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Gender, workplace preferences and firm performance: Looking through the glass door

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Abstract

Using Glassdoor data we show that women are less satisfied at work than men and that female employees care more about work-life balance. Further analysis shows that this gender difference in workplace preference vanishes at the manager level, suggesting that women who care less about work-life balance self-select into career paths that ultimately lead to management positions. Exploring the performance implications, we show that family-friendly workplaces with smaller gender gaps in work-life balance satisfaction are associated with better firm performance. Overall, our study implies that policies that aim to narrow the gender satisfaction gap can be socially and economically desirable.

KEYWORDS

employee satisfaction, firm performance, gender, workplace preferences

JEL CLASSIFICATION

G3, J16, J28

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1 | INTRODUCTION

Despite substantial labour-market progress over the past decades, women remain under-represented in corporate leadership roles.[1] There can be many barriers to female leadership. Demand-based, institutional barriers related to workplace prejudice may prevent women from accessing valuable, male-dominant professional networks, limiting their career advancement. To the extent that these factors present a "glass ceiling" blocking women's progress to the highest corporate echelons, mandating gender quotas on corporate boards provides the initial step up that women need to overcome the barriers (Ahern & Dittmar, 2012; Bertrand et al., 2019; Eckbo et al., 2019; Matsa & Miller, 2013). Equally, but perhaps less addressed in the policy debate, are supply-side factors that stem from gender differences in workplace attribute preferences and value priorities (e.g., work-life balance, career opportunities, compensation, leadership and corporate culture). Our study examines the role of these supply-side considerations in fostering workplace gender gaps by exploring data on employee satisfaction from Glassdoor.

Specifically, with this study we aim to understand (i) the nature of the gender satisfaction gap (i.e., whether female employees have higher or lower job satisfaction than their male counterparts), (ii) gender differences in workplace attribute preferences (i.e., which workplace attribute preference(s) female employees value more than the male colleagues) and (iii) firm performance and female leadership representation implications of the gender satisfaction gap. Exploring these questions is essential to our understanding of the nature of the supply-side constraints women face at lower levels of the corporate hierarchy, so that effective approaches to facilitating the career progression of female employees can be developed accordingly.

Glassdoor is an employer review and recruiting website that, in addition to hosting information about job positions, also hosts a database in which employees voluntarily and anonymously review their companies, interview experience, compensation and benefits, and other workplace practices. Most relevant to us, employees assess overall job satisfaction as well as several attributes of their workplace on a five-point scale, including work-life balance, culture and values, career opportunities, compensation and benefits, and senior management leadership. Employees are also able to enter separate textual responses to share some of the best reasons or downsides of working at their respective companies. This study uses the lens of employees' assessments of their workplace environment to first examine the dynamics of gender differences in job satisfaction and workplace attribute preferences, and then investigate whether these differences matter for firm performance and female leadership representation.

To set the stage, we examine gender differences in job satisfaction. We find that, on average, women are less satisfied at work than men. They report lower ratings for overall job satisfaction and individual workplace attributes. The attribute most responsible for the gender satisfaction gap is work-life balance. Moreover, we explore gender differences in preferences for workplace attributes, where preferences are assessed through the sensitivity of the overall job satisfaction rating to each of the attribute ratings, with larger sensitivities indicating greater preferences. We find that women care more about (or have greater preferences for) work-life balance, corporate culture, and the firm's senior management leadership relative to men, but less about career opportunities and compensation. Again, female and male employees differ most notably in their preferences for work-life balance. Our findings that work-life balance accounts for most

[1]A 2019 census of women on S&P 500 boards in the United States shows that, despite being 44.7% of all employees, women held only 21.2% of corporate board seats and comprised only 5.2% of chief executive officer (CEO) positions in those companies.

of the gender gaps in job satisfaction and workplace attribute preferences indicate that women demand and value flexibility at work more than men do.

One of the core reasons why women demand more work flexibility rests on the connection between the changing roles of women in society and the career–family conflict they face. While women have made remarkable progress in the labour market over recent decades (Blau & Kahn, 2006, 2007, 2017), they remain the main providers of household production (Hersch & Stratton, 2002). As such, women's increased opportunities in the labour market might have led to additional pressures in balancing the competing expectations associated with work and family responsibilities, of which childcare is a particularly important component (e.g., R. Adams & Lowry, 2022). We, therefore, conjecture and provide evidence that suggests women's preference for work-life balance is related to the binding conflict between their work and family commitments, especially when the latter involves taking care of children. In a way, these findings suggest that gender gaps (in family responsibilities) at home may spill over to the workplace.

Next, we explore the role of selection in determining the presence of women in leadership positions by comparing gender gaps in workplace preferences of rank-and-file employees to those of midlevel managers. Women are not all the same, and those who choose to pursue a career may be different from those who do not. In turn, gender gaps in preferences among employees may differ from those among managers. Two observations are noteworthy. First, conditional on becoming a midlevel manager, women do not care more about work-life balance than men do. Indeed, it is highly unlikely that women who care much about work-life balance would choose a career path that leads to a manager position. Second, like female employees, female managers care more about leadership and corporate culture than their male counterparts, and less about career opportunities and pay, suggesting that many of the employee gender gaps carry over to the manager level.

These results provide systematic evidence, lacking in the literature, on how selection fuels workplace gender gaps as employees climb the career ladder. Further, because work-life balance is the only dimension along which the manager gender gap differs from the employee gender gap, it is plausible that work-life balance plays a particularly important role in career progression. In support of this interpretation, Goldin (2014) indicates that firms have a tendency to favour individuals who work long hours and penalize temporal flexibility. So, if advancing in one's career requires sacrificing work-life balance, women are at a disadvantage due to their dual responsibilities in both their personal and professional lives.

Having established the gender gap in job satisfaction, we then examine whether this gap affects firm performance. For each firm-year, we compute the gender satisfaction gap as the difference between the average work-life balance satisfaction rating of male employees and that of female employees. We rely mainly on the work-life balance attribute for our firm-level analyses not only because, as shown previously, female and male employees differ the most in their satisfaction with and preferences for work-life balance, but also because it is the attribute most relevant to a workplace's family-friendliness.[2] Our performance analysis shows that family-friendly workplaces with smaller gender gaps in work-life balance ratings are associated with higher firm performance even after controlling for the average level of job satisfaction,

[2]We use the term "family-friendly" workplaces to capture firms' family friendliness in a relative sense, which we measure using the gender satisfaction gap, defined as the difference in the average work-life balance satisfaction rating between male and female employees. The rationale behind this measure is that firms with small gender gaps in work-life balance should be more family-friendly than those with large gaps.

suggesting that narrowing the gender satisfaction gap matters beyond having satisfied employees. Investigating the underlying mechanism, we find that firms with smaller gender gaps are associated with higher employee productivity, consistent with family-friendly workplaces contributing to firm value through improved productivity.

In the final section of the paper, we consider possible approaches to promoting female leadership. Extant literature suggests that women on boards help other women advance to top management (Branson, 2008; Matsa & Miller, 2011). Alternatively, organizational practices at lower levels of the hierarchy, such as providing family-related workplace amenities, could have an upward influence on factors that facilitate female leadership at the top (Ali et al., 2021). We, therefore, identify two facilitators, namely, having a female director on the nominating committee and having a family-friendly workplace. We then examine their impact on the presence of female executives and find that both facilitators increase female board representation. Yet, the largest effect occurs when the two are combined, suggesting that facilitators at the board and employee levels could be mutually reinforcing.

2 | RELATION TO THE EXISTING LITERATURE

Our paper contributes to three strands of literature. First, it adds to the research on gender differences in job satisfaction and workplace preferences. Prior studies document that women traditionally report higher levels of satisfaction at work than men (e.g., Clark, 1997; Sloane & Williams, 2000). However, Stevenson and Wolfers (2009) find that women's satisfaction (i.e., subjective well-being) has fallen relative to men's over time. To better understand the nature and implications of gender satisfaction gap, we examine the gender differences in job satisfaction and preferences in publicly listed US firms. In doing so, we draw on a large unique data set provided by Glassdoor, which comprehensively covers granular information on employee characteristics and their ratings for overall job satisfaction and individual workplace attributes. Our analysis reveals that women have become less satisfied with their work experiences than men. Notably, our findings underscore the relative importance of work-life balance in explaining why women's and men's work experiences differ and how workplace preferences, particularly in relation to work-life balance, matter for women's career progression.

