

Non-Disclosure Agreement and the Market for Talent

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- 1 Introduction
- 2 Hypothesis Development
- 3 Data
- 4 Research Design and Main Results
- 5 Additional Analyses
- 6 Conclusion



Part 1. Introduction



- Workplace issues negatively impact workers' health and productivity and play an important role in job seekers' employment decisions (Maestas et al., 2023).
- Many firms use Non-Disclosure Agreements (NDAs) to suppress negative employee disclosures about workplace conditions.
- To improve workplace transparency, some states implemented **policies restricting Non-Disclosure Agreement (NDA)**.




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- To improve workplace transparency, some states implemented **policies restricting Non-Disclosure Agreement (NDA)**.


Research Question:

Whether workplace transparency affects firms' ability to attract workers.



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- NDAs are increasingly used to prevent workers from speaking out about toxic corporate cultures or disclosing negative information about workplace conditions and leadership [Lobel, 2018]. ▶▶



- Leverages the variation in **policies restricting NDAs** across states over time, we find that:
 - NDA restrictions reduce job vacancy duration, consistent with improved ability to attract and match with workers.
 - Workplace safety and broader working conditions improve.
 - Employee turnover declines, consistent with improved retention.
 - Firm performance also improves.



- Document new effects of employee voice:
 - Not only improves workplace conditions but also improves employers' ability to attract job seekers and firm performance.
- Identify the transparency of workplace issues as a new factor influencing employee and firm outcomes
- Policy implications for the “narrowing NDA” policy.



Part 2. Hypothesis Development



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- **Distortion one: Matching channel**
 - Poorly informed job seekers search longer and accept matches more cautiously;
 - Employers face a noisier applicant pool and higher screening/mismatch costs.
- **Distortion two: Incentive channel**
 - Firms' incentives to invest in workplace quality weaken, lowering average workplace quality and therefore job seekers' willingness to work.



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Hypothesis 1

- **On average, laws restricting employers' use of aggressive NDAs improve employers' ability to attract workers.**



Part 3. Data



- Linkup Job Posting data
 - Job posting creation & deletion dates, job title, location, occupation, a firm identifier, and so on



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 - Job posting creation & deletion dates, job title, location, occupation, a firm identifier, and so on
- Proxy for firms' ability to attract job applicants
 - Job vacancy duration: the time to fill a job vacancy
 - Conditional on no changes in labor demand (which we verify), a decline in applications increases the difficulty of matching with qualified candidates and extends vacancy durations.
 - Drop duration > 180 days or duration < 1 day (Chen & Li 2023)



- Workplace conditions
 - OSHA's Injury Tracking Application data
 - Violation Tracker database



- Workplace conditions
 - OSHA's Injury Tracking Application data
 - Violation Tracker database
- Other data
 - Revelio Lab
 - Compustat and CRSP
 - Google search index



Part 4. Research Design and Main Results



- A difference-in-differences model:

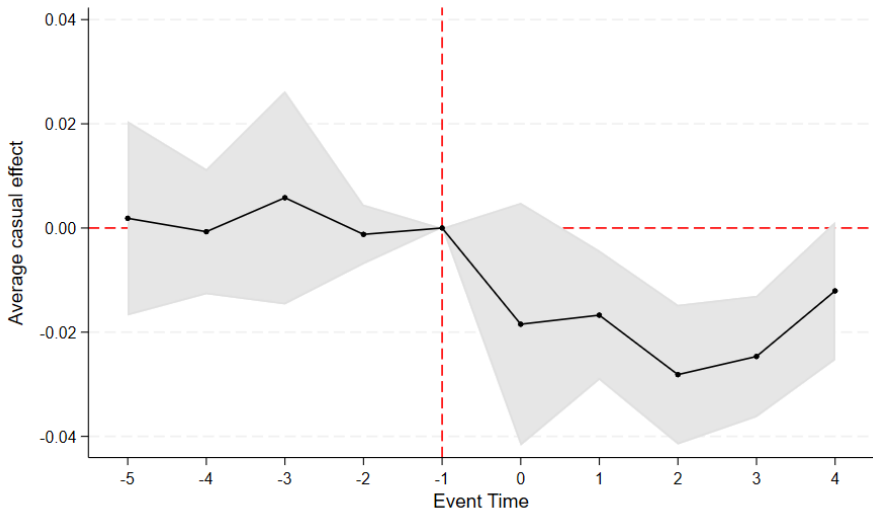
$$y_{ijsot} = \beta \mathbb{1}[t \geq \text{NarrowedNDA}]_{st} + \phi_{jso} + \lambda_{jto} + \epsilon_{ijsot}.$$

