Human Capital Disclosure and Labor Market Outcomes: Evidence from Regulation S-K

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Abstract: We examine the labor market consequences of the 2020 Regulation S-K requiring human capital disclosure in 10K filings. Using large-sample job-level data, we observe that public firms subject to the regulation increase their disclosure of diversity, equity, and inclusion (DEI) information in job postings relative to a matched sample of large private firms. The increase in job-posting disclosure is more pronounced among firms that face greater external pressure and lower internal coordination needs. These results suggest a shift in demand for diverse candidates by public firms following the regulation. Yet when we examine labor market outcomes, we find that public firms undergo prolonged recruitment periods and exhibit weak improvements in their workforce diversity. Such improvements are limited to firms that show a credible commitment to DEI: that is, firms that significantly enhance DEI disclosure in job postings following the regulation, and firms with DEI officers. Our study shows how securities regulations can impact labor market disclosure, and it underscores the significant costs of improving workforce diversity.

Keywords: Securities Regulation, SEC, Labor Market, Disclosure, ESG, DEI, CSR

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1 Introduction

Securities regulations, such as those established by the Securities and Exchange Commission (SEC), have traditionally been developed to protect investors and maintain the fair and efficient functioning of financial markets. Yet since the Dodd-Frank Act of 2010, there has been a fundamental shift towards imposing environmental and social disclosure requirements, with potential consequences for firm behavior (Christensen et al., 2021). One salient example is the 2020 Regulation S-K, which requires public companies to provide human capital disclosure (HCD) in 10K filings.[1] Regulation S-K confirms a notable move by the SEC towards matters that could influence not only public firms and their investors (e.g., Arif et al., 2024) but also other stakeholders. We contribute to this debate by studying the labor market consequences of human capital disclosure in 10Ks.

Prior to Regulation S-K, firms disclosed almost nothing about their human capital, even though shareholders considered this information important for their investment decisions (Heath et al., 2023). To fill this disclosure gap, investors submitted petitions to the SEC to require firms to disclose information about their human capital management policies (e.g., HCMC, 2017; Sheehan, 2017). In 2020, the SEC amended Regulation S-K, providing a clear signal that it considers HCD important for market participants. Including HCD in 10Ks would make such information more salient—and more credible given the risk of SEC enforcement actions (e.g., Activision Blizzard in 2023). Yet the regulation is a principles-based disclosure mandate that gives firms discretion over which material human capital metrics to disclose. This raised concerns about the efficacy of the rule (e.g., Crenshaw, 2020; Lee 2020). However, Bourveau et al. (2024) document a substantial increase in HCD in firms' 10Ks after Regulation S-K, particularly with respect to

[1] Another example is the climate-related disclosure requirement passed by the SEC in March 2024.

workforce Diversity, Equity, and Inclusion (DEI), in line with investors' specific requests (e.g., O'Brien, 2017).[2] In light of these results, and given that DEI is linked to distinct labor market outcomes that we can precisely measure (job-posting disclosure and workforce diversity), we focus our examination on DEI.

The labor market consequences of more DEI information in 10Ks are not obvious. On the one hand, firms with lower levels of workforce diversity may anticipate that they will be exposed to greater external pressure after Regulation S-K. This would happen whether such firms chose to be forthcoming and include DEI information in their 10Ks, thereby revealing their status, or chose to omit such information, implicitly signaling their type (e.g., Milgrom, 1981). It follows that Regulation S-K would provide an incentive for these firms to try to improve their actual workforce diversity in the short term. To do so, they would include more DEI information in their job postings to signal their commitment to a diverse and inclusive workplace culture, and thereby attract and recruit diverse candidates (Choi et al., 2023a).

On the other hand, Regulation S-K could also have no impact on DEI information in job postings or workforce diversity, for several reasons. Certain firms might have a weak commitment to increase workforce diversity despite their claims about DEI (Baker et al., 2024). Furthermore, DEI is a politically contentious matter since it addresses issues related to race, ethnicity, gender, sexual orientation, and other social identities historically subject to discrimination. Some individuals may view efforts to promote DEI as a sign that the company gives less weight to meritocratic promotion or rewards (Castilla and Benard, 2010). Hence, firms may avoid including DEI information in job postings. Even if firms did choose to provide information about their DEI

[2] Bourveau et al. (2024) show that 40% of the comment letters by institutional investors and non-profit organizations requested information related to DEI, and a quarter of the letters requested information about workforce demographics (contained in the Equal Employment Opportunity (EEO-1) filings). The investors' interest in DEI is also confirmed by Arif et al. (2024), who document that after Regulation S-K, investors respond to DEI disclosure in 10Ks.

policies in job postings, it remains unclear whether this would lead to increased workforce diversity. Job seekers might believe that such disclosures lack credibility, and structural labor market conditions, such as limited or inelastic labor supply, may hinder meaningful improvements in diversity.

We begin our analysis by examining the short-term effect of Regulation S-K on the extent and length of DEI disclosure in job postings. We implement a difference-in-differences research design where the treatment group is comprised of U.S. public firms, which are subject to the regulation. The control group is comprised of U.S. private firms of similar size, which are not subject to the regulation. To measure the extent and length of DEI disclosure in job postings, we use Named Entity Recognition technology provided by Raven Pack. We obtain job posting data from LinkUp, which enables us to analyze a large sample of job vacancies and descriptions, providing valuable insights into the dynamics of the U.S. labor market. We aggregate job posting data at the firm–job-type–year-month level and create a panel dataset spanning 11 months and centered on the amendment of Regulation S-K. Our sample includes job postings from 1,891 public and 347 private firms.

We find that public firms increase the extent and length of DEI disclosure in their job postings following the regulation. The dynamic analysis reveals no pre-trends in the difference between public and private firms' DEI disclosure in job postings. In contrast, after the amendment of Regulation S-K, we observe that public firms increase the length of DEI information in the job postings (intensive margin), and include DEI information in 41,000 additional job postings, or an average of 22 additional job postings per firm (extensive margin).

We conduct three cross-sectional tests to shed light on the mechanisms through which Regulation S-K affect job-posting DEI disclosure. First, consistent with our arguments above, we

observe that the effect is about 80% larger for firms with low pre-regulation levels of gender diversity. Second, we investigate the role of socially responsible investors. Firms with more ownership by those investors are likely to be under greater pressure to cater to them and maintain relatively higher levels of workforce diversity (Heath et al., 2023).[3] We observe that firms with high pre-regulation levels of ownership by environmental, social, and governance (ESG) funds are more likely to increase DEI disclosure in job postings. Third, we explore the role of human resources (HR) management (e.g., Bloom and Van Reenen, 2011). The hiring process and the formulation of job postings are critical HR functions. Yet managing DEI policies can present several challenges when firms have greater organizational complexity and coordination needs, like those related to their dispersed geographical presence (e.g., Gallemore and Labro, 2015). We examine three proxies for coordination needs: employee geographical dispersion, HR personnel geographical dispersion, and lack of intranet. We expect and find a stronger increase in DEI disclosure in job postings when employees and HR are less geographically dispersed, and when intranet systems are well-established.

Job postings represent the first step in the hiring process, and the increased DEI disclosure in job postings we observe suggests a growing demand for diverse candidates. However, this might not necessarily lead to a corresponding increase in workforce diversity. Several challenges, such as constraints in labor supply, pose obstacles to achieving significant changes in workforce composition. When we examine the effect of Regulation S-K on a firm's workforce diversity, we indeed do not observe any statistically or economically significant change in workforce gender or ethnic/racial diversity for treated firms following the regulation. To confirm this result, we also

[3] While socially responsible investors might have gathered some information about their firms' diversity before Regulation S-K, the regulation offers investors more precise data about the firm and its peers, with clear consequences for benchmarking and portfolio allocation.

decompose ethnic/racial diversity into its sub-components—namely, Black, Hispanic, and Asian/Pacific Islander groups. Additionally, we examine both overall workforce diversity and diversity within senior positions. We continue to find no changes.

Given the absence of an average effect, we conduct three additional tests. First, we explore heterogeneity in a firm's demand for diverse candidates, aiming to investigate whether there is an increase in workforce diversity at least among firms showing credible commitment to DEI. We observe a 2% increase in gender diversity for firms with a DEI officer. We also find that firms that substantially increased DEI disclosure in job postings following the regulation marginally increase gender diversity. Second, we explore variation in labor supply by looking at geographic and industry heterogeneity in workforce diversity. We find that gender diversity marginally increases in U.S. states and industries with a larger presence of women candidates, indicating that supply-side structural differences play a salient role. Third, we examine the length of the recruitment period, which underscores the inherent costs associated with recruiting diverse candidates (e.g., Li et al., 2020). We find that public firms exhibit a slight lengthening of the recruitment period following the regulation.