The two studies most closely related to ours in this respect are R. B. Adams and Funk (2012) and R. Adams and Lowry (2022). Using a survey of Swedish directors, R. B. Adams and Funk (2012) analyze gender differences in the boardroom in terms of human values and risk attitudes. They show that, unlike women in the general population, female directors are less tradition and security oriented and more risk-loving. R. Adams and Lowry (2022) conduct a professional culture survey among American Finance Association members and find that female finance academics are less satisfied with their jobs. In addition, they provide evidence that discrimination is the most important factor explaining women's worse career experiences in academic finance. Our study differs in several ways. First, crowd-sourced employee reviews from Glassdoor offer a more complete picture of how women's and men's job experiences differ, as we find that women's lower job satisfaction is pervasive across most industries (in Figure 1). Second, we demonstrate empirically how gender gaps in workplace preferences vary across different levels of the corporate hierarchy, providing more direct evidence that the preference of female employees for work-life balance helps explain sorting into career paths and ultimately the underrepresentation of women in leadership positions. Third, we assess workplace

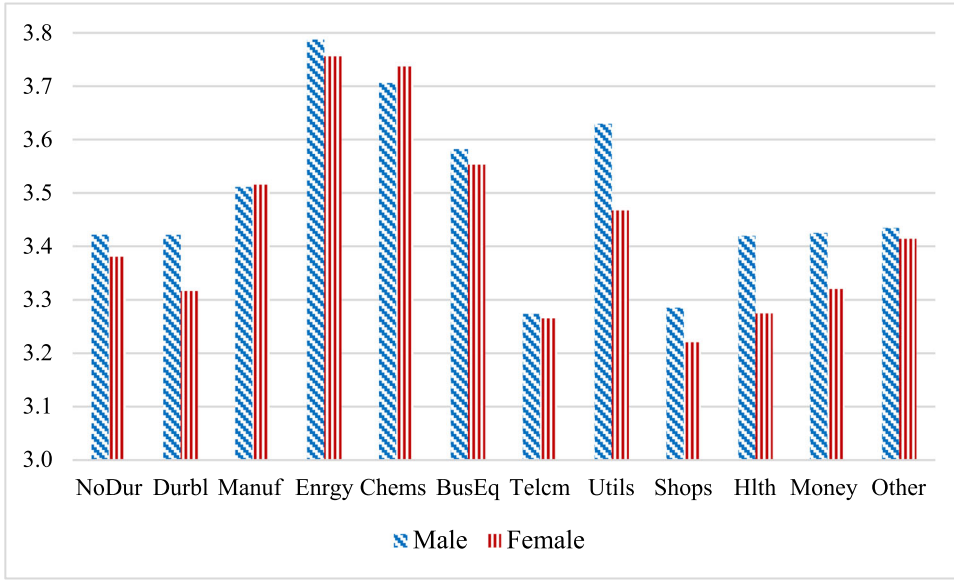

FIGURE 1 Average overall rating by industry and gender. This figure shows the average overall ratings of male and female employees at firms in Fama–French 12 industries: *NoDur* for nondurables; *Durbl* for durables; *Manuf* for manufacturing; *Enrgy* for oil, gas and coal extraction and products; *Chems* for chemicals and allied products; *BusEq* for business equipment; *Telcm* for telephone and television transmission; *Utils* for utilities; *Shops* for wholesale, retail and some services; *Hlth* for healthcare, medical equipment and drugs; *Money* for finance; and *Other* for others, for example, mines, construction, hotels, business service and entertainment. [Color figure can be viewed at wileyonlinelibrary.com]

preferences through the sensitivity of the overall job satisfaction rating to each attribute rating, which is arguably more "genuine" and less affected by the framing of survey questions or other potential misreporting biases.

Our paper also contributes to the literature on the relation between employee satisfaction and firm performance. Employees are traditionally viewed as unskilled labour with no special status, just like other inputs, such as raw materials (Taylor, 1911). Advancements in technology have drastically altered the role of employees, making them the key source of value creation in modern, human capital-intensive firms. Extending the idea that employee satisfaction is value enhancing (Edmans, 2011; Green et al., 2019), we provide new evidence that firms with smaller gender satisfaction gaps are associated with higher employee productivity and firm performance, even after controlling for overall employee satisfaction.

Last but not least, our paper adds to previous studies exploring the role of gender in board appointments and broader executive leadership. Matsa and Miller (2011) show that increasing the fraction of female directors on the board leads to increases in female executives. Branson (2008) contends that to increase female board representation, the nominating committee should include at least one woman. Field et al. (2020) provide evidence that having a diverse (female and minority) director on the nominating committee increases the likelihood of diverse directors serving board leadership positions. While these studies focus primarily on board-level facilitators, our results highlight the importance of family-friendly policies that facilitate the attainment of work-life balance at lower levels of the hierarchy in nurturing female representation in top management.

3 | DATA AND SUMMARY STATISTICS

3.1 | Glassdoor employer review data

Our data on employee satisfaction is from Glassdoor, a crowd-sourcing website launched in 2008 where current and former employees voluntarily review their companies, salaries, corporate benefits and other workplace practices. The site closely monitors user accounts and employs automated as well as manual fraud-detection mechanisms to eliminate invalid reviews.[3] In its community guidelines, Glassdoor also assures users that it does not edit or alter content and strives to build trust among its user base by providing authentic and transparent company reviews.

A common concern with online reviews is bias due to sample selection. If extremely positive or negative opinions are more likely to be posted than moderate ones, then self-reported reviews would not be representative of the underlying population. A recent experimental study by Marinescu et al. (2018) shows that providing formal or informal incentives can significantly reduce selection bias in online reviews by mitigating the motivational deficit of people who hold moderate opinions. To provide such an incentive, Glassdoor adopts a "Give-to-Get" policy where users looking to access job-related information must first submit a review of their recent employment experience. Liu et al. (2023) compare the Glassdoor data to nationally representative data collected by the US Census Bureau and show that the Glassdoor wage distribution matches that of the Census Bureau wage distribution for major metropolitan areas and industries. This suggests that nonrandom selection into the site is unlikely to be a severe threat to the validity of our results.

Our Glassdoor data contain employees' one-to-five point overall rating of the firm (*Overall rating*), as well as subcomponent ratings for career opportunities (*Career*), compensation and benefits (*Compensation*), work-life balance (*Work-life*), senior management (*Leadership*) and corporate culture and values (*Culture*). Along with the ratings, employees may also provide separate textual responses to share some of the best reasons (*Pros*) or downsides (*Cons*) of working at their respective companies. Our preliminary inspection of the responses reveals that employees, on average, provide balanced reviews. For example, the median number of words in the pros section is 17 words for positive reviews (with an above-median overall rating), which is close to 21 in the "cons" section for these reviewers, implying that favourable reviewers still consider negative aspects and try to offer a balanced view of their employers.

In addition to employer ratings, Glassdoor encourages employees to voluntarily share their personal information, such as gender, age and education. Since complete verification is not practical, one might call into question the validity of these self-reported data. For example, if employees tend to convey a particular impression of themselves to others to minimize their own discomfort (i.e., self-presentation concerns), the information they provide might be biased (Jones & Pittman, 1982). While the voluntary nature of data sharing likely complicates inferences, we feel this concern is mitigated for several reasons. First, data sharing with Glassdoor is completely anonymous. This is important: anonymity reduces concern about

[3]Glassdoor closely monitors user accounts to prevent instances where one person creates multiple accounts to rate multiple companies. Specifically, the site requires email verification from an active email address or a valid social networking account. The site administrator and fraud-detection algorithm detect when multiple accounts are verified using the same IP address. Further, to cope with incentivized reviews where employers offer their employees perks in exchange for favourable ratings, Glassdoor allows their community to flag inappropriate reviews which users suggest as having been incentivized. Glassdoor removes such content if it can conclude that their community guidelines were violated.

self-presentation because one's actions are no longer monitored by others (Patterson, 1991; Schlenker & Weigold, 1990). Second, Glassdoor uses a rigorous, two-step moderation process that incorporates both proprietary technology and human moderators to ensure the reliability of the information disclosed by employees.[4] Finally, to validate the data, we compare industry-level female employee ratios to those reported by the Bureau of Labour Statistics (BLS). It is comforting that the cross-industry heterogeneity in female employee representation of Glassdoor closely resembles that of BLS (2019).[5]

3.2 | Sample construction

Our sample begins with reviews by current employees for all publicly traded firms in the United States between 2008 and 2015.[6] In total, we obtain 3206 firms from 417,886 reviews. We first remove 4082 reviews completed by senior management (e.g., CEO, chief financial officer [CFO] and director) to mitigate the potential self-promotion bias, maintaining the impartiality of reported opinions.[7] The remaining employees are either rank-and-file workers or midlevel managers (e.g., group, regional or divisional managers). Next, we delete 175,520 reviews with missing information on job title and 141,301 reviews with incomplete employee characteristics (i.e., missing at least one employee characteristic). The final employee review sample consists of 96,983 reviews representing 2301 firms.

3.3 | Summary statistics

Figure 1 graphs the average overall ratings of female and male employees by industry designation based on the Fama–French 12-industry classification. Employee satisfaction varies across industries. Industries with the highest levels of overall satisfaction are energy and chemicals. In contrast, the retail (*Shops*) and telecom sectors have relatively low levels of employee satisfaction. In terms of the gender satisfaction gap, industries with the largest gaps are finance (*Money*), utilities, and healthcare, whereas those with the smallest gaps are telecom and chemicals.

