Discussion of "Non-Disclosure Agreements and the Market for Talent"

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- How does it do it?
- Where does it sit in the literature?
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  - Mechanism credibility
  - Equilibrium interpretation

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Bottom line: Strong paper, careful design, interesting setting.

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- State laws restricting NDAs (2018–2020)

Main question:

- Do these laws improve firms' ability to attract and retain workers?

Main Findings

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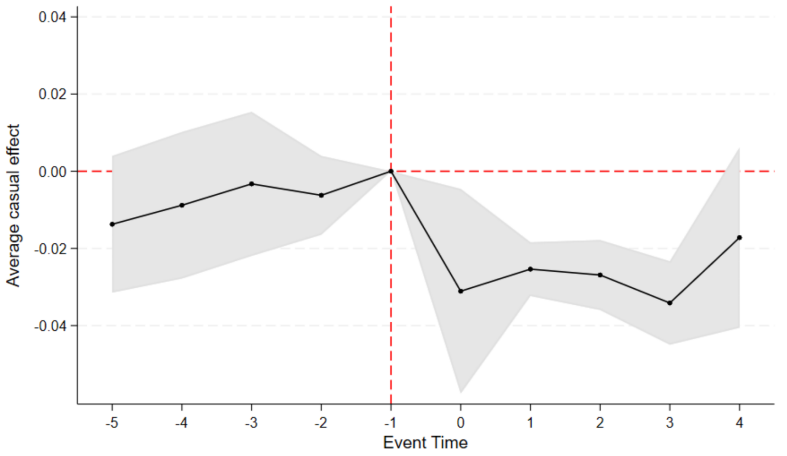
Figure 2: Narrowing NDAs' Dynamic Effect on Job Vacancy Duration: Stacked DID Method



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- Robustness checks omitted – time for happy hour

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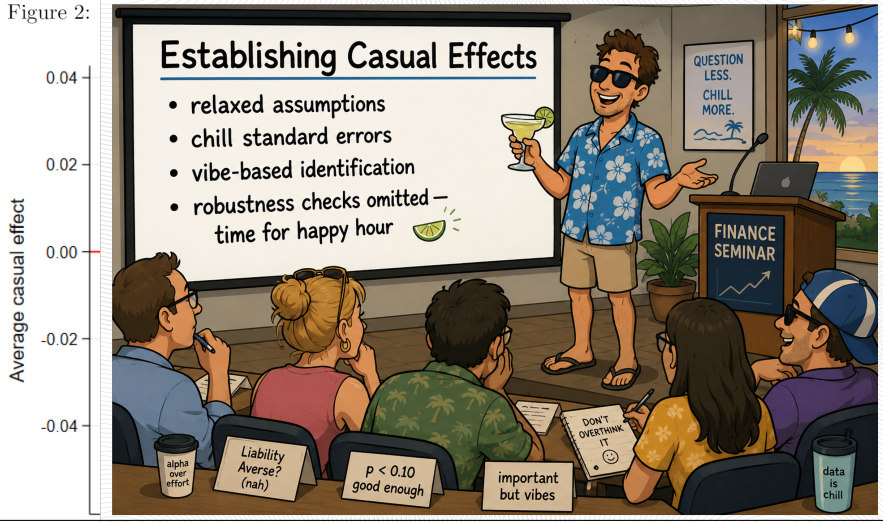
Figure 2:



Main Findings

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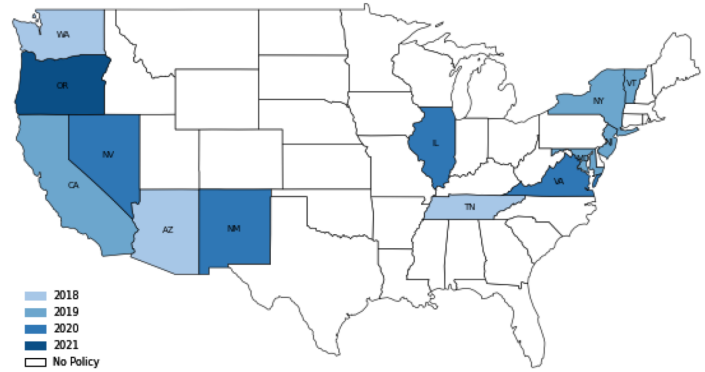
- Vacancy duration decreases $\rightarrow$ faster hiring
- Workplace conditions improve (injuries, violations)
- Job search activity increases
- Employee retention improves
- Firm performance (ROA) increases

Interpretation:

- Transparency improves matching and incentives

Empirical Strategy

Figure B1: Staggered Adoption of State Policies Narrowing NDAs



Treat State	Treated Year
Arizona	2018
Tennessee	2018
Washington	2018
New York	2019
Vermont	2019
Maryland	2019
California	2019
New Jersey	2019
Nevada	2020
Virginia	2020
Illinois	2020
New Mexico	2020
Oregon	2021

Empirical Strategy

Difference-in-differences design

- Treatment: state-level NDA restrictions
- Outcome: job vacancy duration

Key identifying variation: Within-firm, cross-state comparisons

Controls:

- Firm-state-occupation FE
- Firm-year-occupation FE

Additional designs:

- Event study (no pre-trends)
- Border-county comparison
- Stacked DiD

Where Does This Sit in the Literature?