A possible threat to the validity of our identification strategy is the existence of concurrent events that could change hiring incentives for public firms (but not for private firms) in a way that is consistent with our findings but inconsistent with Regulation S-K playing a prominent role. We address this concern in several ways. First, we choose a narrow window around the amendment of the regulation, since measuring long-term effects and connecting them to a single event is inherently challenging and would exacerbate this concern. Our identification strategy requires reliable measurement of effects within short intervals, such as job-posting disclosure and hiring outcomes, which change on a monthly basis. Second, we do not observe any differential trends

between public and private firms in the pre-regulation period, so any confounding events have to line up precisely with the regulation amendment. The death of George Floyd in May 2020 has the potential to influence the labor market outcomes for public firms, given their greater visibility relative to private firms. If that were the case, social movements rather than Regulation S-K would drive our results. However, we observe meaningful results for gender diversity but not for ethnic/racial diversity, which is inconsistent with this concern. Most importantly, we conduct a falsification test by studying a state of the world characterized by strong social movements but no changes in securities regulations: the emergence of the #MeToo movement in October 2017. We find that public firms' job-posting DEI disclosures do not change compared to private firms following the #MeToo movement, which is inconsistent with the concern that social movements, rather than Regulation S-K, are likely causing our results.

Taken together, our findings suggest that certain firms responded to Regulation S-K by changing their labor market disclosure strategy, plausibly to attract diverse candidates. However, improving workforce diversity in the short term is challenging. A limited labor supply of diverse candidates for certain jobs, and the time required to train candidates for different occupations, makes it difficult to significantly increase diversity. This suggests that addressing diversity issues in the labor market entails substantial costs and may require more complex structural changes.

From a big-picture perspective, our paper contributes to the literature by documenting how securities regulations can reach beyond capital markets, potentially shaping labor market outcomes through disclosure.[4] While the capital market effects of securities regulations have been widely studied (Leuz and Wysocki, 2016), research on non-capital market outcomes has only recently emerged. Two recent examples are Christensen et al. (2017) and Baik et al. (2024), who study the

[4] In a similar spirit, recent papers also examine the effects of financial reporting on employee job search (e.g., Choi et al., 2023b; deHaan et al., 2023).

real effects of securities regulation related to mine safety and conflict minerals disclosure. Christensen et al. (2017) estimate the incremental effect of including in financial reports information that is already publicly available, whereas Baik et al. (2024) study the effect of disclosing information not previously released elsewhere. In contrast, we examine a principles-based regulation that gives firms discretion over which material human capital metrics to disclose in their 10K. While this could prevent unraveling, Bourveau et al. (2024) and Haslag et al. (2022) document a substantial increase in 10K disclosure regarding a firm's workforce diversity following the regulation. This indicates that the rule still provides an incentive for firms to meet investors' demand for greater transparency. Our paper goes one step further and documents how Regulation S-K changes firms' incentives in the labor market. Put differently, we examine the real effects of securities regulation on organizational practices, which is increasingly important given the recent global trend towards more ESG reporting (Christensen et al., 2021).

Our paper also contributes to recent studies on labor market disclosure such as Choi et al. (2023a), who show that job seekers highly value workforce diversity information and are more inclined to apply to employers with diverse teams once they are aware of their diversity efforts; Pacelli et al. (2022), who show that including information on workplace culture in job postings helps firms attract and retain employees; and Sran (2023), who examines how firms balance disclosure in job postings, weighing the benefits in the labor market against the costs in product market competition. We document that human capital disclosure regulation has real effects in terms of labor market disclosure but more limited effects on workforce diversity. This underscores the costs associated with enhancing workforce diversity, consistent with Baker et al.'s (2024) findings, which highlight a notable lack of correlation between a firm's stance on DEI and its hiring practices.

Finally, our paper relates to recent studies about firms' responses to racial and gender diversity issues (e.g., Balakrishnan et al., 2023; Billings et al., 2022). These studies focus on specific events (George Floyd's death and the #MeToo movement, respectively), whereas we focus on the role of securities regulations in shaping firms' social behavior and examine the broader labor market consequences.

2 Institutional Setting and Conceptual Framework

The emergence of a human capital–driven economy in the 20th century has fostered a continuous discussion among academics, practitioners, and policymakers regarding the importance of human capital disclosure (e.g., Zingales, 2000). However, human capital disclosure in the U.S. has remained relatively scarce until recently (Honigsberg and Rajgopal, 2022). In 2005, public companies were mandated to disclose the number of employees in their 10K filings, and starting in 2017, those companies were also required to disclose the ratio of CEO-to-employee pay. Besides these two reporting requirements, there was considerable information asymmetry between investors and companies since market forces did not lead to voluntary unraveling (Grossman and Hart, 1980; Milgrom, 1981). Consistent with this notion, Choi et al. (2024) document that workforce diversity information in 10Ks and the public availability of EEO-1 were rare before Regulation S-K (see also Bourveau et al., 2023). This is despite the fact that companies with more than 100 employees have been required to file the EEO-1 report to the Equal Employment Opportunity Commission annually since 1967. Similarly, Bourveau et al. (2024) document strong demand for HCD by various investors and non-profit organizations, consistent with high information asymmetry and with various stakeholders considering the pre-regulation disclosure equilibrium unsatisfactory.

In 2020, the SEC responded to investors' requests for more HCD (e.g., HCMC, 2017; Sheehan, 2017) by updating its guidelines for business descriptions in Regulation S-K Item 101. This regulation now requires a section on human capital resources, including disclosure of the number of employees and any human capital measures or objectives that the firm focuses on in managing its business. On the one hand, this provides a clear signal that the SEC considers human capital disclosure important for market participants, and the risk of enforcement actions provides credibility to HCD in 10Ks (e.g., Activision Blizzard in 2023).[5] On the other hand, Regulation S-K does not mandate the specific human capital management policies and metrics to be disclosed, allowing companies the flexibility to select the topics and metrics based on their material relevance to the business.

Despite this lack of specific guidance by the SEC, Bourveau et al. (2024) document that 40% of the comment letters by institutional investors and non-profit organizations requested information related to DEI, and a quarter of the letters requested information about workforce demographics contained in the EEO-1 filings. Most importantly, they observe a notable 30% increase in the number of public firms reporting workforce diversity metrics right after the regulation was implemented. A similar pattern can be observed in Choi et al. (2023a), who document that 17% of companies reported gender workforce diversity metrics and 13% reported racial workforce diversity metrics in the first 10K after Regulation S-K.

In light of these findings, we study the labor market consequences of more DEI information in 10Ks. On the one hand, firms with lower levels of workforce diversity may anticipate that they will be exposed to greater external pressure after Regulation S-K. This would happen whether such firms chose to be forthcoming and include DEI information in 10Ks, thereby revealing their status,

[5] https://www.sec.gov/files/litigation/admin/2023/34-96796.pdf

or chose to omit such information, implicitly signaling their type (Milgrom, 1981).[6] It follows that Regulation S-K would provide an incentive for these firms to try to improve their actual workforce diversity in the short term. Enhancing workforce diversity, even marginally, would enable them to highlight these improvements in the 10-K and potentially reduce some pressure. In order to improve workforce diversity, firms would include more DEI information in their job postings to signal their commitment to promoting a diverse and inclusive workplace culture, and thereby attract and recruit diverse candidates (Choi et al., 2023a). Consistent with these arguments, Regulation S-K should result in more DEI disclosure in job postings and, possibly, more workforce diversity.

On the other hand, Regulation S-K could also have no impact on DEI information in job postings or workforce diversity, for several reasons. First, certain firms might have a weak commitment to increase workforce diversity despite their claims about DEI (Baker et al., 2024). Second, firms might avoid including DEI information in job postings and focus on other less controversial human capital issues. This could happen if, for example, some individuals and groups view efforts to promote diversity as a sign that the company gives less weight to meritocratic promotion or rewards (Castilla and Benard, 2010). Further, considering potential litigation costs, setting a disclosure precedent requires a strategic discussion at the top management team level (Graham et al., 2005; Graham et al., 2017; Choi et al., 2024). Various departments, such as Investor Relations (IR) and HR, consider diverse perspectives, including those of investors and employees, and fulfill distinct roles, such as shaping investors' perceptions and managing human resources (Sarvaiya et al., 2018; Crifo et al., 2019). The cost associated with developing unified DEI

[6] This strategic disclosure behavior can be also explained in the context of materiality. Although the distinction between material and immaterial information is not always obvious, companies use the materiality threshold to strategically signal their types (Li, 2013).

communication policies within a company can thus limit the inclusion of DEI narratives in job postings. Finally, managing DEI policies can present several challenges when firms have greater organizational complexity and coordination needs, like those related to their dispersed geographical presence (e.g., Gallemore and Labro, 2015). These challenges can also limit the inclusion of DEI information in job postings.

Even if firms do choose to provide information about their DEI policies in job postings, it remains unclear whether this would lead to increased workforce diversity. Job seekers might not find such disclosures credible, and structural labor market conditions, such as limited or inelastic labor supply and lack of sufficient experience or information (Li et al., 2020), may hinder meaningful diversity improvements.[7] The literature also underscores the pivotal role of the management team. On the one hand, Pacelli et al. (2022) document that effectively communicating organizational culture in job postings correlates with favorable hiring outcomes. Similarly, Graham et al. (2017) find that the seniority of the EEO-1 reporting officer is associated with workforce diversity, and Greening and Turban (2000) document that a diverse workforce helps firms recruit talented people. On the other hand, recent studies have identified challenges in recruiting a diverse workforce. For example, Castilla and Rho (2023) find that job postings with more women-friendly words do not lead to significant increases in women's applications for those jobs.