Panel A of Table 1 presents descriptive statistics for the review-level characteristics. The mean value of *Overall rating* is 3.425, suggesting that the average employee posting a review has a generally positive opinion of the company. Indeed, all of the five subcomponents, *Career, Compensation, Work-life, Leadership* and *Culture*, have mean values above the midpoint of three on a five-point scale, again suggesting generally positive employee opinions. The subcomponent means vary from 3.045 for *Leadership* to 3.522 for *Culture*. Regarding employee

[4]Glassdoor moderates every piece of content using a two-step process. The first step applies proprietary technology that reviews multiple attributes of the content. If the content does not pass the technological review, a team of human moderators analyzes the content to determine if it meets the guidelines. Further, a human always moderates any content that is flagged for secondary review (http://help.glassdoor.com/article/Community-Guidelines/en_US).

[5]The results in Table IA1 of the Supporting Information Appendix show that industry female employee ratios of Glassdoor are highly correlated (0.81) with those of BLS (2019), providing some support that the personal information disclosed by employees is meaningful. Another observation we make from the table is that female-dominated (male-dominated) industries appear to be less (more) represented in Glassdoor than in BLS (2019). These differences in industry composition result in the lower overall representation of women in Glassdoor compared with BLS (2019).

[6]Our findings hold if we include reviews by former employees.

[7]We remove employee reviews with a job title that contains any of the following words: "CEO", "COO", "CFO", "Chief", "president", "director" and "executive".

TABLE 1 Descriptive statistics.

***, ** and * indicate significance at the 1%, 5% and 10% level, respectively.

Panel A: Descriptive statistics						
Variable	**Observations**	**Mean**	**Stdev**	**25th**	**Median**	**75th**
Overall rating	96,983	3.425	1.169	3.000	4.000	4.000
Career	94,994	3.250	1.208	2.000	3.000	4.000
Compensation	94,907	3.321	1.145	3.000	3.000	4.000
Work-life	94,879	3.437	1.234	3.000	4.000	4.000
Leadership	94,470	3.045	1.281	2.000	3.000	4.000
Culture	71,100	3.522	1.292	3.000	4.000	5.000
Female	96,983	0.321	0.467	0.000	0.000	1.000
Age	96,983	33.313	10.055	25.000	31.000	39.000
Education	96,983	1.093	0.656	1.000	1.000	1.000
Manager	96,983	0.269	0.444	0.000	0.000	1.000

Panel B: Univariate analysis by gender						
	Male		**Female**		**Difference**	
	Mean	**Median**	**Mean**	**Median**	**Mean**	**Median**
Overall rating	3.461	4.000	3.347	3.000	0.114***	1.000***
Career	3.284	3.000	3.177	3.000	0.107***	0.000***
Compensation	3.360	3.500	3.239	3.000	0.121***	0.500***
Work-life	3.495	4.000	3.314	3.000	0.180***	1.000***
Leadership	3.068	3.000	2.997	3.000	0.071***	0.000***
Culture	3.558	4.000	3.450	4.000	0.108***	0.000***
Age	33.317	31.000	33.303	30.000	0.014	1.000***
Education	1.144	1.000	0.987	1.000	0.157***	0.000***
Manager	0.269	0.000	0.271	0.000	−0.002	0.000

characteristics, 32.1% (67.9%) of the reviews is completed by female (male) employees and 26.9% of the reviews is submitted by midlevel managers. The average employee posting a review has a bachelor's degree and an age of 33.

Panel B of Table 1 compares the means and medians of various review components as well as employee characteristics across the female and male employee review samples. The mean value of *Overall rating* for female employees is 3.347 compared with 3.461 for male employees, resulting in an unconditional gender satisfaction gap of 0.114 with women being less satisfied on average. Further, female employees have lower mean values for all of the five subcomponents relative to male employees. The subcomponent with the largest gender gap is *Work-life*, with a difference in means of 0.180. In addition to work obligations, employees need to deal with the demands of personal and family life. The significantly lower satisfaction in work-life balance for female employees reflects the challenges women face in balancing the

competing demands associated with career and family. With respect to employee characteristics, an average male employee in our sample has more education relative to his female counterpart. There are similar proportions of midlevel managers in the two samples.

4 | GENDER DIFFERENCES IN JOB SATISFACTION AND WORKPLACE PREFERENCES

4.1 | Gender gaps in employer ratings

To examine the job satisfaction of female and male employees, we estimate the following specification:

$$Y_{ijt} = \alpha + \beta Female_i + \gamma Z_{ijt} + \lambda_{jt} + \varepsilon_{ijt},$$

where i denotes the individual, j denotes his or her employer and t denotes year. Y stands for the overall and subcomponent ratings. *Female* is a dummy variable taking a value of one if the individual is female, and zero otherwise. Z denotes a vector of employee characteristics. *Age* is the employee's age in years. *Education* is the employee's highest education level, coded as 0 for those who do not have a bachelor's or above degree, 1 for bachelor's, 2 for Master's and MBA and 3 for Ph.D. *Manager* is an indicator that equals one if the review is completed by a midlevel manager, and zero otherwise.[8] Appendix A contains a complete list of variable definitions.

One potential concern with examining how female employees differ from their male counterparts in job satisfaction and preferences is that particular firms might be more or less suited to female aptitudes because of their corporate strategies or workplace characteristics. To address these potentially confounding effects, we add firm-year fixed effects, denoted as λ_{jt}, that allow us to compare reviews for the same firm across different employees in the same year. This method accounts for any time-varying heterogeneity at the firm level that may be correlated with workplace gender gaps, thereby increasing our confidence that the estimated gender gaps are not driven by omitted variables. Further, we correct the standard errors for group correlation at the firm level and potential heteroscedasticity.

We first explore the overall employer rating in column (1) of Table 2. The estimate of β is −0.039, statistically significant at the 1% level, confirming the univariate analysis results. The overall rating of an average female employee is 0.039 points lower than that of an average male employee. This estimated gender satisfaction differential is much smaller compared with the unconditional differential (0.114) shown in Panel B of Table 1, implying that about 66% of the unconditional differential can be accounted for by our set of control variables.

On average, women are less satisfied at work than men, but with which aspects of their job are women less satisfied than men? In columns (2)–(6), we assess women's and men's job satisfaction across the five domains: career opportunities, compensation and benefits, work-life balance, leadership and culture and values. Consistent with lower satisfaction for female employees, the coefficient on the female indicator is negative across all domains, and four of the five coefficients are statistically significant at the 5% level or better. *Compensation* is the only workplace attribute female employees are not significantly less satisfied with. This

[8]An employee is classified as a manager if his or her job title contains any of the following words: "officer" (not including those already classified as senior management and thus removed), "manager" and "controller".

TABLE 2 Gender differences in job satisfaction.

This table reports gender differences in employer overall and subcomponent ratings. The dependent variables include the overall job satisfaction rating, *Overall Rating*, for column (1), and the five subcomponent ratings, *Career, Compensation, Work-life, Leadership* and *Culture* for columns (2)–(6), respectively. The variable of interest, *Female*, is a dummy variable taking a value of one if female, and zero otherwise. All other variables are defined in Appendix A. Statistical significance is based on the heteroscedasticity robust firm-clustered standard errors. ***, ** and * indicate significance at the 1%, 5% and 10% level, respectively.

	Overall rating	***Career***	***Compensation***	***Work-life***	***Leadership***	***Culture***
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Female	−0.039***	−0.032***	−0.010	−0.071***	−0.029**	−0.039***
	(−3.51)	(−2.92)	(−0.87)	(−5.88)	(−2.32)	(−3.12)
Age	−0.010***	−0.013***	−0.001**	−0.010***	−0.013***	−0.013***
	(−12.64)	(−16.72)	(−1.96)	(−11.44)	(−13.64)	(−12.28)
Education	0.019***	−0.016*	−0.040***	0.065***	0.039***	0.047***
	(2.59)	(−1.77)	(−4.51)	(6.03)	(4.53)	(4.78)
Manager	0.067***	0.214***	0.154***	−0.126***	0.052***	0.060***
	(5.01)	(10.82)	(7.08)	(−6.11)	(3.71)	(3.81)
Firm-year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
N	96,983	94,994	94,907	94,879	94,470	71,100
Adjusted R^2	0.154	0.117	0.171	0.129	0.119	0.145

observation seems to suggest that the gender pay gap is perhaps limited at lower levels of the corporate hierarchy.[9] In contrast, female employees are least satisfied with their work-life balance relative to their male counterparts. The estimate of β is −0.071 for *Work-life*, which is almost twice as large in magnitude as that for *Culture* (−0.039) and more than twice as large in magnitude as those for *Career* (−0.032) and *Leadership* (−0.029), highlighting the importance of the gender gap in satisfaction with regard to work-life balance.