- Dependent variable: y_{ijsot} denotes the vacancy duration of job i posted by firm j in state s and year t for occupation o .
- Independent variable: $\mathbb{1}[t \geq \text{NarrowedNDA}]_{st}$, years after states implemented laws restricting NDAs.
- Fixed effects: firm-state-occupation (ϕ_{jso}) and firm-occupation-year (λ_{jto}).

Main Results: Effects on Job Vacancy Duration



VARIABLES	(1) <i>Intimediff</i>	(2) <i>Intimediff</i>
$1[t \geq \text{NarrowedNDA}]_{st}$	-0.023** (0.011)	-0.022*** (0.007)
Observations	50,904,045	50,309,597
R-squared	0.284	0.361
Firm-State FE	YES	
Firm-Year FE	YES	
Firm-State-Occupation FE		YES
Firm-Year-Occupation FE		YES
Cluster	Firm&State	Firm&State





Panel A: By Labor Intensity	<i>High Labor Intensity</i>	<i>Low Labor Intensity</i>
VARIABLES	(1) <i>Intimediff</i>	(2) <i>Intimediff</i>
$1[t \geq \text{NarrowedNDA}]_{st}$	-0.029*** (0.010)	-0.002 (0.007)
Difference		-0.027***
P-value		0.000
Observations	22,446,028	21,956,541
R-squared	0.403	0.322
Firm-State-Occupation FE	YES	YES
Firm-Year-Occupation FE	YES	YES
Cluster	Firm&State	Firm&State



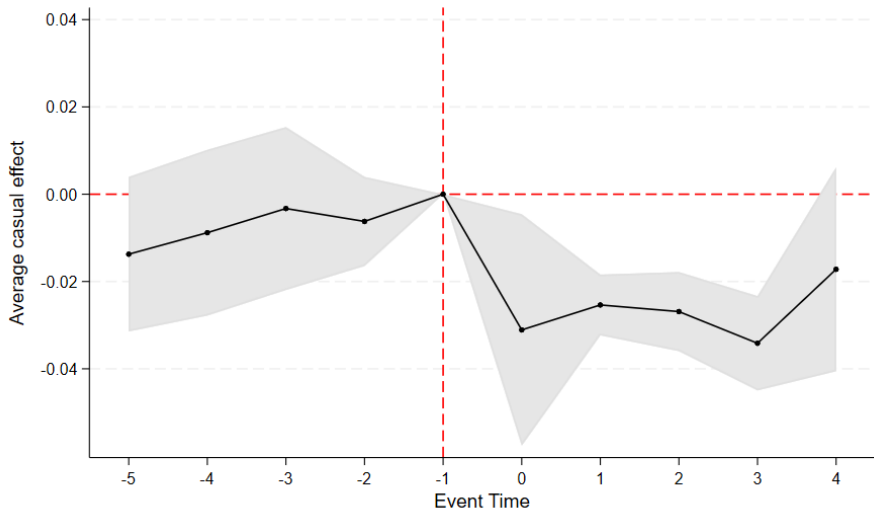
Panel B: Job Types	<i>Remote Work</i>	<i>Non-Remote Work</i>
VARIABLES	(1) <i>Intimediff</i>	(2) <i>Intimediff</i>
$\mathbb{1}[t \geq \text{NarrowedNDA}]_{st}$	-0.001 (0.014)	-0.024*** (0.007)
Difference		0.023***
<i>p</i> -value		0.000
Observations	2,208,525	45,121,941
R^2	0.381	0.370
Firm-State-Occupation FE	YES	YES
Firm-Year-Occupation FE	YES	YES
Cluster	Firm&State	Firm&State



Panel C: Experience Requirements	<i>High Experience</i>	<i>Low Experience</i>
VARIABLES	(1) <i>Intimediff</i>	(2) <i>Intimediff</i>
$\mathbb{1}[t \geq \text{NarrowedNDA}]_{st}$	-0.003 (0.013)	-0.030** (0.014)
Difference		0.027***
<i>p</i> -value		0.000
Observations	7,945,084	11,477,731
R^2	0.408	0.355
Firm-State-Occupation FE	YES	YES
Firm-Year-Occupation FE	YES	YES
Cluster	Firm&State	Firm&State



