The Multi-Establishment Wage Puzzle: Why Size Doesn't Mean More Pay

While economic tradition suggests larger employers must pay more to attract staff, modern multi-establishment frms (MEFs) show a 'zero size wage effect.' These organizations decouple pay from establishment size to maintain internal equity, instead using non-wage levers to manage local recruitment needs.

THEORY VS. REALITY: THE DISAPPEARING PREMIUM

The Single-Firm Premium

Single-site firms pay 4-8% more as employee headcount increases.

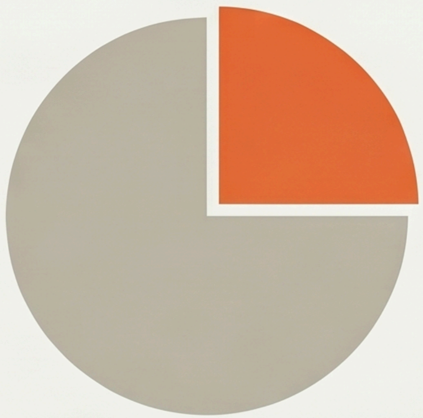
The Multi-Site Paradox

Within large multi-establishment firms, the size-to-wage relationship drops to exactly zero.

25%

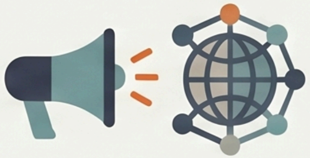
OF THE WORKFORCE

This decoupling affects a quarter of all private employment in advanced economies.



STRATEGIC RESPONSE: BEYOND THE PAYCHECK

Non-Wage Recruitment Margins



Firms increase recruiter headcount and branding intensity instead of raising local wages.

Standardized Pay Architectures

Global pay bands prioritize internal equity over local labor market fluctuations.

Selective Geographic Multipliers

Firms adjust for regional cost-of-living rather than the specific size of a facility.

STRATEGY LEVER COMPARISON

	Traditional Single-Site Firm	Multi-Establishment Firm
Wage Level	High (Size Premium)	Standardized (Firm-Wide)
Recruitment	Wage-Driven Signals	Branding & Effort Intensity
Talent Quality	High-Cost Selection	Potential Quality Trade-offs