4.2 | Gender gaps in workplace preferences

Table 3 examines how female employees differ from their male counterparts in preferences for workplace attributes. We identify employee preferences by estimating the sensitivity of the overall job satisfaction rating to each of the subcomponent ratings separately, with greater sensitivities indicating higher preferences. The estimated sensitivity quantifies the importance of each workplace attribute to the employee's overall job satisfaction. For example, if women care more about work-life balance than men, then women's overall job satisfaction should be more sensitive to changes in work-life balance satisfaction than is the case for men. That is, a

[9]According to the BLS (2019), women earn 82% of men's income on average. Despite the lower income relative to men, women have similar satisfaction with compensation, pointing to gender differences in preferences.

TABLE 3 Gender differences in workplace attribute preferences.

This table examines the gender differences in preferences for various workplace attributes. The dependent variable is the overall employer rating. *Female* is a dummy variable taking a value of one if female, and zero otherwise. *Career, Compensation, Work-life, Leadership* and *Culture* are the five subcomponent ratings. All other employee-level controls, including *Age, Education* and *Manager*, are defined in Appendix A. Statistical significance is based on the heteroscedasticity robust firm-clustered standard errors. ***, ** and * indicate significance at the 1%, 5% and 10% level, respectively.

	Overall rating				
	(1)	**(2)**	**(3)**	**(4)**	**(5)**
Female	0.026	0.027	−0.114***	−0.065***	−0.074***
	(1.20)	(1.11)	(−4.71)	(−3.34)	(−2.92)
Career	0.657***				
	(128.03)				
Career × *Female*	−0.013**				
	(−2.15)				
Compensation		0.578***			
		(103.28)			
Compensation × *Female*		−0.019***			
		(−2.69)			
Work-life			0.510***		
			(71.47)		
Work-life × *Female*			0.033***		
			(5.12)		
Leadership				0.630***	
				(123.72)	
Leadership × *Female*				0.015***	
				(2.75)	
Culture					0.627***
					(96.05)
Culture × *Female*					0.014**
					(2.07)
All employee-level controls	Yes	Yes	Yes	Yes	Yes
Firm-year fixed effects	Yes	Yes	Yes	Yes	Yes
N	94,994	94,907	94,879	94,470	71,100
Adjusted R^2	0.554	0.413	0.418	0.580	0.572

reduction (rise) in the work-life balance rating should lower (increase) women's job overall satisfaction relative to that of men. Specifically, we consider a model of the form:

$$Overall_{ijt} = \alpha + \beta Female_i + \delta Subrating_{ijt} + \theta Subrating \cdot Female_{ijt} + \gamma Z_{ijt} + \lambda_{jt} + \varepsilon_{ijt},$$

where *Overall* is the employee's overall rating of employer and *Subrating* stands for the individual subcomponent ratings. We examine gender differences in workplace preferences by including an interaction between *Subrating* and the female indicator. Hence, our coefficient of interest in this analysis is θ. If $\theta \neq 0$, female employees differ from male employees in workplace preferences.

The results show that female and male employees differ in all preference dimensions. The estimate of θ is negative and statistically significant in columns (1) and (2) where the workplace attributes under study are *Career* and *Compensation*, respectively. This means that women care less about career opportunities and compensation and benefits. However, they care more about work-life balance, leadership and corporate culture, as shown by the positive and significant coefficients on the interaction terms in columns (3)–(5). Comparing the magnitudes of the estimated gender gaps across specifications, it is clear that the workplace attribute with the largest gender gap is *Work-life*. The sensitivity of *Overall rating* to *Work-life* is 0.543 for women, compared with 0.510 for men. The corresponding magnitudes are much smaller for the other attributes. As a robustness check, in Table IA2 of the Supporting Information Appendix we examine how female and male employees value each attribute after taking other attributes into account. Our findings still hold.

Further, we examine whether female and male employees also differ in their textual responses. To this end, we measure the length of textual responses. *Cons* (*Pros*) is the natural logarithm of the number of words in the cons (pros) section. The intuition here is that lengthier reviews typically require more cognitive effort. Thus, employees are more likely to submit lengthy discussions in the cons (pros) section if they have strong negative (positive) opinions about their employer. In Table 4 we repeat our previous regressions using as dependent variables the two text-based measures. Several observations confirming our previous findings are noteworthy. First, consistent with women being less satisfied in the workplace, columns (1) and (2) show that female employees submit lengthier reviews in the cons, but not the pros, section than male employees. Second, the negative and significant coefficient on the interaction of *Work-life* and *Female* in column (5) means that women are inclined to submit lengthier discussions in the cons section for a given reduction in the work-life balance rating. In other words, women care more about work-life balance. Third, among the five interaction terms in columns (3)–(7), the only interaction term with a statistically significant coefficient is that of *Work-life* and *Female*, once again suggesting that female and male employees differ most notably in their preferences for work-life balance.

Overall, it seems that female and male employees differ significantly in their workplace attribute preferences, especially when it comes to preferences for work-life balance. Prior work suggests that women value flexibility at work more than men do (Mas & Pallais, 2017; Wiswall & Zafar, 2018). Our results are complementary in that we stress the pertinence of work-life balance—the most important workplace attribute (among the attributes considered in this study) responsible for gender gaps in job satisfaction and workplace preferences.

TABLE 4 Further evidence from employee textual responses.

This table provides additional evidence on gender differences in job satisfaction and workplace preferences, based on employee textual responses. The dependent variables include *Pros*, the natural logarithm of the number of words in the pros section, and *Cons*, the natural logarithm of the number of words in the cons section. *Female* is a dummy variable taking a value of one if female, and zero otherwise. *Career, Compensation, Work-life, Leadership* and *Culture* are the five subcomponent ratings. All other employee-level controls, including *Age, Education* and *Manager*, are defined in Appendix A. Statistical significance is based on the heteroscedasticity robust firm-clustered standard errors. ***, ** and * indicate significance at the 1%, 5% and 10% level, respectively.

	Pros	***Cons***					
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**
Female	−0.001	0.014*	0.012	0.023	0.051**	0.013	0.028
	(−0.13)	(1.67)	(0.57)	(0.89)	(2.08)	(0.65)	(1.12)
Career			−0.170***				
			(−39.01)				
Career × *Female*			−0.001				
			(−0.22)				
Compensation				−0.124***			
				(−24.76)			
Compensation × *Female*				−0.003			
				(−0.44)			
Work-life					−0.126***		
					(−27.64)		
Work-life × *Female*					−0.014**		
					(−2.14)		
Leadership						−0.176***	
						(−43.22)	

(Continues)

TABLE 4 (Continued)

	Pros	***Cons***					
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**
Leadership × *Female*						−0.001	
						(−0.21)	
Culture							−0.173***
							(−30.55)
Culture × *Female*							−0.005
							(−0.70)
All employee-level controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm-year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	89,525	91,590	89,825	89,750	89,716	89,347	66,612
Adjusted R^2	0.101	0.085	0.132	0.106	0.114	0.142	0.110

4.3 | Motherhood and gender gaps in workplace attribute preferences

So, what explains the gender differences in preferences for work-life balance, or workplace attributes more generally? Is it differences in tastes for work environment? While it is not difficult to imagine a pure taste explanation, such an interpretation seems strained and does not "unpuzzle" the widening gender satisfaction gap over the sample period. A more compelling explanation for the observed gender gaps in job satisfaction and preferences may rest on the connection between the changing roles of women in society and the career–family conflicts they face.

Social and economic changes that have occurred over the past decade have increased the opportunities available to women, resulting in substantial labour market gains. Female labour force participation has risen to record levels both absolutely and relative to that of men (Blau & Kahn, 2007, 2017) and, concurrently, the gender wage gap has partly closed (Blau & Kahn, 2006, 2017). On the home front, women remain the main providers of childcare as well as other forms of nonmarket work, suggesting that traditional gender role attitudes may still influence the division of chores within the household (Hersch & Stratton, 2002). As a result, women's increased opportunities and progress in the labour market might have led to additional pressures they face in balancing the competing expectations associated with work and personal/home life.

Both career and family commitments have demands on resources (e.g., time, energy and cognitive effort) that are finite and can drain at some point. A particularly important component of family life involves taking care of children, especially younger ones. Several prior studies examine gender differences in the impact of childcare on labour-market outcomes. For instance, Angelov et al. (2016) and Kleven and Landais (2017) show that wives experience sharp drops in labour force participation rates, earnings, hours worked, and wage rates compared with their spouses immediately after giving birth to their first child. Bertrand et al. (2010) find that female MBAs with children work significantly fewer weekly hours than the average male MBA, whereas those without children do not differ much from their male counterparts in terms of labour supply. All this evidence seems to suggest that women bear most of the "penalty" of childcare and that the presence of children can be particularly disruptive to women's careers.