In sum, the interactions among capital market pressures, internal coordination needs, and labor market dynamics make the ex-ante prediction about the real effects of Regulation S-K less clear. Limited workforce diversity information and costly job search processes from both supply and demand further suggest that the labor market outcomes are far from obvious and are likely to be heterogeneous, depending on labor market conditions and companies' recruiting policies. We

[7] Assuming that diverse candidates belong to numerically smaller groups, Li et al. (2020) argue that information about those candidates is less accurate. In other words, the conditional variance of diverse candidates' ability is larger.

take advantage of our extensive data on public and private firms to provide the lay of the land when it comes to labor market consequences of Regulation S-K.

3 Data and Sample Selection

We measure labor market outcomes using novel micro-level data from two large-sample datasets, LinkUp and Revelio Labs. First, we obtain job posting data from LinkUp, a platform specializing in aggregating job listings directly from corporate websites. Campello et al. (2023) show that LinkUp data reliably predict job gains from the U.S. Census Bureau's Quarterly Workforce Indicators (QWI). Furthermore, they highlight a strong correlation between the volume of job postings on LinkUp and the number of total private-sector hires as reported in the Bureau of Labor Statistics' Job Openings and Labor Turnover Survey (JOLTS). The dataset has several additional advantages. First, it is unique in the absence of duplicate entries, as it excludes third-party job listings often found on platforms like Indeed or LinkedIn. Second, LinkUp matches each job posting to a specific O*NET code—a standardized classification system for job roles. This allows us to conduct a within-job-type analysis, comparing labor market outcomes for similar occupations. Third, LinkUp provides information about how quickly job positions are filled, which we use when studying the hiring process of diverse candidates. Finally, the data are available for both public and private firms, which allows us to use private firms as a control group in our analyses.

Next, we gather resume data from Revelio Labs, which offers coverage of nearly all LinkedIn profiles starting from 2007 (with some individual profiles containing job histories dating back to 1970s). This dataset allows us to measure workforce diversity in terms of employees' race, ethnicity, and gender.

We match job posting data from LinkUp and individual resume data from Revelio Labs with public firms in COMPUSTAT based on their GVKEYs and with private firms in FactSet using FactSet ID. For private firms, we start from the sample of firms with sales data available in FactSet. We keep only private firms with more than 100 million in sales (in US dollars), because firm size is a major determinant of disclosure (both financial and ESG disclosures; see Dhaliwal et al., 2011). Our final sample consists of 5.2 million job postings that can be matched to 1,891 public firms and 347 large private firms, within [-5, +5] months centered on the amendment of Regulation S-K. In Table 1, we summarize the sample construction process.

To measure DEI disclosure in job postings, we use Raven Pack's NLP engine, which classifies words related to DEI and equal employment opportunities (EEO). Specifically, the Raven Pack algorithm detects all meaningful entities in a job description (i.e., words or word phrases) and provides an entity taxonomy covering four different categories: Benefit and Compensation, Duties and Responsibilities, Qualifications, and Employment Policies. We focus on the two sub-categories of Employment Policies that are relevant to our research question: Diversity, Equity and Inclusion and Equal Employment Opportunity. We calculate the total number of entities belonging to the two sub-categories to measure the extent and length of DEI-related disclosure for each job posting.

In Figure 1, we report the word cloud of our DEI measure. We observe that job postings include terminology such as Diversity, Equity, and Inclusion, alongside Equal Employment Opportunity and Affirmative Action, mirroring the language firms use in delineating DEI policies within 10K filings (Choi et al., 2023a). The measure represents a conservative estimate for the length of DEI disclosure, as firms generally add a paragraph discussing DEI, and Raven Pack only targets the terms that are most relevant to DEI.

In our analyses, we examine the role of socially responsible investors and Big 3 fund families. To measure firm ownership by socially responsible investors, we follow Choi et al. (2024b) and obtain mutual funds and exchange-traded funds (ETFs) portfolio holdings data from the Center for Research in Security Prices (CRSP) US Mutual Fund Holdings Database. Within the CRSP universe of funds, we identify socially responsible investors using data on ESG funds from Morningstar's annual Sustainable Funds U.S. Landscape Report. To measure firm ownership by the Big 3 fund families (i.e., Vanguard, BlackRock, and State Street), we obtain data on institutional ownership from Thomson-Reuters Institutional (13F) Holdings database. Similar to Gormley et al. (2023), we identify the Big 3 asset managers by looking at their MGRNO identifiers. For each firm, we scale the institutions' reported shares owned by the total number of shares outstanding (from CRSP). For consistency and to prevent our ownership measures from being confounded by the effect of Regulation S-K on institutional investors' portfolio strategies, we measure holdings for both socially responsible funds and Big 3 funds at the end of June 2020, which is the last quarter before the amendment of Regulation S-K.

Finally, to examine a firm's organizational complexity and coordination needs, we measure the geographical dispersion of employees and HR personnel using LinkUp data. Further, we gather data from the Harte-Hanks Ci Technology database, which surveys companies globally to understand their investment in hardware and software at the firm-division level. These data are commonly used to measure information and communication technology investment (e.g., Bloom et al., 2014; Azarmsa et al., 2023). Following these studies, we measure information and communication technology by calculating the proportion of divisions within a firm that adopt intranet technology. Superior intranet technology should reduce within-firm communication and coordination costs.

4 Regulation S-K and Labor Market Disclosure

4.1 DEI Disclosure in Job Postings

Our first empirical analysis focuses on examining DEI disclosure in job postings following Regulation S-K. We use a difference-in-differences research design centered on the amendment of Regulation S-K and estimate the following ordinary least squared (OLS) regression model with fixed effects:

$$DEI_{ijt} = Treatment_i \times POST_t + Month\ FE_t + Firm \times Job\ Type\ FE_{ij} + \varepsilon_{ijt}. \quad (1)$$

We examine two dependent variables—$d(DEI)$ and $IHS(DEI\ Length)$—that measure job-posting disclosure at the firm *i*, job type *j*, year-month *t* level to mitigate the impact of monthly fluctuations in certain types of jobs. In particular, $d(DEI)$ measures the monthly proportion of job postings with DEI information for each firm–job-type; $IHS(DEI\ Length)$ measures the monthly average of the inverse hyperbolic sine of the number of DEI entities used in job postings for each firm–job-type.[8] We report descriptive statistics for our dependent variables in Table 2.

$POST_t$ is an indicator variable equal to 1 for the months from August 2020 to January 2021, and equal to zero for the months from March 2020 to July 2020.[9] $Treatment$ is an indicator variable equal to 1 for public firms, and equal to zero for private firms. Our identification strategy exploits regulatory differences between public firms, which are subject to Regulation S-K, and large private firms, which are not. There are several advantages to using big private firms as a

[8] For example, if firm *i* in month *t* has 3 job postings for job type *j*, one with 6 DEI entities, one with 3 DEI entities, and one with 0 DEI entities, *d(DEI)* is equal to 0.67 [=2/3], and *IHS(DEI Length)* is equal to 1.44 [=(IHS(6)+IHS(3)+IHS(0))/3]. We use the inverse hyperbolic sine, rather than the logarithm of 1 plus DEI entities, because Cohn et al. (2022) document that using the log of 1 plus the outcome can produce estimates with the wrong sign in expectation. In untabulated analyses, we check our results using log of 1 plus DEI entities and retrieve very similar results (coefficient 0.034, t-stat 6.33). Furthermore, results are robust to examining disclosure at the disaggregated job-postings level.

[9] We use the amendment of Regulation S-K (August 2020), rather than the date when it took effect (November 2020), because firms tend to react to a new regulation as soon as the rule is passed, in order to be prepared by the adoption deadline (e.g., Fiechter et al., 2022; Khrakovsky, 2024). Our dynamic analysis presented in Figure 2 provides visual evidence consistent with this notion.

benchmark group. First, some concurrent events might affect labor market dynamics, such as the outbreak of COVID-19 and the death of George Floyd (e.g., Balakrishnan et al., 2023). This makes the use of an interrupted times-series (ITT) design, which would compare the behavior of public firms before and after Regulation S-K, unsuitable for our setting. In contrast, to the extent that those events affect both public and private firms similarly, then using large private firms as a counterfactual helps alleviate concerns that our analyses are confounded by those concurrent events. (We specifically address this issue with our dynamic analysis in Figure 2.) Second, large private firms have good coverage by LinkUp and Revelio Labs, which allows us to examine both labor market disclosure and hiring outcomes across a larger spectrum of the U.S. economy. To ensure comparability between public and private firms, we keep only private firms with more than 100 million in sales (in US dollars), and we employ entropy balancing to reweight firms based on sales.[10]

Finally, we employ high-dimensional fixed effects to control for potential endogeneity related to omitted variable bias. Specifically, $Firm \times Job\ Type\ FE_{ij}$ sweep out firm- and occupation-specific job-posting strategies, mitigating potential biases stemming from differences in occupational composition within firms and job type, and allowing us to compare private and public firms for the same job type. Additionally, $Month\ FE_t$ control for any temporal variations in DEI disclosures attributable to broader labor market dynamics or shocks, including variation in labor supply and demand, and the spread of the COVID-19 pandemic. It follows that the coefficient

[10] Another dimension along which we could balance public and private firms is industry. Unfortunately, FactSet does not provide industry classifications for private firms consistent with those generally employed to classify public firms (e.g., SIC codes). In a robustness test (untabulated), we try to overcome this data limitation by using ChatGPT to assign SIC-4 industry classification to our sample of private firms, and then repeat the entropy balancing with public firms based on both sales and industry. Comparing these findings to those in Table 3, we observe that results are unchanged for *IHS(DEI Length)* and stronger for *d(DEI)*.

on $Treatment_i \times POST_t$ retrieves the difference in job-postings DEI disclosure between public and private firms from the pre-regulation period to the post-regulation period.