Related literatures:

- Employee voice / disclosure (Glassdoor, whistleblowing)
- Labor market matching and information frictions
- Non-wage job characteristics

Key contribution:

- Clean policy shock (NDA laws)
- Links transparency $\rightarrow$ workplace conditions $\rightarrow$ recruiting outcomes $\rightarrow$ firm performance

Takeaway:

- A nice "full-chain" empirical paper

What Works Especially Well

- Rich fixed effects (firm-state-occupation, firm-year-occupation)
- Large-scale, granular job posting data
- Multiple robustness checks:
  - Border-county design
  - Stacked DiD
- Mechanism evidence (workplace conditions, search activity)

Overall:

- Aligned with current empirical standards

TWFE

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Recommendation: Make the stacked DiD the baseline

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Recommendation: Make the stacked DiD the baseline

Implementation question

"Controls = neighboring states" (except CA)

Do you ensure that controls are only used if they are not-yet-treated throughout the event window?

Valid Controls in Staggered DiD

Key principle: Controls must be not yet treated at each time

Year	2016	2017	2018	2019	2020	2021
State A (treated 2018)	Pre	Pre	Post	Post	Post	Post
State B (treated 2020)	Pre	Pre	Pre	Pre	Post	Post

Using State B as control for A:

- 2016–2019: Valid (not yet treated)
- 2020–2021: Invalid (already treated)

Takeaway:

- Controls must drop out once they are treated
- Otherwise: treated units serve as controls $\rightarrow$ bias

Niggles 2

$ln(1+x) \rightarrow$ injuries, violations, hours worked:

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- Arbitrary transformation: why 1? why not 0.5? or 2? $\rightarrow$ coefficients not invariant to scale shifts
- Especially problematic when many observations are 0 or 1 $\rightarrow$ large mass of zero in violations, injuries?
- Hard to interpret economically: not a semi-elasticity
- In the presence of heteroskedasticity $\Rightarrow$ inconsistent estimator

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Best practice (Santos da Silva & Tenreyro REStat 2006):

- "The log of gravity": Respect the count nature of the data
- Estimate Poisson Pseudo-Maximum Likelihood (PPML – can handle high-dimensional FE)
- Or: negative binomial (may not work here given the FE structure)

Comment 1: SUTVA / Spillovers

Key issue: Treatment is at the state level

Identifying assumption:

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- Worker mobility across states
- Multi-state firms changing policies nationally
- Information spillovers (e.g., Glassdoor), competitive spillovers, regulatory spillovers

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Suggestion:

- Explore heterogeneity: single-state firms, geographically isolated markets

Comment 2: Policy Bundling

Concern:

- NDA laws may coincide with broader labor or cultural changes (e.g., MeToo, enforcement shifts)

Current approach:

- Border-county design

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Possible extensions:

- Control for other contemporaneous state labor policies (anti-harassment legislation, arbitration restrictions, pay-transparency laws, broader worker-protection reforms...)
- Show results robust to excluding states with especially broad MeToo-related reform packages

Comment 3: Mechanism

Mechanism is fundamentally informational:

- NDA $\rightarrow$ more credible disclosure $\rightarrow$ better worker info $\rightarrow$ firms and workers respond + matching improvements

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Suggestions:

- Directly measure disclosure at firm level. Show disclosure increases, **then** workplace conditions improve (i.e., establish timing)
- Exploit heterogeneity in ex ante opacity and/or in pre-treatment conditions

Comment 4: Equilibrium Interpretation

Outcome: vacancy duration

- Reflects both supply and demand

Paper argues:

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- General equilibrium labor reallocation?
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Suggestions:

- Explore geographic heterogeneity
- Discuss equilibrium more explicitly

Big Picture

- Transparency matters for labor markets
- Information frictions affect both:
  - matching
  - firm incentives
- Policy can improve both worker and firm outcomes

Contribution:

- Clean policy setting + strong empirical design

Conclusion

Strengths:

- Interesting question
- Strong data and design
- Rich set of outcomes

Suggestions:

- Address spillovers (SUTVA)
- Further isolate policy variation
- Strengthen mechanism evidence

Overall:

- A compelling and important paper