Accordingly, if women's relative lower satisfaction in the workplace is related to the extra pressures of combining home and market work, then the gender job satisfaction gap should be particularly large among women with young children. Glassdoor does not provide data on whether and when employees have children. We, therefore, conjecture that women in their peak childbearing years are more likely to give birth to a child and thus create additional constraints on resources, lowering their post-birth job satisfaction relative to that of men. We define the peak childbearing age group as between 26 and 34. This definition is based on the observation that, according to a report published by the US Department of Health and Human Services based on nationwide data over the period 1970–2015 (Martin et al., 2017), the average age of mothers giving birth is about 26 and there is a significant decline in female fertility from the age of 35.[10] The model specification for this analysis is as follows:

$$Y_{ijt} = \alpha + \beta Female_i + \delta Age\_P_{it} + \theta Female \cdot Age\_P_{it} + \gamma Z_{ijt} + \lambda_{jt} + \varepsilon_{ijt},$$

[10]In untabulated analysis, we confirm that our results are not materially changed when we use alternative definitions for the peak childbearing age group, including 25–34 and 27–34.

where Y stands for the overall and subcomponent ratings. *Female* is an indicator for female employees. *Age_P* is the peak childbearing age indicator that equals one if the employee's age is between 26 and 34, and zero otherwise. Our coefficient of interest is θ. If $\theta = 0$, women's peak childbearing years have no impact on their hedonic experience of work relative to that of men, and vice versa.

Panel A of Table 5 presents the results. In column (1) we estimate a model where the dependent variable is the overall employer rating. The coefficient on the interaction between *Female* and *Age_P* is negative and statistically significant at the 5% level, consistent with female employees of peak childbearing age being particularly dissatisfied compared with their male counterparts. Next, we examine domain-specific ratings in columns (2)–(6). If our peak childbearing age indicator does capture particular changes in women's lives, then such changes may influence certain aspects of employee satisfaction more than others. For example, the presence of children, and the resulting resource constraints and lower labour-market productivity, may affect female employees' work-life balance and assessment of their career prospects more so than opinions about senior management or firm culture. Consistent with this view, we find that *Age_P* significantly increases the gender satisfaction gaps regarding *Work-life* and *Career*, but is unrelated to those regarding *Leadership, Culture* and *Compensation*.

The results indicate declines in *Career* and *Work-life* satisfaction among women in their peak childbearing years relative to men, but they do not tell us much about the absolute satisfaction. For example, it could be that women's hedonic state remains unchanged, whereas that of men improves significantly, resulting in the observed relative decline in women's happiness. To address this possibility, we show in Figure 2 (Figure 3) how employee satisfaction regarding *Career* (*Work-life*) varies by age for women and men. Consistent with women bearing most of the "penalty" of motherhood, we see similar plummets in women's hedonic experience regarding career prospects and work-life balance in their peak childbearing years. In contrast, the impact on men's hedonic experience appears to be relatively subdued.

A number of studies have discussed the role of household-related services in relaxing the constraints faced by women seeking to combine career and family (Cortés, 2008; Cortés & Pan, 2019; Cortés & Tessada, 2011). Women may substitute their own time invested in childcare with the purchase of these services available in the market, alleviating the obstacles that prevent them from undertaking more market work. Accordingly, we exploit state differences in the cost of childcare services (nannies, childcare centres, etc.) to capture the cross-sectional variation in the affordability of outsourcing options. Lower costs of childcare services make the outsourcing of childcare more affordable, and vice versa. We expect that the magnification effect of *Age_P* on the gender satisfaction gap should be more prominent in states with high costs of childcare services where women are constrained further by the lack of affordable outsourcing options. To the extent that the gender satisfaction gap is responsive to the availability of affordable childcare services, this would suggest that the relative decline in satisfaction among women of peak childbearing age is related to the presence of children.

We proceed in two steps to test this conjecture. First, we obtain our measure of state-level childcare services cost, *Cost childcare under 3*, from Childcare Aware of America.[11] The

[11]Childcare Aware of America, founded in 1987, is a national nonprofit organization that leads research in childcare and early learning, provides professional development for childcare providers, and advocates for childcare policies that improve the lives of children and families. It cooperates with more than 400 state and local Child Care Resource & Referral (CCR&R) agencies nationwide. These community-based agencies assist over 860,000 families a year secure childcare and provide training and support to childcare providers.

TABLE 5 Motherhood and gender gaps in job satisfaction.

This table examines the effect of motherhood on gender gaps in job satisfaction. The dependent variables include the overall employer rating, *Overall rating*, as well as the five subcomponent ratings, namely, *Career, Compensation, Work-life, Leadership* and *Culture*. *Female* is a dummy variable taking a value of one if female, and zero otherwise. *Age_P* is an indicator that equals one if the employee's age is between 26 and 34, and zero otherwise. The same set of employee-level controls (except the employee's age) is included. Panel A is based on the full sample. Panel B is based on a subsample of reviews conducted by employees in states with high (above-median) costs of childcare for children under 3 years old in a given year. Panel C is based on a subsample of reviews conducted by employees in states with low (below-median) costs of childcare for children under 3 years old in a given year. The sample split is based on the "work location" submitted by employees. All other employee-level controls, including *Age, Education* and *Manager*, are defined in Appendix A. Statistical significance is based on the heteroscedasticity robust firm-clustered standard errors. ***, ** and * indicate significance at the 1%, 5% and 10% level, respectively.

Panel A: Peak childbearing age and gender gaps in job satisfaction						
	Overall rating	***Career***	***Compensation***	***Work-life***	***Leadership***	***Culture***
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Age_P	0.017	0.054***	−0.077***	0.011	−0.010	0.016
	(1.13)	(3.63)	(−6.24)	(0.59)	(−0.61)	(0.91)
Female	−0.032**	−0.025*	−0.015	−0.063***	−0.029**	−0.036**
	(−2.54)	(−1.83)	(−1.19)	(−4.65)	(−2.04)	(−2.39)
Female × *Age_P*	−0.042**	−0.047**	0.003	−0.048**	−0.030	−0.034
	(−2.45)	(−2.22)	(0.18)	(−2.25)	(−1.59)	(−1.54)
All employee-level controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm-year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
N	96,983	94,994	94,907	94,879	94,470	71,100
Adjusted R^2	0.147	0.108	0.171	0.124	0.111	0.136
Panel B: Reviews submitted by employees in states with high costs of childcare for children under 3 years old						
	Overall rating	***Career***	***Compensation***	***Work-life***	***Leadership***	***Culture***
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Age_P	0.052*	0.084***	−0.061**	0.051	0.020	0.013
	(1.93)	(2.82)	(−2.42)	(1.53)	(0.64)	(0.38)
Female	−0.021	−0.020	−0.006	−0.045	−0.022	−0.044
	(−0.87)	(−0.77)	(−0.26)	(−1.58)	(−0.76)	(−1.52)
Female × *Age_P*	−0.075*	−0.051	−0.038	−0.134***	−0.052	−0.053
	(−1.82)	(−1.23)	(−0.95)	(−2.97)	(−1.16)	(−1.12)
All employee-level controls	Yes	Yes	Yes	Yes	Yes	Yes

(Continues)

TABLE 5 (Continued)

Panel B: Reviews submitted by employees in states with high costs of childcare for children under 3 years old						
	Overall rating (1)	*Career* (2)	*Compensation* (3)	*Work-life* (4)	*Leadership* (5)	*Culture* (6)
Firm-year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
N	25,115	24,633	24,624	24,598	24,502	18,522
Adjusted R^2	0.165	0.132	0.200	0.127	0.129	0.156
Panel C: Reviews submitted by employees in states with low costs of childcare for children under 3 years old						
	Overall rating (1)	**Career** (2)	**Compensation** (3)	**Work-life** (4)	**Leadership** (5)	**Culture** (6)
Age_P	−0.026	0.038	−0.061***	−0.032	−0.022	−0.012
	(−1.15)	(1.52)	(−3.13)	(−1.22)	(−0.81)	(−0.42)
Female	−0.040*	−0.025	0.017	−0.074***	−0.034	−0.037
	(−1.83)	(−1.07)	(0.75)	(−2.99)	(−1.31)	(−1.43)
Female × *Age_P*	−0.012	−0.039	0.015	−0.019	−0.060	−0.022
	(−0.34)	(−1.05)	(0.42)	(−0.50)	(−1.28)	(−0.53)
All employee-level controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm-year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
N	28,077	27,539	27,528	27,509	27,418	20,277
Adjusted R^2	0.136	0.095	0.151	0.124	0.103	0.122

measure is defined as the cost of childcare for children under 3 years old in a state as a percentage of the state's personal income per capita.[12] Second, we use this services cost variable to split employee reviews into two subsamples. The high cost subsample consists of reviews submitted by employees in states with above-median (each year) cost of childcare for children under three. The remaining reviews are classified into the low-cost subsample. The sample split is based on the "work location" submitted by employees. We re-estimate the regressions in Panel A of Table 5 using the two subsamples. The results are reported in Panels B and C, respectively. We find that *Age_P* significantly increases the gender gaps in *Overall rating* and *Work-life* in states with high costs of childcare services, but not in those with low costs of childcare services, consistent with the notion that access

[12]Data on state-level childcare services cost is collected through surveys. Each year, Childcare Aware of America conducts a survey of CCR&R State Network offices and local CCR&Rs. As part of the survey, respondents are asked to provide statewide data on the cost of childcare. Data on the state-level personal income per capita is from the Bureau of Economic Analysis.