We report the results for Eq. (1) in Table 3. In column 1, we examine $IHS(DEI\ Length)$ and observe a statistically significant increase in the length of job-postings DEI disclosure for public firms following Regulation S-K. Next, in column 2 we examine $d(DEI)$ and continue to find an increase in job-postings DEI disclosure for public firms following the regulation. In particular, after the amendment of Regulation S-K, we observe that public firms, as compared to private firms, include DEI information in 41,000 additional job postings, or an average of 22 additional job postings per firm (which corresponds to a 2.3% increase in job postings with DEI information).

4.2 Threat to Validity and Falsification test

The identifying assumption in the difference-in-differences design is parallel trends, meaning that the change in the control group mirrors what the change in the treatment group would have been in the absence of treatment. We indirectly test for this by examining whether there are differential pre-trends in the job-postings DEI disclosure of treatment and control firms. In columns 3 and 4 of Table 3, we replace $POST_t$ in Eq. (1) with distinct indicators for each month [-5, +5] around Regulation S-K. Furthermore, in Figure 2, we report the results of Table 3 in event time. Both Table 3 and Figure 2 indicate the absence of statistically significant differential pre-trends, which provides reassurance about the validity of our research design.

Further, our identification strategy relies on the assumption that the observed changes in DEI disclosures in job postings by public firms immediately following the amendment of Regulation S-K are attributable to the regulation. A possible threat to the validity of our identification strategy is the existence of concurrent events that could change hiring incentives for public firms (but not for private firms) in a way that is consistent with our findings but inconsistent

with Regulation S-K playing a prominent role. We choose to examine a narrow window around the amendment of Regulation S-K to alleviate this concern. Measuring long-term effects and connecting them to a single event is inherently challenging and would exacerbate this concern. Our identification strategy requires reliable measurement of effects within short intervals, such as job-posting disclosure and hiring outcomes, which change very rapidly.

However, the death of George Floyd in May 2020 (three months before the regulation amendment) and the subsequent surge in the Black Lives Matter movement have the potential to influence the labor market outcomes for public firms, given their greater visibility relative to private firms.[11] We note that the coefficient for *Pre 3* in Table 3 and Figure 2 (which corresponds to May 2020) indicates no differential trend in job-postings DEI disclosure between public and private firms. This finding provides reassurance regarding the validity of our research design. Moreover, Figure 2 shows a notable uptick in job-postings DEI disclosures among public companies in October 2020, five months after Floyd's death and two months after the regulation amendment. It is difficult to conceive why any effect related to Floyd's would manifest during that time period rather than prior to the regulation's amendment. Yet if for some reason firms started responding to these social movements with a 5-month lag (as observed in Figure 2), then we would not be able to conclude that Regulation S-K, rather than social movements, impact job-postings disclosure.

One limitation of our setting is that we only observe one state of the world where both regulatory changes and social movements happen within a few months from each other (even if the SEC started working on the regulation more than a year before).[12] However, we can address

[11] Balakrishnan et al. (2023) highlight that *some* public firms responded to this shock by improving DEI, specifically with respect to racial/ethnic workforce diversity.

[12] The petition to the SEC to adopt HCD rules was submitted in 2017 (HCMC, 2017), and the new rule was proposed in August 2019 (SEC, 2019). Both of these events preceded the death of George Floyd. Furthermore, none of the

the above concern by studying a state of the world characterized by strong social movements but no changes in securities regulations. The idea is that if social movements, rather than regulatory changes, are driving our results, we should observe an increase in DEI disclosures in job postings by public firms (but not by private firms) following the surge of such social movements. In contrast, if Regulation S-K played a prominent role, we should not observe any changes in job-postings DEI disclosures following the surge of social movements.

Accordingly, we conduct a falsification test that examines the emergence of the #MeToo movement in October 2017. This movement changed investors' perceptions of the economic risks linked to gender diversity in the workplace, such as difficulties in hiring and retaining qualified women due to pay inequities, limited advancement opportunities, or inhospitable working conditions (Billings et al., 2022). Moreover, given that we observe meaningful results for gender diversity but not for ethnic/racial diversity, this setting likely represents an even stronger confounder than the surge of the Black Lives Matter movement.

We use the regression model of Eq. (1) but examine changes in job-postings DEI disclosure for public and private firms around 5 months from the emergence of the #MeToo movement in October 2017. Results are reported in Table 4. We find that public firms' job-posting DEI disclosures do not change compared to private firms following the #MeToo movement. Results are both statistically and economically insignificant, which is inconsistent with the concern that social movements, rather than Regulation S-K, are likely causing our results.

comment letters submitted to the SEC mentioned the Black Lives Matter movement or the death of Floyd. This suggests a lack of connection between the event and Regulation S-K (see link). Hence, it is improbable that Floyd's death influenced the *timing* or *outcome* of Regulation S-K.

4.3 Pre-regulation Levels of Workforce Diversity and Institutional Investors Ownership

As we argue in Section 2, the human capital disclosure mandate in Regulation S-K in expectation has the potential to intensify external scrutiny, thereby increasing a firm's incentives to enhance its workforce diversity. Thus, firms are likely to incorporate DEI information into their job postings with the intent to attract and recruit candidates from diverse backgrounds. In what follows, we examine cross-sectional variation in the pre-regulation levels of workforce diversity and ownership by socially responsible investors. Firms with low pre-regulation levels of workforce diversity could anticipate greater pressure to increase their workforce diversity. Similarly, firms with high pre-regulation levels of ownership by socially responsible investors could have greater incentives to increase workforce diversity in order to keep (cater to) those investors. This is consistent with the findings of Heath et al. (2023), who show that socially responsible investors prefer firms with greater workforce diversity, greater equity (e.g., career opportunities, work-life balance), and better corporate culture.[13]

In Table 5, we split our entire sample of public and private firms based on the pre-regulation sample median of workforce diversity. We examine workforce diversity in terms of gender and ethnicity/race. *Gender Diversity* measures the proportion of women employees in a given firm–year-month, and *Ethnic/Racial Diversity* measures the proportion of non-white employees in a given firm–year-month. The median gender workforce diversity is 39.63%, while the median ethnic/racial workforce diversity is 23.85% (see Table 2). In column 1 of Table 5, we find that public firms with pre-regulation levels of gender diversity below the sample median increase the

[13] Even if firms with pre-regulation ownership by socially responsible investors have relatively higher levels of workforce diversity to begin with (consistent with Heath et al., 2023), those firms will still have strong incentives to increase their *relative* position if Regulation S-K creates enough incentives for firms with low pre-regulation diversity levels to increase their workforce diversity (which is what we indeed show next in Table 5). Furthermore, while socially responsible investors might have gathered some information about their firms' diversity before Regulation S-K, the regulation offers investors more precise data about the firm and its peers, with clear consequences for benchmarking and portfolio allocation.

proportion of job postings with DEI disclosure by 2.5 percentage points, a figure statistically larger than the 0.7-percentage-point increase (statistically insignificant) observed in column 2 for companies with pre-regulation levels of gender diversity above the sample median. It's worth noting that the coefficient in column 1 is about 80% larger than the average treatment effect estimated in Table 3 (column 2). This indicates substantial heterogeneity in the effect of Regulation S-K on job-postings DEI disclosure.

A similar pattern to that observed for workforce gender diversity can be detected for ethnic/racial diversity. In Table 5 column 3, we find that public firms with pre-regulation levels of ethnic/racial diversity below the sample median increase the proportion of job postings with DEI disclosure by 1.8 percentage points, whereas public firms above the sample median increase the proportion of job postings with DEI disclosure by only 1.2 percentage points. This time, the difference between the coefficients is not statistically significant. These results are consistent with a slightly higher number of companies disclosing a numerical gender diversity metric (17%) than an ethnic/racial diversity metric (13%) in 2020 annual reports (Choi et al., 2023a). It is also consistent with the findings in Gow et al. (2023), who show that investors are more likely to support gender-diverse board candidates than racially diverse candidates, and with the findings of Heath et al. (2023), who show that socially responsible funds are more likely to select firms based on gender than racial diversity.