VARIABLES	(1) <i>Intimediff</i>	(2) <i>Intimediff</i>
$1[t \geq \text{NarrowedNDA}]_{st}$	-0.029*** (0.008)	-0.032*** (0.008)
Observations	12,198,903	12,113,471
R-squared	0.297	0.396
Firm-State FE	YES	
Firm-Year FE	YES	
Firm-State-Occupation FE		YES
Firm-Year-Occupation FE		YES
County Pair-Year FE	YES	YES
Cluster	Firm&State	Firm&State





VARIABLES	(1) >=1 Days <i>Intimediff</i>	(2) 1-120 Days <i>Intimediff</i>	(3) Drop Covid-19 Year <i>Intimediff</i>	(4) New_Timing <i>Intimediff</i>
$1[t \geq \text{NarrowedNDA}]_{st}$	-0.026** (0.011)	-0.020*** (0.006)	-0.020*** (0.005)	-0.021*** (0.005)
Observations	53,992,319	47,691,212	44,649,705	50,309,597
R-squared	0.417	0.350	0.365	0.361
Firm-State-Occupation FE	YES	YES	YES	YES
Firm-Year-Occupation FE	YES	YES	YES	YES
Cluster	Firm&State	Firm&State	Firm&State	Firm&State



VARIABLES	(1) <i>Intotal_injuries</i>	(2) <i>Inviolation_number_sf</i>
$1[t \geq \text{NarrowedNDA}]_{st}$	-0.064*** (0.0227)	-0.012** (0.00263)
Observations	25,627	99,829
R-squared	0.914	0.374
Firm-State FE	YES	YES
Firm-Year FE	YES	YES
Cluster	Firm&State	Firm&State



VARIABLES	(1) <i>Inviolation_number_emp</i>	(2) <i>Intotal_hours_worked</i>
$1[t \geq \text{NarrowedNDA}]_{st}$	-0.009*** (0.003)	-0.039** (0.019)
Observations	62,562	25,627
R-squared	0.215	0.943
Firm-State FE	YES	YES
Firm-Year FE	YES	YES
Cluster	Firm&State	Firm&State



VARIABLES	(1) <i>Turnover_l</i>
$1[t \geq \text{NarrowedNDA}]_{st}$	-0.011*** (0.004)
Observations	491,219
R^2	0.398
Firm-State FE	YES
Firm-Year FE	YES
Cluster	Firm&State



Part 5. Additional Analyses



- Firm performance increase.
- Job-seeking activities increase.
- Labor demand does not change.
- Robust to private firms.



VARIABLES	(1) <i>ROA_ib</i>	(2) <i>ROA_ni</i>	(3) <i>Capex</i>
$1[t \geq \text{NarrowedNDA}]_{st}$	0.007** (0.003)	0.008*** (0.003)	0.002** (0.001)
Observations	24,740	24,740	24,740
R^2	0.738	0.723	0.737
Controls	YES	YES	YES
Firm FE	YES	YES	YES
Year FE	YES	YES	YES
Cluster	Firm	Firm	Firm



VARIABLES	(1) <i>max_search_index</i>	(2) <i>mean_search_index</i>
$1[t \geq \text{NarrowedNDA}]_{st}$	0.035*** (0.009)	0.012** (0.005)
Observations	233,436	233,436
R-squared	0.360	0.553
Firm-State FE	YES	YES
Firm-Year FE	YES	YES
Cluster	Firm&State	Firm&State



VARIABLES	(1) <i>Injobpostingn</i>	(2) <i>Injobpostingn_o</i>
$1[t \geq \text{NarrowedNDA}]_{st}$	-0.022 (0.017)	-0.011 (0.014)
Observations	250,208	2,404,288
R-squared	0.920	0.858
Firm-State FE	YES	
Firm-Year FE	YES	
Firm-State-Occupation FE		YES
Firm-Year-Occupation FE		YES
Cluster	Firm&State	Firm&State



VARIABLES	(1) <i>Intimediff</i>	(2) <i>Intimediff</i>
$1[t \geq \text{NarrowedNDA}]_{st}$	-0.021*** (0.005)	-0.016*** (0.006)
Observations	36,684,018	35,627,169
R^2	0.405	0.472
Firm-State FE	YES	
Firm-Year FE	YES	
Firm-State-Occupation FE		YES
Firm-Year-Occupation FE		YES
Cluster	Firm&State	Firm&State



Part 6. Conclusion



- We find that restricting NDAs improves workplace conditions, firms' ability to attract job seekers, and increases firm profits.
- More analyses are needed to better understand mechanisms/moderating factors (e.g., enforcement differences and information asymmetry problem).