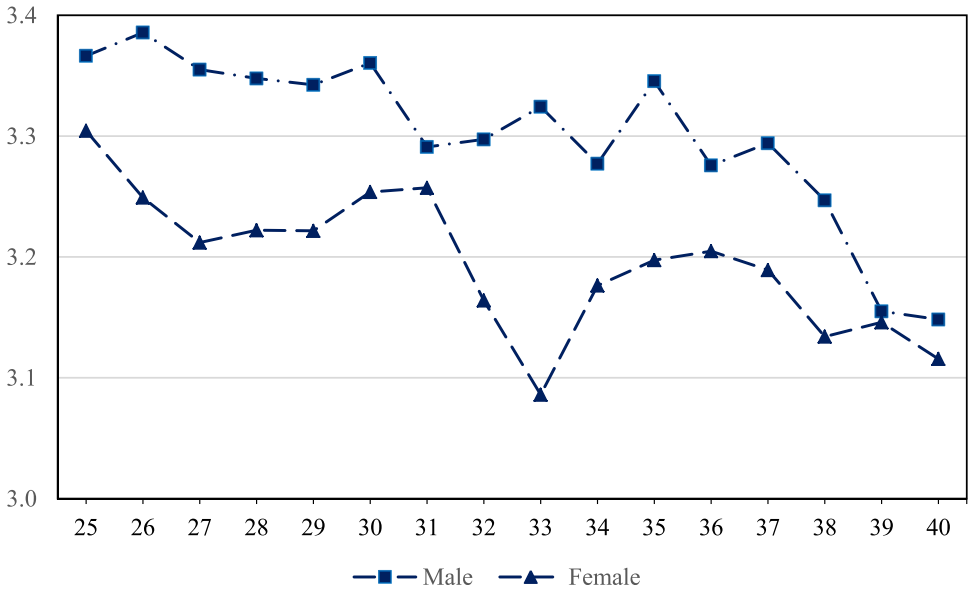

FIGURE 2 Career opportunity by age and gender. This figure compares the average career opportunity ratings of male employees and those of female employees by age. [Color figure can be viewed at wileyonlinelibrary.com]

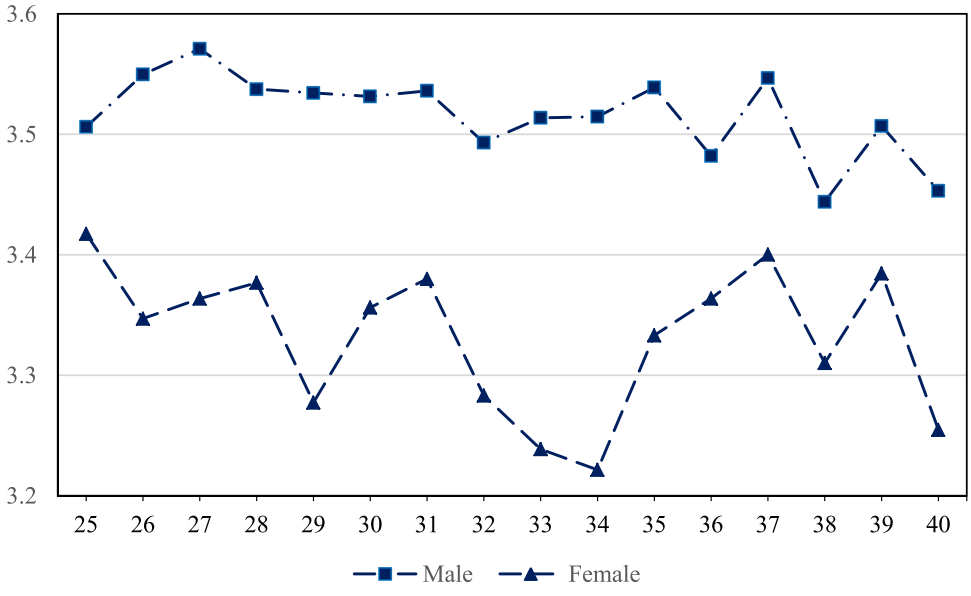

FIGURE 3 Work-life balance by age and gender. This figure compares the average work-life balance ratings of male employees and those of female employees by age. [Color figure can be viewed at wileyonlinelibrary.com]

to cheaper outsourcing options helps alleviate some of the pressures women face as they try to balance home and market work.

In summary, women's preference for work-life balance is related to the career–family trade-off they face. This trade-off appears to be particularly binding for women and mothers (of peak childbearing age) without low-cost outsourcing options.

4.4 | Gender gaps in workplace preferences among midlevel managers

The previous sections establish that, on average, female employees care less about career opportunities and more about work-life balance, corporate culture, and the firm's leadership than male employees. In this section we investigate whether these "typical" gender gaps in workplace preferences hold for midlevel managers. A strand of literature relating corporate outcomes to CEO gender and board gender diversity documents that the presence of women in the boardroom is associated with less overconfidence and greater risk aversion in making firm decisions (Faccio et al., 2016; Huang & Kisgen, 2013; Levi et al., 2014). These findings suggest gender differences in the general population carry over to the boardroom. In contrast, R. B. Adams and Funk (2012) argue that gender differences in the general population are likely to differ from those in the boardroom due to the selection effects related to women that choose to climb the career ladder.

We explore the role of selection in explaining women's underrepresentation in leadership positions by comparing gender gaps in workplace preferences of rank-and-file employees to those of midlevel managers. This comparison is informative about how career progression operates and how female leaders are selected at lower levels of the corporate ladder. Because preferences transcend particular situations, such comparison can also inform our knowledge about the factors that hinder women from reaching the very top.

We first examine the differences in gender satisfaction gaps for midlevel managers and those of rank-and-file employees by estimating the following model:

$$Y_{ijt} = \alpha + \beta Female_i + \delta Manager_{it} + \theta Female{\cdot}Manager_{it} + \gamma Z_{ijt} + \lambda_{jt} + \varepsilon_{ijt},$$

where Y stands for the overall and subcomponent ratings. *Female* and *Manager* are indicators for female employees and midlevel managers, respectively. If $\delta \neq 0$, male managers differ from male nonmanagers in job satisfaction. If $\theta \neq 0$, the gender satisfaction gap for midlevel managers differs from that of nonmanagerial employees.

Table 6 shows the regression results. From the estimates of δ, we see that managers are more satisfied at work. On average, they report higher values for *Overall rating, Career, Compensation, Leadership* and *Culture* than other employees. The only aspect that managers are less satisfied with is *Work-life*, consistent with additional tasks and responsibilities associated with managerial roles increasing the demands on their resources. From the estimates of θ, we see that *Manager* widens the gender gap in satisfaction regarding *Work-life*, which is offset by the reduced gender gaps in satisfaction regarding *Career* and *Compensation*, resulting in an insignificant impact on the overall gender satisfaction gap.

To examine whether gender gaps in workplace preferences for midlevel managers differ from those of other employees, we consider the following model:

$$\begin{aligned} Overall_{ijt} = {} & \alpha + \beta Manager_{it} + \delta Female_i + \partial Subrating_{ijt} + \theta Female{\cdot}Manager_{ijt} \\ & + \rho Subrating{\cdot}Manager_{ijt} + \mu Subrating{\cdot}Female_{ijt} \\ & + \varphi Subrating{\cdot}Female{\cdot}Manager_{ijt} + \gamma Z_{ijt} + \lambda_{jt} + \varepsilon_{ijt}, \end{aligned}$$

where *Overall* is the overall rating of employer and *Subrating* stands for the individual subcomponent ratings. Our coefficient of interest in this analysis is φ. If $\varphi \neq 0$, the gender gap in

TABLE 6 Gender gaps in job satisfaction among midlevel managers.

This table examines the differences in gender satisfaction gaps for midlevel managers and those of rank-and-file employees. The dependent variables include the overall employer rating, *Overall rating*, as well as the five subcomponent ratings, namely, *Career, Compensation, Work-life, Leadership* and *Culture*. *Female* is a dummy variable taking a value of one if female, and zero otherwise. *Manager* is an indicator that equals one if the review is completed by a midlevel manager (e.g., group, regional or divisional managers), and zero otherwise. All other employee-level controls, including *Age, Education* and *Manager*, are defined in Appendix A. Statistical significance is based on the heteroscedasticity robust firm-clustered standard errors. ***, ** and * indicate significance at the 1%, 5% and 10% level, respectively.