Next, in Table 6 we examine cross-sectional variation in ownership by institutional investors. First, we split our sample of public firms based on the pre-regulation sample median of ownership by ESG funds. In column 1, we find that public firms with pre-regulation levels of ownership by ESG funds above the sample median increase the proportion of job postings with DEI disclosure by 3.1 percentage points, more than double the average treatment effect in Table 3.

In column 2, we find that public firms with pre-regulation levels of ownership by ESG funds below the sample median increase the proportion of job postings with DEI disclosure by only 1 percentage point, a figure statistically smaller than that observed in column 1.

Second, to check the validity of the catering argument related to socially responsible investors, we examine pre-regulation differences in ownership by the Big 3 fund families. While the Big 3 emphasize their DEI focus in their stewardship reports, they are predominantly composed of index funds, and those funds tend to adopt a more passive monitoring approach toward their portfolio firms (Bebchuk et al., 2017; Heath et al. 2022). Importantly, index funds do not select portfolio firms; hence, firm managers could have weaker incentives to increase workforce diversity in order to cater to Big 3 funds.

Consistent with this notion, we find that firms with high pre-regulation ownership by the Big 3 are less likely to increase DEI disclosure in job postings than are firms with low pre-regulation ownership by the Big 3. The difference between the two coefficients (columns 3 and 4) is not large (about 1 percentage point), but it is statistically significant.

Taken together, the results in Tables 5 and 6 provide evidence consistent with firms changing their labor market disclosure policies following Regulation S-K in anticipation of significant external pressure. Put differently, the implementation of Regulation S-K prompts firms to reevaluate the net benefits of human capital disclosures in the labor market (through job-posting disclosure).

4.4 Organizational Complexity and Coordination Needs

In Section 2, we also argue that organizational complexity and internal coordination needs may play a salient role when HR needs to manage DEI policies, which can be controversial across regions and departments. This in turn may hinder coherent DEI disclosure in job postings. We investigate this conjecture using three measures that aim to capture (albeit imperfectly)

coordination needs: geographical dispersion of employees, geographical dispersion of HR personnel, and lack of intranet. When employees are located in diverse geographical regions, companies may need to employ varied rhetoric to effectively communicate with them. Hence, the extent of a uniform DEI disclosure in job postings can be attenuated. Similarly, if HR departments are dispersed across different regions, these HR personnel may have localized knowledge that could be integrated into job postings in a diverse manner (Deller and Sandino, 2020), thereby reducing the need for uniform DEI disclosure in job postings. Furthermore, the establishment of an intranet might facilitate communication between headquarters and subsidiaries, and even across different subsidiaries. Previous studies, including Azarmsa et al. (2024), examine how intranet establishment influences local managers' incentives for information acquisition. We argue that better-established intranet systems facilitate within-firm communications, thereby resulting in more DEI disclosure in job postings.

Consistent with our predictions, in Table 7 we find that public firms with less geographically dispersed workforces and HR departments increase the proportion of job postings with DEI disclosure by 3 and 2.6 percentage points, respectively. Similarly, public firms with better-established intranet systems increase the number of job postings with DEI disclosure by 3 percentage points. In contrast, we do not observe a statistically significant increase in DEI disclosures in job postings for public firms with a widely geographically dispersed workforce or low intranet systems. This suggests that dispersed operations may make it more challenging for firms to address contentious issues, as employees in different regions might have diverse views on such matters. Taken together, findings in Table 7 show how HR management interacts with the effect of Regulation S-K on labor market disclosure.

5 Regulation S-K and Workforce Diversity Dynamics

In the second part of our analysis, we study whether firms affected by Regulation S-K not only increase DEI disclosure in job postings but also increase their workforce diversity. Since labor market outcomes like workforce diversity are measured at the firm–year-month level, for the following analyses we estimate the OLS regression model with fixed effects in Eq. (2):

$$Diversity_{it} = Treatment_i \times POST_t + Firm\ FE_i + Month\ FE_t + \varepsilon_{it}, \quad (2)$$

The dependent variable measures a firm's monthly workforce diversity. This includes gender diversity and ethnic/racial diversity, measured as the proportion of employees who are women or non-white, respectively. We also decompose ethnic/racial diversity into its three sub-components: Black, Hispanic, and Asian/Pacific Islander groups. Additionally, we examine both overall workforce diversity and diversity within senior positions. $Treatment$ and $Post_t$ are defined as in Eq. (1). We include firm fixed effects to control for non-time-varying firm characteristics, and year-month fixed effects to control for labor market trends. It follows that the coefficient on $Treatment_i \times POST_t$ retrieves the difference in workforce diversity between public and private firms, from the pre-regulation period to the post-regulation period.

We report results for Eq. (2) in Table 8. In Panel A, we examine the overall workforce diversity, whereas in Panel B we examine workforce diversity for senior positions. Across the 10 measures of gender and ethnic/racial diversity examined, we find no change in a firm's workforce diversity following Regulation S-K. The results are both statistically and economically insignificant, and sometimes the estimated effect is not even in the expected direction.

One potential explanation for the results in Table 8 is that recruiting diverse talent is costly, as the pool of diverse candidates in the economy remains relatively fixed in the short term, and training candidates for different occupations requires time. Furthermore, in our prior analyses we observed substantial cross-sectional variation in firms' DEI disclosure in job postings following

the regulation. This heterogeneity in the demand for diverse candidates suggests that Regulation S-K may have varied effects on workforce diversity, which might offset each other if diverse candidates move between firms. Hence, the average effect may not be discernible. Consequently, our follow-up analyses focus on unpacking the channels through which Regulation S-K can impact workforce diversity.

5.1 Disclosure channel

We begin by examining heterogeneity in a firm's demand for diverse candidates. We split firms between those that had an above-median increase in job-postings DEI disclosure following the regulation and those that had a below-median increase in job-postings DEI disclosure. This analysis also allows us to examine whether DEI disclosure in job postings is a channel through which Regulation S-K affects workforce diversity.

Results are reported in Table 9. As in Table 8, in Panel A we examine overall workforce diversity, whereas in Panel B we examine diversity among senior positions. In columns 1 and 2 of both panels, we examine ethnic/racial diversity and continue to find no changes in the workforce composition. In columns 3 and 4 of both panels, we examine gender diversity and observe that the individual coefficients continue to be statistically insignificant for the most part. In Panel A, however, the difference between the coefficients is statistically significant (t=3.06), indicating a small increase in gender diversity (0.25 percentage points) for firms with an above-median increase in job-postings DEI disclosure following the regulation relative to firms with a below-median increase. This finding suggests a marginal increase in gender diversity for firms that show a credible commitment to DEI through job-posting disclosure, consistent with the arguments in Choi et al. (2023a).[14]

[14] Moreover, the negative coefficient in Panel A column 4 seems to suggest a substitution effect whereby people move across firms, from firms that emphasize DEI less in their job postings to firms that emphasize it more.

5.2 The Role of DEI Officers

The limited increase in workforce diversity that we have found so far underscores the substantial costs associated with changing the workforce composition. Hence, we examine whether the support and expertise of the top management team can help design hiring policies that begin to increase workforce diversity. Balakrishnan et al. (2023) argue that hiring a DEI officer shows a company's commitment to enhancing workforce diversity. Similarly, Byker et al. (2024) highlight that an increase in women board members contributes to improved gender workforce balance. In contrast, Baker et al. (2024) do not find conclusive evidence regarding the impact of DEI officers. In the following analysis, we examine whether the presence of a DEI officer facilitates an increase in workforce diversity following Regulation S-K.

In Table 10, we partition our sample between firms with and without a DEI officer, and replicate the analysis in Eq. (2). As in the prior tests, in Panel A we study overall workforce diversity, whereas in Panel B we study diversity among senior positions. Table 10 highlights a few important findings. First, the effect on gender diversity among senior positions for firms with a DEI officer (column 1, Panel B) is statistically and economically significant. It indicates a 0.7-percentage-point increase in gender diversity, which corresponds to a 2% increase relative to the sample mean. Given that we are examining the short-term effect of Regulation S-K, the effect is not trivial. Second, when we examine the difference between coefficients, we observe that firms with a DEI officer also increase their overall gender diversity: In Panel A, the difference between the coefficients in column 1 and column 2 is 0.4 percentage points (t=2.08). In contrast, we continue to observe negligible changes in ethnic/racial diversity (columns 3 and 4 in both panels).

5.3 Supply-side Analysis of Regional Workforce Diversity and Recruiting Length

In our final set of analyses, we further explore challenges associated with increasing workforce diversity by looking at (i) the supply of diverse candidates, and (ii) the length of the

recruiting period. The supply-side analysis provides a more complete picture of the labor dynamics following Regulation S-K, which is important because hiring challenges increase when there is a limited pool of diverse candidates available in a particular region and industry. Furthermore, hiring the right employee for a position is an important task, and the process can be costly. Due to information asymmetry, companies tend to use referrals (Hung et al., 2023). Still, finding a skilled worker takes time, as determining whether the candidate is a good match for the position can involve a long process of screening and interviewing. It follows that prolonged recruitment periods would suggest that a firm is facing more challenges in finding its ideal candidate.