NON-DISCLOSURE AGREEMENT (NDA)

This Nondisclosure Agreement or ("Agreement") has been entered into on the date of _____ and is by and between:

Party Disclosing Information: _____ with a mailing address of _____ ("Disclosing Party").

Party Receiving Information: _____ with a mailing address of _____ ("Receiving Party").

For the purpose of preventing the unauthorized disclosure of Confidential Information as defined below. The parties agree to enter into a confidential relationship concerning the disclosure of certain proprietary and confidential information ("Confidential Information").

1. **Definition of Confidential Information.** For purposes of this Agreement, "Confidential Information" shall include all information or material that has or could have commercial value or other utility in the business in which Disclosing Party is engaged. If Confidential Information is in written form, the Disclosing Party shall label or stamp the materials with the word "Confidential" or some similar warning. If Confidential Information is transmitted orally, the Disclosing Party shall promptly provide writing indicating that such oral communication constituted Confidential Information.

2. **Exclusions from Confidential Information.** Receiving Party's obligations under this Agreement do not extend to information that is: (a) publicly known at the time of disclosure or subsequently becomes publicly known through no fault of the Receiving Party; (b) discovered or created by the Receiving Party before disclosure by Disclosing Party; (c) learned by the Receiving Party through legitimate means other than from the Disclosing Party or Disclosing Party's representatives; or (d) is disclosed by Receiving Party with Disclosing Party's prior written approval.

3. **Obligations of Receiving Party.** Receiving Party shall hold and maintain the Confidential Information in strictest confidence for the sole and exclusive benefit of the Disclosing Party. Receiving Party shall carefully restrict access to Confidential Information to employees, contractors and third parties as is reasonably required and shall require those persons to sign nondisclosure restrictions at least as protective as those in this Agreement. Receiving Party shall not, without the prior written approval of Disclosing Party, use for Receiving Party's benefit, publish, copy, or otherwise disclose to others, or permit the use by others for their benefit or to the detriment of Disclosing Party, any Confidential Information. Receiving Party shall return to Disclosing Party any and all records, notes, and other written, printed, or tangible materials in its possession pertaining to Confidential Information immediately if Disclosing Party requests it in writing.

4. **Time Periods.** The nondisclosure provisions of this Agreement shall survive the termination of this Agreement and Receiving Party's duty to hold Confidential Information in confidence shall remain in effect until the Confidential Information no longer qualifies as a trade secret or until Disclosing Party sends Receiving Party written notice releasing Receiving Party from this Agreement, whichever occurs first.



5. **Relationships.** Nothing contained in this Agreement shall be deemed to constitute either party a partner, joint venture or employee of the other party for any purpose.

6. **Severability.** If a court finds any provision of this Agreement invalid or unenforceable, the remainder of this Agreement shall be interpreted so as best to affect the intent of the parties.

7. **Integration.** This Agreement expresses the complete understanding of the parties with respect to the subject matter and supersedes all prior proposals, agreements, representations, and understandings. This Agreement may not be amended except in writing signed by both parties.

8. **Waiver.** The failure to exercise any right provided in this Agreement shall not be a waiver of prior or subsequent rights.

9. **Notice of Immunity.** Employee is provided notice that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

This Agreement and each party's obligations shall be binding on the representatives, assigns and successors of such party. Each party has signed this Agreement through its authorized representative.

DISCLOSING PARTY

Signature:

Typed or Printed Name: Date:

RECEIVING PARTY

Signature:

Typed or Printed Name: Date:





- A Missouri law firm required all newly-hired support staff and attorneys to sign an employment agreement containing the following non-disparagement provision ([[meyer2019glassdoor](#)]):
 - *During and after Employee's employment or association with Law Firm ends, for any reason, employee will **not in any way criticize, ridicule, disparage, libel, or slander** Law Firm, its owners, its partners, or any Law Firm employees, either orally or in writing.* 