	Overall rating	***Career***	***Compensation***	***Work-life***	***Leadership***	***Culture***
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Manager	0.073***	0.200***	0.138***	−0.111***	0.062***	0.068***
	(4.72)	(9.74)	(6.22)	(−5.02)	(3.67)	(3.73)
Female	−0.034***	−0.045***	−0.024*	−0.058***	−0.020	−0.032**
	(−2.70)	(−3.39)	(−1.68)	(−4.25)	(−1.37)	(−2.25)
Female × *Manager*	−0.018	0.044**	0.050**	−0.047*	−0.031	−0.024
	(−0.88)	(2.18)	(2.05)	(−1.80)	(−1.44)	(−0.98)
All employee-level controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm-year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
N	96,983	94,994	94,907	94,879	94,470	71,100
Adjusted R^2	0.154	0.117	0.171	0.129	0.119	0.145

workplace preferences for midlevel managers differs from that of other employees. Moreover, if $\rho \neq 0$, male managers differ from male nonmanagers in workplace preferences. If $\varphi + \rho \neq 0$, female managers are different from other female employees in their workplace preferences.

From the estimates in Table 7 we find that the preferences of managers differ significantly from those of other employees in expected ways. Managers care more about *Career, Compensation, Leadership* and *Culture*. Turning to the coefficients of interest, the estimated φs, we find that the only aspect for which the manager gender gap differs from the employee gender gap is *Work-life*. Among rank-and-file employees, women care more about work-life balance than men. However, this gender gap appears to vanish at the manager level, as indicated by the negative and statistically significant coefficient on the interaction of *Work-life, Female* and *Manager*. All other estimated φs are statistically insignificant, suggesting that most of the employee gender gaps carry over to the manager level.

Our results show that selection narrows the "typical" gender gap in preferences for work-life balance: conditional on becoming a midlevel manager, women do not care more about work-life balance than men. Indeed, it is highly unlikely that women who care much about work-life balance would choose a career path that leads to a manager position. Further, because work-life balance is the only dimension along which the manager gender gap differs from the employee gender gap, it is plausible that work-life balance plays a particularly important role in

TABLE 7 Gender gaps in workplace preferences among midlevel managers.

This table examines whether gender gaps in workplace preferences for midlevel managers differ from those of rank-and-file employees. The dependent variables include the overall employer rating, *Overall rating*, as well as the five subcomponent ratings, namely, *Career, Compensation, Work-life, Leadership* and *Culture*. *Female* is a dummy variable taking a value of one if female, and zero otherwise. *Manager* is an indicator that equals one if the review is completed by a midlevel manager (e.g., group, regional or divisional managers), and zero otherwise. All other employee-level controls, including *Age, Education* and *Manager*, are defined in Appendix A. Statistical significance is based on the heteroscedasticity robust firm-clustered standard errors. ***, ** and * indicate significance at the 1%, 5% and 10% level, respectively.

	Overall rating				
	(1)	**(2)**	**(3)**	**(4)**	**(5)**
Manager	−0.132***	−0.082**	0.133***	−0.058*	−0.055*
	(−4.27)	(−2.13)	(3.24)	(−1.91)	(−1.65)
Female	0.032	0.038	−0.159***	−0.075***	−0.089***
	(1.29)	(1.38)	(−5.28)	(−3.14)	(−2.83)
Female × *Manager*	−0.032	−0.054	0.148***	0.032	0.055
	(−0.66)	(−1.00)	(2.88)	(0.74)	(1.13)
Career	0.650***				
	(117.77)				
Career × *Female*	−0.012*				
	(−1.68)				
Career × *Manager*	0.023***				
	(3.04)				
Career × *Female* × *Manager*	−0.003				
	(−0.24)				
Compensation		0.572***			
		(95.09)			
Compensation × *Female*		−0.019**			
		(−2.34)			
Compensation × *Manager*		0.022**			
		(2.27)			
Compensation × *Female* × *Manager*		0.004			
		(0.29)			
Work-life			0.511***		
			(65.09)		
Work-life × *Female*			0.045***		
			(5.79)		

TABLE 7 (Continued)

	Overall rating				
	(1)	**(2)**	**(3)**	**(4)**	**(5)**
Work-life × *Manager*			−0.001		
			(−0.11)		
Work-life × *Female* × *Manager*			−0.041***		
			(−2.95)		
Leadership				0.621***	
				(109.64)	
Leadership × *Female*				0.017***	
				(2.58)	
Leadership × *Manager*				0.030***	
				(3.72)	
Leadership × *Female* × *Manager*				−0.009	
				(−0.70)	
Culture					0.621***
					(87.40)
Culture × *Female*					0.019**
					(2.23)
Culture × *Manager*					0.024***
					(2.73)
Culture × *Female* × *Manager*					−0.018
					(−1.37)
All employee-level controls	Yes	Yes	Yes	Yes	Yes
Firm-year fixed effects	Yes	Yes	Yes	Yes	Yes
N	94,994	94,907	94,879	94,470	71,100
Adjusted R^2	0.554	0.413	0.419	0.580	0.572

career progression. In turn, if the work environment is such that one must sacrifice work-life balance to get promoted, then women's career advancement would be constrained by the increased difficulty of combining work and personal life.

4.5 | Robustness checks

We perform several robustness tests to provide additional assurance to the validity of our results. In previous regressions we code the employee's education with a single linear variable. To account for the potential nonlinearity in the relation between employee satisfaction and

education, we replace *Education* with a set of indicator variables. *Bachelor* is an indicator that equals one if the employee has a bachelor's degree, and zero otherwise. *Master/MBA* is an indicator that equals one if the employee has a Master's or MBA degree, and zero otherwise. *Ph.D.* is an indicator that equals one if the employee has a Ph.D. degree, and zero otherwise. The holdout group consists of those who do not have a bachelor's or above degree. In Table IA3 of the Supporting Information Appendix, we find that our results are not materially affected when we replace *Education* with the three indicator variables.

Another concern is that different positions may afford different levels of flexibility, resulting in the gender satisfaction gap (Goldin, 2014). To rule out the possibility that our findings are driven by unobserved differences across positions, we repeat our analyses allowing for the more stringent firm-position-year fixed effects.[13] The results in Table IA4 of the Supporting Information Appendix are robust to using this more stringent specification.

5 | PERFORMANCE IMPLICATIONS

While we have shown that women and men are significantly different in their hedonic experience of work, a natural question to ask is whether the gender satisfaction gap matters sufficiently to affect firm value. To address this question, we consider, as the baseline specification, the following model at the firm level:

$$Q_{jt} = \alpha + \beta Gender\quad gap\_WL_{jt} + \delta Average\quad overall\quad rating_{jt} + \mu Best100 + \gamma Z_{jt} + \lambda_j + \lambda_t + \varepsilon_{jt},$$

where j denotes the rated firm and t denotes the year. The dependent variable is *Tobin's q*, defined as the market value of equity plus total assets minus the book value of equity, all divided by total assets. For each firm-year, we compute *Gender gap_WL* as the average work-life balance rating of male employees minus the average work-life balance rating of female employees. Hereafter, we focus on the gender gap in work-life balance ratings because our previous results suggest that female and male employees differ the most in their satisfaction with and preferences for work-life balance. In addition, work-life balance is the attribute most relevant to a workplace's family-friendliness, which we study in this paper. Nonetheless, our main findings are robust to using the overall ratings to construct the gender satisfaction gap.

We include a rich set of controls. First, to rule out alternative explanations pertaining to the firm's workplace environment and fundamental firm information contained in the ratings, we include *Average overall rating* as a control. For each firm-year, it is the average overall rating submitted by all employees. Second, Edmans (2011) shows that firms in the "100 Best Companies to Work For in America" list exhibit higher valuations. We, therefore, account for this Best Companies effect by including *Best100*, an indicator that equals one if a firm is included in the 100 Best Companies list and zero otherwise. Third, Z stands for a vector of other firm, governance and CEO characteristics, namely, investment in innovation (*R&D*), firm size

[13]We take a few steps to clean and classify the position information from Glassdoor. First, all midlevel managers/officers (e.g., group, regional or divisional managers/officers) are coded as "Manager". Then, we use the last word in the job title provided by Glassdoor to categorize employees into different position groups. For instance, employees identified as "Business Analyst", "Analyst" or "Financial Analyst" by Glassdoor are classified into the "Analyst" group. Finally, we put all groups that account for less than 1% of the total observations to the "others" group. We end up with 13 unique position groups.

(*Ln*(*Sales*)), cash holdings (*Cash*), capital structure (*Leverage*), stock return (*Return*), number of employees (*Ln*(*employee*)), board gender diversity (*% Female directors*), number of directors on the board (*Board size*), CEO-chairman duality (*CEO chair*), CEO gender (*Female CEO*), and the tenure (*Ln*(*CEO tenure*)) and age (*Ln*(*CEO age*)) of the CEO.[14] Finally, we incorporate firm fixed effects to remove unobserved time-invariant differences across firms and year fixed effects to account for any trends in firm performance.

The results are presented in Table 8. In column (1), we start the analysis by regressing *Tobin's q* on *Gender gap_WL, Average overall rating, Best100* and other firms, governance and CEO characteristics, accounting for firm and year fixed effects. We find that the coefficient on *Gender gap_WL* is negative and statistically significant at the 5% level, after controlling for the Best Companies list or/and the average level of employee satisfaction, suggesting that family-friendly workplaces with smaller gender satisfaction gaps are beneficial to firms.