We begin in Table 11 by studying the role of local labor supply on the relation between Regulation S-K and workforce diversity. The pattern we observe is consistent with the notion that the separation of labor markets across regions and industries poses challenges to recruiting a diverse pool of candidates. Specifically, we observe that gender diversity increases by 0.2 percentage points in U.S. states and industries with a larger presence of women candidates relative to U.S. states and industries with a lower presence of women candidates. We also observe that ethnic/racial diversity increases by 0.13 percentage points in U.S. states and industries with a larger presence of minority candidates relative to U.S. states and industries with a lower presence of minority candidates. Results are not statistically significant, so interpreting them requires caution. But their direction and magnitude suggest that supply-side structural differences play a role in our setting. Put differently, these findings are consistent with the notion that a limited labor supply of diverse candidates for certain jobs might contribute to the limited increase in workforce diversity we observe. Given that training candidates for different occupations takes time, it seems unreasonable to expect larger changes in the workforce in the short term.

Lastly, we examine the length of the recruitment period by looking at how long a job remains vacant. For this analysis, we use our firm–job-type–year-month panel, consistent with Eq. (1). One notable advantage of the Linkup dataset is that it includes the date of a job posting and the date of its removal. The interval between these two dates corresponds to the recruitment period, which is indicative of a firm's recruitment efforts and hiring challenges. We measure recruiting length in two ways: the monthly average of the inverse hyperbolic sine of the number of filling days for each firm–job-type, *IHS(N Filling Days*), and an indicator variable denoting whether a position was filled within 90 days (*Filled in 90 Days*). Consistent with Eq. (1), our analysis includes year-month fixed effects to control for temporal trends in the labor force, and firm–job-type fixed effects that account for firm–job-type–specific hiring policies, recognizing that different positions entail varying durations due to firm-specific interview processes, among other factors.

Results are reported in Table 12. In column 1, we find that compared to private firms, public companies subject to Regulation S-K increase their average number of filling days. We also find that public companies decrease the likelihood of hiring someone within 90 days by 2.1 percentage points. These findings are consistent with the notion that changing workforce diversity requires greater effort. An alternative possibility could be the lack of interest in hiring diverse candidates (Baker et al., 2024). While this is a plausible alternative, the findings that firms subject to Regulation S-K do increase job-postings DEI disclosure, and some of those firms increase workplace diversity (albeit slightly), suggest that certain firms are indeed serious about their DEI commitments (as in Goldman and Zhang, 2022). Yet on average, our findings highlight the considerable costs associated with changing a firm's workforce diversity.

6 Conclusions

In this paper, we study the real effects of the 2020 Regulation S-K. The regulation mandates human capital disclosure in 10K filings, reflecting a broader trend by the SEC toward expanding disclosure requirements beyond traditional financial metrics. By examining the labor market consequences of this regulation, we shed light on the interconnections between securities regulations and organizational practices, expanding the understanding of the impact of securities regulation beyond capital markets. Our findings suggest that while Regulation S-K prompts firms to increase the extent and length of DEI disclosure in job postings, the short-term impact on workforce diversity remains limited. This suggests that addressing diversity issues in the labor market entails substantial costs and may require more complex structural changes.

Our study also highlights the need for further research to explore additional mechanisms through which Regulation S-K influences labor market dynamics and HR management. We focus on DEI because it is the most common topic resulting from Regulation S-K, and because it directly relates to labor market outcomes (i.e., workforce diversity) that we can precisely measure. However, Arif et al. (2024) show that Safety & Health and Employee Development are other value-relevant HCD topics discussed in 10Ks following the regulation. Future studies could investigate whether Regulation S-K also leads to further changes in HR management, like employee turnover or workplace safety. Our study and future studies on this topic can inform the SEC in its current examination of a more prescriptive, rule-based human capital disclosure mandate.[15]

[15] https://www.warner.senate.gov/public/index.cfm/2022/6/warner-brown-urge-sec-to-implement-improvements-to-their-human-capital-disclosure-rules.

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Appendix A: Variable Definitions and Data Sources

Variable	Definition	Source
d(DEI)	The monthly proportion of job postings with DEI information for each firm–job-type. For example, if firm *i* in month *t* has 3 job postings for job type *j*, one with 6 DEI entities, one with 3 DEI entities, and one with 0, *d(DEI)* is equal to 0.67 (2/3).	Raven Pack, LinkUp
IHS(DEI Length)	The monthly average of the inverse hyperbolic sine (IHS) of the number of DEI entities used in job postings for each firm–job-type. For example, if firm *i* in month *t* has 3 job postings for job type *j*, one with 6 DEI entities, one with 3 DEI entities, and one with 0, *IHS(DEI Length)* is equal to 1.44 (IHS(6)+IHS(3)+IHS(0)/3).	Raven Pack, LinkUp
Treatment	An indicator variable equal to 1 for public firms, and equal to zero for private firms. To ensure comparability between public and private firms, we keep only private firms with more than 100 million USD in sales and employ entropy balancing to reweight firms on sales throughout our analyses.	COMPUSTAT, Factiva
Post	An indicator variable equal to 1 for the months from August 2020 to January 2021, and equal to zero for the months from March 2020 to July 2020.	COMPUSTAT
Gender Diversity	The monthly proportion of women employees in a firm.	Revelio Labs
Ethnic/Racial Diversity	The monthly proportion of non-white employees in a firm.	Revelio Labs
Asian Pacific Islander	The monthly proportion of employees who are Asian or Pacific Islander in a firm.	Revelio Labs
Hispanic	The monthly proportion of employees who are Hispanic in a firm.	Revelio Labs

Black	The monthly proportion of employees who are Black in a firm.	Revelio Labs
IHS(N Filling Days)	The firm's monthly average of the inverse hyperbolic sine of the number of filling days for each job type.	LinkUp
Filled 90 Days	The firm's monthly proportion of job positions filled within 90 days for each job type.	LinkUp

Figure 1
Word Cloud of Job-Postings DEI Disclosure

Figure 2
Effect of Regulation S-K on Firms' Job-Postings DEI Disclosure

The figure reports results from Eq. (1) in event time with 95% confidence interval. The orange dotted vertical line indicates the amendment of Regulation S-K in August 2020, while the red dotted vertical line indicates the deadline when the regulation took effect in November 2020. On the x-axis, we report the months relative to August 2020. On the y-axis, we report *IHS(DEI Length)*.

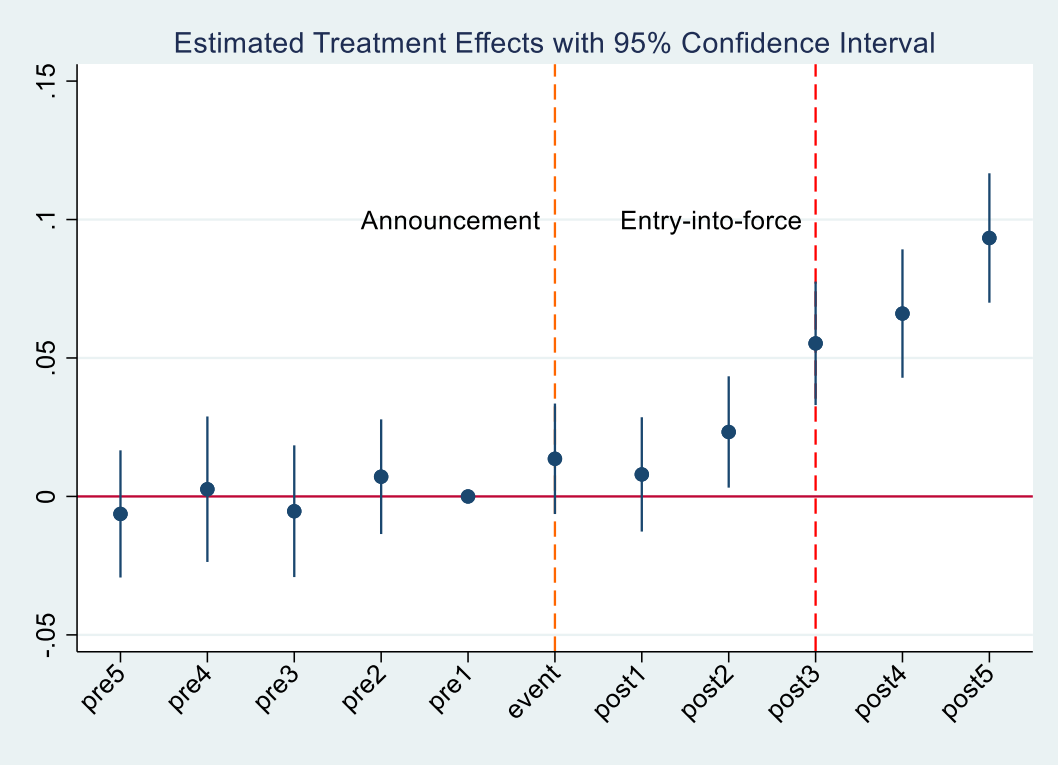

Table 1
Sample Composition

This table reports our sample selection procedures.

