0.023***	-0.014***	-0.042***	-0.009***	-0.007***	-0.013***	-0.005**	-0.007***
Wage Increase Rate	0.007***	-0.043***	-0.024***	0.071***	0.078***	0.085***	0.007***	0.005***	0.009***	0.003*	0.005***
Registered Population	0	0.001	0	0	0	-0.001	0	0	0	0	0
Average Wage Increase	-0.012***	0.112***	0.012***	-0.013***	-0.001	-0.045***	-0.012***	-0.009***	-0.016***	-0.006***	-0.009***

GRDP	Apartment Price Index	Personal Income	Economic Growth Rate	Economically Active Population	Economic Activity Participation Rate	Employment Rate	Urban Area	CPI	Unemployment Rate	Wage Increase Rate	Registered Population	Average Wage Increase
1												
0.384***	1											
0.488***	-0.132***	1										
-0.312***	-0.22***	-0.12***	1									
-0.04***	-0.403***	0.352***	0.261***	1								
0.385***	0.079***	0.085***	0.042***	0.274***	1							
0.433***	0.224***	-0.005**	0.002	0.18***	0.971***	1						
0.056***	0.109***	-0.096***	0.178***	0.562***	0.336***	0.378***	1					
0.366***	0.394***	0.448***	-0.098***	-0.237***	0.214***	0.224***	-0.017***	1				
-0.15***	-0.583***	0.38***	0.161***	0.411***	0.211***	-0.027***	-0.142***	-0.015***	1			
-0.101***	0.03***	-0.239***	0.038***	0.031***	0.027***	0.045***	0.089***	-0.194***	-0.056***	1		
-0.059***	-0.408***	0.338***	0.266***	0.999***	0.247***	0.154***	0.573***	-0.258***	0.399***	0.035***	1	
0.64***	-0.02***	0.786***	-0.167***	0.441***	0.468***	0.403***	0.09***	0.4***	0.322***	-0.033***	0.417***	1

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국문초록

기업이전과 시사점
급여 조정 및 CEO-직원 급여 격차 분석

.

인재 확보는 기업의 성공과 성장에 상당한 영향을 미칠 수 있기 때문에 우수 인재의 확보와 보유는 기업에 매우 중요할 것이다. 동시에 우수 CEO와 직원들에게 적절한 보상을 하여 균형 잡힌 인적 자원 비용을 유지하는 것도 기업 전략의 중요한 결정 요인이 될 수 있다. 이러한 맥락에서 기업의 지리적 위치는 인재 획득과 급여 지출이라는 두 가지 요소에 유의미한 영향을 미칠 수 있다. 본 논문은 기업이전이 이러한 역학관계에 미치는 영향을 조사하고, 특히 한국에서 수도권에서 지방으로 이전한 기업에서 CEO와 직원의 급여수준의 변화와 이들 간의 차이를 살펴보았다. 한국에서는 일반적으로, 지방 근무를 꺼리는 데서 비롯된 직원들의 교섭력 강화로 직원들의 급여가 늘어나는 현상을 살펴보았다. 이는 이직에 따른 최고경영자(CEO)의 급여상승률을 초과하는 비율로 직원들의 임금상승률을 초래하며, 두 집단 간 임금격차를 줄인다는 것을 연구하였다. 따라서 기업의 지방으로의 이전은 직원들 및 CEO의 급여수준에 변화에 영향을 미칠 수 있는 주요 요인일 될 수 있을 것이다.

주요어: relocation, salary, agglomeration, human capital externalities,
salary disparities

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