	Number of Observations
Job postings that can be matched to public firms and large private firms	5,169,408
Aggregate to job-type level	391,224
Excluding firms with missing sales information	(8,981)
Excluding job types with only pre- or post- observations	(38,148)
Final Sample	344,095

Table 2
Descriptive Statistics

This table reports summary statistics for our outcome variables. We report the number of observations, the mean, the standard deviation, and the 10^{th}, 50^{th}, and 90^{th} deciles of the distribution. Appendix A provides variable definitions and data sources.

	N	Mean	SD	p10	Median	p90
	(1)	(2)	(3)	(4)	(5)	(6)
Job-postings measures:						
d(DEI)	344,095	0.62	0.47	0.00	1.00	1.00
IHS(DEI Length)	344,095	1.04	0.92	0.00	0.96	2.16
Workforce measures:						
Gender Diversity (%)	21,175	40.98	14.13	24.44	39.63	60.32
Gender Diversity (Senior) (%)	21,175	34.37	13.20	18.91	32.93	51.85
Ethnic/Racial Diversity (%)	21,175	24.97	12.54	10.46	23.85	40.91
Ethnic/Racial Diversity (Senior) (%)	21,175	21.24	11.94	7.81	19.67	36.05
Asian Pacific Islander (%)	21,175	8.24	9.24	0.95	5.05	20.35
Hispanic (%)	21,175	8.72	7.56	2.40	7.07	16.04
Black (%)	21,175	8.01	5.05	2.59	7.20	14.47
Job vacancy measures:						
IHS(N Filling Days)	343,573	4.09	1.01	2.78	4.13	5.33
Filled in 90 Days	343,573	0.82	0.32	0.17	1.00	1.00

Table 3
Regulation S-K and Job Posting DEI Disclosure

This table reports the results from estimating the difference-in-differences model in Eq. (1). In columns 1 and 3, the dependent variable is *IHS(DEI Length)*, the monthly average of the inverse hyperbolic sine (IHS) of the number of DEI words used in job postings for a specific job type. In columns 2 and 4, the dependent variable is *d(DEI)*, the monthly proportion of job postings with DEI information for each job type. The treatment group is composed of public firms, whereas the control group is composed of private firms. We use entropy balancing to reweight public and private firms on their total sales. The data are aggregated at the firm–job-type–year-month level. Job type is defined by a 6-digit O*NET code. All regressions include year-month and firm-by-job-type fixed effects. Robust t-statistics are reported in parentheses and are based on standard errors clustered at the firm-job-type level. *, **, and *** denote significance at the 10%, 5%, and 1% level, respectively. Appendix A provides variable definitions and data sources.

Dependent variable:	*IHS(DEI Length)*	*d(DEI)*	*IHS(DEI Length)*	*d(DEI)*
	(1)	(2)	(3)	(4)
Treatment × Post	0.044***	0.014***		
	(6.668)	(3.989)		
Pre 5			-0.005	0.005
			(-0.426)	(0.831)
Pre 4			0.003	0.009
			(0.244)	(1.327)
Pre 3			-0.008	-0.009
			(-0.649)	(-1.473)
Pre 2			0.004	0.002
			(0.424)	(0.309)
Event			0.014	0.005
			(1.437)	(0.901)
Post 1			0.009	0.003
			(0.906)	(0.484)
Post 2			0.023**	0.009*
			(2.227)	(1.761)
Post 3			0.055***	0.017***
			(4.921)	(2.938)
Post 4			0.065***	0.025***
			(5.571)	(4.222)
Post 5			0.092***	0.033***
			(7.798)	(5.513)
Observations	344,095	344,095	344,095	344,095
R-squared	0.869	0.887	0.869	0.887
Month FE	Yes	Yes	Yes	Yes
Firm*Job Type FE	Yes	Yes	Yes	Yes

Table 4
Falsification Test: the #MeToo Movement

This table reports the results from estimating the changes in job-postings DEI disclosure during the surge of the #MeToo movement. The regression model follows a difference-in-differences approach consistent with Equation (1), but centers the pre- and post- periods around October 2017, spanning 5 months before and after this date. In column 1, the dependent variable is *IHS(DEI Length)*, the monthly average of the inverse hyperbolic sine (IHS) of the number of DEI words used in job postings for a specific job type. In column 2, the dependent variable is *d(DEI)*, the monthly proportion of job postings with DEI information for each job type. The treatment group is composed of public firms, whereas the control group is composed of private firms. We use entropy balancing to reweight public and private firms on their total sales. The data are aggregated at the firm–job-type–year-month level. Job type is defined by a 6-digit O*NET code. All regressions include year-month and firm-by-job-type fixed effects. Robust t-statistics are reported in parentheses and are based on standard errors clustered at the firm-job-type level. *, **, and *** denote significance at the 10%, 5%, and 1% level, respectively. Appendix A provides variable definitions and data sources.

Dependent variable:	*IHS(DEI Length)*	*d(DEI)*
	(1)	(2)
Treatment × *Post*	0.007	-0.001
	(1.113)	(-0.268)
Observations	294,997	294,997
R-squared	0.918	0.916
Month FE	Yes	Yes
Firm*Job Type FE	Yes	Yes

Table 5
Regulation S-K and Job-Postings DEI Disclosure – Pre-period Diversity Levels

This table reports the results from estimating the difference-in-differences model in Eq. (1). We partition the sample based on pre-regulation levels of gender (columns 1 and 2) and ethnic/racial diversity (columns 3 and 4). The dependent variable is *d(DEI),* the monthly proportion of job postings with DEI information for each job type. The treatment group is composed of public firms, whereas the control group is composed of private firms. We use entropy balancing to reweight public and private firms on their total sales. The data are aggregated at the firm–job-type–year-month level. Job type is defined by a 6-digit O*NET code. All regressions include year-month and firm-by-job-type fixed effects. Robust t-statistics are reported in parentheses and are based on standard errors clustered at the firm–job-type level. *, **, and *** denote significance at the 10%, 5%, and 1% level, respectively. Appendix A provides variable definitions and data sources.

Dependent variable:	*d(DEI)*		*d(DEI)*	
Sample:	Low Gender Diversity	High Gender Diversity	Low Ethnic/Racial Diversity	High Ethnic/Racial Diversity
	(1)	(2)	(3)	(4)
Treatment × *Post*	0.025***	0.007	0.018***	0.012**
	(4.437)	(1.554)	(3.673)	(2.354)
Observations	157,149	163,935	144,584	178,097
R-squared	0.883	0.893	0.900	0.877
Month FE	Yes	Yes	Yes	Yes
Firm*Job Type FE	Yes	Yes	Yes	Yes
F-test	t = 2.47		t = 0.81	

Table 6
Regulation S-K and Job Posting DEI Disclosure – Pre-period Institutional Investors

This table reports the results from estimating the difference-in-differences model in Eq. (1). We partition the sample based on pre-regulation levels of ownership by ESG funds (columns 1 and 2) and Big 3 fund families (columns 3 and 4). The dependent variable is *d(DEI)*, the monthly proportion of job postings with DEI information for each job type. The treatment group is composed of public firms, whereas the control group is composed of private firms. We use entropy balancing to reweight public and private firms on their total sales. The data are aggregated at the firm–job-type–year-month level. Job type is defined by a 6-digit O*NET code. All regressions include year-month and firm-by-job-type fixed effects. Robust t-statistics are reported in parentheses and are based on standard errors clustered at the firm-job-type level. *, **, and *** denote significance at the 10%, 5%, and 1% level, respectively. Appendix A provides variable definitions and data sources.

Dependent variable:	*d(DEI)*		*d(DEI)*	
Sample:	High ESG Fund	Low ESG Fund	High Big 3	Low Big 3
	(1)	(2)	(3)	(4)
Treatment × *Post*	0.031***	0.010**	0.007*	0.017***
	(6.017)	(2.335)	(1.711)	(4.002)
Observations	205,534	170,604	209,198	166,940
R-squared	0.883	0.887	0.901	0.879
Month FE	Yes	Yes	Yes	Yes
Firm*Job Type FE	Yes	Yes	Yes	Yes
F-test	t = 3.81		t = -2.26	

Table 7
Regulation S-K and Job Posting DEI Disclosure – Organizational Complexity and Coordination Costs

This table reports the results from estimating the difference-in-differences model in Eq. (1). We partition the sample based on levels of geographical dispersion of employees (columns 1 and 2), geographical dispersion of HR personnel (columns 3 and 4), and the use of intranet technology (columns 5 and 6). The dependent variable is *d(DEI)*, the monthly proportion of job postings with DEI information for each job type. The treatment group is composed of public firms, whereas the control group is composed of private firms. We use entropy balancing to reweight public and private firms on their total sales. The data are aggregated at the firm–job-type–year-month level. Job type is defined by a 6-digit O*NET code. All regressions include year-month and firm-by-job-type fixed effects. Robust t-statistics are reported in parentheses and are based on standard errors clustered at the firm-job-type level. *, **, and *** denote significance at the 10%, 5%, and 1% level, respectively. Appendix A provides variable definitions and data sources.

Dependent variable:	*d(DEI)*		*d(DEI)*		*d(DEI)*	
Sample:	Geographical Dispersion of Employees		Geographical Dispersion of HR		Intranet Technology	
	High	Low	High	Low	High	Low
	(1)	(2)	(3)	(4)	(5)	(6)
Treatment × *Post*	0.005	0.030***	0.014***	0.026***	0.030***	0.002
	(1.052)	(4.350)	(3.198)	(3.793)	(6.220)	(0.383)
Observations	246,486	84,489	245,276	85,699	177,912	164,515
R-squared	0.883	0.876	0.881	0.881	0.892	0.884
Month FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm*Job Type FE	Yes	Yes	Yes	Yes	Yes	Yes
F-test	t = -3.13		t = -1.44		t = 4.00	

Table 8
Regulation S-K and Workforce Diversity

This table reports the results from estimating the difference-in-differences model in Eq. (2). In Panel A, we examine the overall workforce diversity, whereas in Panel B, we examine workforce diversity only for senior positions. The treatment group is composed of public firms, whereas the control group is composed of private firms. We use entropy balancing to reweight public and private firms on their total sales. The data are aggregated at the firm–year-month level. All regressions include year-month and firm fixed effects. Robust t-statistics are reported in parentheses and are based on standard errors clustered at the firm level. *, **, and *** denote significance at the 10%, 5%, and 1% level, respectively. Appendix A provides variable definitions and data sources.

Panel A: Overall workforce

Dependent variable:	*Gender Diversity*	*Ethnic/Racial Diversity*	*Asian/Pacific Islander*	*Hispanic*	*Black*
	(1)	(2)	(3)	(4)	(5)
Treatment × Post	-0.082	0.011	0.002	0.025	-0.016
	(-1.240)	(0.193)	(0.049)	(0.689)	(-0.480)
Observations	21,175	21,175	21,175	21,175	21,175
R-squared	0.998	0.998	0.998	0.998	0.996
Month FE	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes

Panel B: Senior positions

Dependent variable:	*Gender Diversity (Senior)*	*Ethnic/Racial Diversity (Senior)*	*Asian/Pacific Islander (Senior)*	*Hispanic (Senior)*	*Black (Senior)*
	(1)	(2)	(3)	(4)	(5)
Treatment × Post	-0.081	-0.084	-0.071	-0.027	0.014
	(-0.730)	(-0.991)	(-1.349)	(-0.515)	(0.255)
Observations	21,175	21,175	21,175	21,175	21,175
R-squared	0.994	0.995	0.996	0.995	0.989
Month FE	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes

Table 9
Regulation S-K and Workforce Diversity – Change in Job-Postings DEI Disclosure

This table reports the results from estimating the difference-in-differences model in Eq. (2). In columns 1 and 3 (columns 2 and 4), the treatment sample is composed of public firms that record an above-median (below-median) change in DEI disclosure in job postings following the regulation, whereas the control group is composed of private firms. In Panel A, we examine the overall workforce diversity, whereas in Panel B, we examine workforce diversity only for senior positions. We use entropy balancing to reweight public and private firms on their total sales. The data are aggregated at the firm–year-month level. All regressions include year-month and firm fixed effects. Robust t-statistics are reported in parentheses and are based on standard errors clustered at the firm level. *, **, and *** denote significance at the 10%, 5%, and 1% level, respectively. Appendix A provides variable definitions and data sources.

Panel A: Overall workforce

Dependent variable:	*Ethnic/Racial Diversity*		*Gender Diversity*	
Sample:	High change in DEI disclosure in job postings	Low change in DEI disclosure in job postings	High change in DEI disclosure in job postings	Low change in DEI disclosure in job postings
	(1)	(2)	(3)	(4)
Treatment × *Post*	0.056	-0.000	0.105	-0.143*
	(0.679)	(-0.001)	(1.201)	(-1.890)
Observations	9,031	12,133	9,031	12,133
R-squared	0.998	0.998	0.998	0.998
Month FE	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes
F-test	t = 0.66		t = 3.06	

Panel B: Senior positions

Dependent variable:	*Ethnic/Racial Diversity (Senior)*		*Gender Diversity (Senior)*	
Sample:	High change in DEI disclosure in job postings	Low change in DEI disclosure in job postings	High change in DEI disclosure in job postings	Low change in DEI disclosure in job postings
	(1)	(2)	(3)	(4)
Treatment × *Post*	0.064	-0.112	0.244	-0.077
	(0.483)	(-1.164)	(1.380)	(-0.622)
Observations	9,031	12,133	9,031	12,133
R-squared	0.995	0.995	0.994	0.994
Month FE	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes
F-test	t = 1.42		t = 1.93	

Table 10
Regulation S-K and Workforce Diversity – DEI Officer

This table reports the results from estimating the difference-in-differences model in Eq. (2). We partition the sample based on whether a firm has a DEI officer (columns 1-3) or not (columns 2-4). In Panel A, we examine the overall workforce diversity, whereas in Panel B, we examine workforce diversity only for senior positions. The treatment group is composed of public firms, whereas the control group is composed of private firms. We use entropy balancing to reweight public and private firms on their total sales. The data are aggregated at the firm–year-month level. All regressions include year-month and firm fixed effects. Robust t-statistics are reported in parentheses and are based on standard errors clustered at the firm level. *, **, and *** denote significance at the 10%, 5%, and 1% level, respectively. Appendix A provides variable definitions and data sources.

Panel A: Overall workforce

Dependent variable:	*Gender Diversity*		*Ethnic/Racial Diversity*	
DEI Officer:	Yes	No	Yes	No
	(1)	(2)	(3)	(4)
Treatment × *Post*	0.291	-0.103	0.077	0.014
	(1.500)	(-1.456)	(0.771)	(0.242)
Observations	6,182	15,246	6,182	15,246
R-squared	0.998	0.998	0.999	0.998
Month FE	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes
F-test	t = 2.08		t = 0.63	

Panel B: Senior positions

Dependent variable:	*Gender Diversity (Senior)*		*Ethnic/Racial Diversity (Senior)*	
DEI Officer:	Yes	No	Yes	No
	(1)	(2)	(3)	(4)
Treatment × *Post*	0.719***	-0.064	0.209	-0.070
	(2.798)	(-0.535)	(1.386)	(-0.758)
Observations	6,182	15,246	6,182	15,246
R-squared	0.994	0.994	0.996	0.995
Month FE	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes
F-test	t = 3.16		t = 1.98	

Table 11
Regulation S-K and Workforce Diversity Supply

This table reports the results from estimating the difference-in-differences model in Eq. (2). To capture diversity in labor supply, we partition the sample based on whether a firm's operations are located in the U.S. states and industries with high ethnic/racial diversity (columns 1 and 2) and gender diversity (columns 3 and 4). The treatment group is composed of public firms, whereas the control group is composed of private firms. We use entropy balancing to reweight public and private firms on their total sales. The data are aggregated at the firm–year-month level. All regressions include year-month and firm fixed effects. Robust t-statistics are reported in parentheses and are based on standard errors clustered at the firm level. *, **, and *** denote significance at the 10%, 5%, and 1% level, respectively. Appendix A provides variable definitions and data sources.

Dependent variable:	*Ethnic/Racial Diversity*		*Gender Diversity*	
Sample:	Firm operates in high Ethnic/Racial Diversity states and industries	Firm operates in low Ethnic/Racial Diversity states and industries	Firm operates in high Gender Diversity states and industries	Firm operates in low Gender Diversity states and industries
	(1)	(2)	(3)	(4)
Treatment × *Post*	0.079	-0.053	0.052	-0.142
	(0.960)	(-0.635)	(0.553)	(-1.292)
Observations	7,381	6,402	7,755	6,215
R-squared	0.998	0.998	0.998	0.998
Month FE	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes
F - test	t = 1.33		t = 1.64	

Table 12
Regulation S-K and Length of Recruiting Period

This table reports the results from estimating the difference-in-differences model in Eq. (1). In column 1, the dependent variable is *IHS(N Filling Days)*, which measures the monthly average of the inverse hyperbolic sine of the number of filling days for each job type. In column 2, the dependent variable is *Filled in 90 Days*, which measures the proportion of job postings filled in 90 days for each job type. The treatment group is composed of public firms, whereas the control group is composed of private firms. We use entropy balancing to reweight public and private firms on their total sales. The data are aggregated at the firm–job-type–year-month level. Job type is defined by a 6-digit O*NET code. All regressions include year-month and firm-by-job-type fixed effects. Robust t-statistics are reported in parentheses and are based on standard errors clustered at the firm–job-type level. *, **, and *** denote significance at the 10%, 5%, and 1% level, respectively. Appendix A provides variable definitions and data sources.

Dependent variable:	*IHS(N Filling Days)*	*Filled in 90 Days*
	(1)	(2)
Treatment × *Post*	0.033**	-0.021***
	(2.362)	(-4.232)
Observations	343,453	343,453
R-squared	0.474	0.418
Month FE	Yes	Yes
Firm*Job Type FE	Yes	Yes