One might be concerned that the gender gap variable is simply a proxy for the dispersion in employer ratings. For example, firms with uncertain prospects may have dispersed reviews, which in turn are associated with large gender satisfaction gaps. To address this possibility, we utilize two approaches. First, we control for a more direct measure of rating dispersion in our performance regression. *Std WL* is the standard deviation of work-life balance ratings submitted by all employees in a firm-year. We confirm that our results are not sensitive to the inclusion of this additional control. Second, we construct an alternative measure of the gender satisfaction gap, adjusting for the dispersion in ratings. *Gender gap_WL/range* is *Gender gap_WL* scaled by the range of ratings, where the range is the difference between the lowest and highest ratings in a firm-year. The findings in Table IA5 of the Supporting Information Appendix are robust to this alternative measure, suggesting that rating dispersion does not drive our results.

Another concern is reverse causality because firms with higher values could have more resources to afford more flexibility in work arrangements, resulting in a smaller gender satisfaction gap (Jing et al., 2019). To mitigate this concern, we employ the instrumental variable approach to estimate the relation between the gender satisfaction gap and firm value. We instrument for *Gender gap_WL* using *Average cost childcare*. The latter is defined as the average employee-specific *Cost childcare under 3* in a firm in a year based on the employee's work location, where *Cost childcare under 3* is the cost of childcare for children under 3 years old in a state as a percentage of the state's personal income per capita.[15] The idea is that the availability of affordable childcare services reduces the difficulties of balancing work and personal life. That is, firms with employees facing higher (lower) costs of childcare services tend to have larger (smaller) gender satisfaction gaps. However, it is not obvious why the average cost of childcare services that employees face based on their own work location should be correlated with firm valuation other than through the gender satisfaction gap, accounting for various other factors. For both reasons, we believe the instrument used has at least some theoretical justification, although meanwhile we are mindful of the fact that it is never possible to completely rule out possible violations of the exclusion restriction.

To enhance the validity of our instrumental variable analysis, we account for a wide range of state-level characteristics in addition to the set of firm and CEO controls used in Panel A. These additional controls, defined in Appendix A, include *Ln*(*State GDP per capita*), *State*

[14]To mitigate the effects of outliers, we winsorize all accounting variables at the 1st and 99th percentiles.
[15]The work location information provided voluntarily by employees is incomplete, leading to further sample attrition in this analysis.

TABLE 8 Gender satisfaction gap and firm performance.

This table examines the effect of gender satisfaction gap in work-life balance on firm performance and labour productivity. In Panel A, the dependent variable is *Tobin's q* as a measure of firm value. *Tobin's q* is the market value of equity plus total assets minus the book value of equity, all divided by total assets. For each firm in a particular year, we compute *Gender gap_WL* as the average work-life balance rating of male employees minus the average work-life balance rating of female employees. We include a rich set of firm, governance and chief executive officer (CEO) controls. *Average overall rating* is the average overall rating of all employees in a firm. *Best100* is an indicator that equals one if a firm is included in the "100 Best Companies to Work For in America" list, and zero otherwise. *R&D* is the ratio of R&D expenditures to total assets. *Ln*(*Sales*) is the natural logarithm of sales. *Cash* is cash and short-term investments divided by total assets. *Leverage* is total debt divided by total assets, where total debt is defined as current liabilities plus long-term debt. *Return* is the annual stock return. *Ln (Employee)* is the natural logarithm of the total number of employees. *% of Female director* is the fraction of female directors on the board. *Board size* is the number of directors on the board. *CEO chair* is an indicator variable that equals one if the CEO also chairs the board, and zero otherwise. *Female CEO* is an indicator that equals one if the CEO is female, and zero otherwise. *Ln*(*CEO tenure*) is the natural logarithm of the number of years the CEO has been in office. *Ln*(*CEO age*) is the natural logarithm of CEO age in years. Panel B presents the results of the instrumental variable method using two-stage least squares (2SLS) panel regressions. The dependent variables are *Gender gap_WL* and *Tobin's q* for the first-stage and second-stage regressions, respectively. The instrumental variable, *Average cost childcare*, is the average employee-specific *Cost childcare under 3* in a firm in a year, based on the employee's work location. We add the same set of firm, governance and CEO controls as in Panel A and state-level controls, including *Ln*(*State GDP per capita*), *State unemployment rate, State inflation, State female percentage, State fertility rate, State social capital* and *Blue state*. Panel C examines whether the gender satisfaction gap influences firm value through labour productivity. The dependent variable is *Production/Emp* in column (1), *Revenue/Emp* in column (2), and *ROA* in column (3). *Production/Emp* is the sum of the cost of goods sold and change of inventory divided by the total number of employees. *Revenue/Emp* is the sum of annual sales and change of inventory divided by the total number of employees. *ROA* is the return on assets. We add the same set of firm, governance and CEO controls as in Panel A. Statistical significance is based on the heteroscedasticity robust firm-clustered standard errors. ***, ** and * indicate significance at the 1%, 5% and 10% level, respectively.

Panel A: Gender satisfaction gap and firm performance		
	Tobin's q	
	(1)	**(2)**
Gender gap_WL	−0.025**	−0.025**
	(−1.97)	(−1.97)
Average overall rating	0.132***	0.132***
	(3.79)	(3.80)
Best100		0.096
		(0.73)
R&D	3.556	3.580
	(0.63)	(0.63)
Ln(*Sales*)	0.609**	0.610**
	(2.39)	(2.39)
Cash	0.655**	0.664**
	(1.96)	(2.01)

TABLE 8 (Continued)

Panel A: Gender satisfaction gap and firm performance		
	Tobin's q	
	(1)	**(2)**
Leverage	−0.219	−0.210
	(−0.74)	(−0.72)
Return	0.597***	0.597***
	(10.08)	(10.09)
Ln(*Employee*)	−0.253	−0.256
	(−1.39)	(−1.41)
% Female director	−0.303	−0.306
	(−0.95)	(−0.96)
Board size	−0.001	−0.001
	(−0.11)	(−0.12)
CEO chair	−0.011	−0.012
	(−0.16)	(−0.17)
Female CEO	0.015	0.015
	(0.13)	(0.13)
Ln(*CEO tenure*)	0.062*	0.062*
	(1.82)	(1.82)
Ln(*CEO age*)	−0.609**	−0.610**
	(−2.38)	(−2.38)
Year fixed effects	Yes	Yes
Firm fixed effects	Yes	Yes
N	3758	3758
Adjusted R^2	0.217	0.217
Panel B: Instrumental variable approach		
	2SLS	
	Gender gap_WL **First stage**	***Tobin's q*** **Second stage**
	(1)	**(2)**
Gender gap_WL		−0.328*
		(−1.89)
Average cost childcare	4.824***	
	(3.38)	
Firm, governance and CEO controls	Yes	Yes
State-level controls	Yes	Yes

(Continues)

TABLE 8 (Continued)

Panel B: Instrumental variable approach		
	2SLS	
	Gender gap_WL	*Tobin's q*
	First stage	Second stage
	(1)	(2)
Year fixed effects	Yes	Yes
Firm fixed effects	Yes	Yes
N	2668	2668
F statistic	11.45	

Panel C: Gender satisfaction gap, employee productivity, and operating performance			
	Production/Emp	*Revenue/Emp*	*ROA*
	(1)	(2)	(3)
Gender gap_WL	−0.007**	−0.006**	−0.002**
	(−2.10)	(−2.22)	(−2.49)
Firm, governance and CEO controls	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes
N	3392	3392	3750
Adjusted R^2	0.025	0.219	0.158

unemployment rate, State inflation, State female percentage, State fertility rate, State social capital and *Blue state*.

Panel B of Table 8 shows the results. In the first stage, we regress *Gender gap_WL* on the instrument, *Average cost childcare*, along with various controls. Column (1) shows that the coefficient on *Average cost childcare* is positive and significant at the 1% level. In addition, we conduct an *F* test on the strength of the instrument in the first stage. The reported *F* statistic of 11.45 is above the conventional critical value of 10 (Staiger & Stock, 1997), suggesting that our instrument is not weak. Column (2) reports the second-stage regression results where the dependent variable is *Tobin's q* and the variable of interest is the predicted value of the gender satisfaction gap from the first-stage regression. The coefficient on the instrumented *Gender gap_WL* is −0.347 and significant. This coefficient is economically meaningful, as it indicates that a one-standard-deviation increase in *Gender gap_WL* is associated with a 16.8% (−0.347 × 0.979/2.024) decrease in *Tobin's q* relative to the sample mean.

Comparing the OLS regression results in Panel A of Table 8 with those obtained from the above two-stage least squares (2SLS) regression, we observe that the magnitude of the 2SLS coefficient estimate is larger than that of the OLS estimate (−0.025). In other words, the OLS regression biases the coefficient estimate upward due to the endogeneity in workplace environment. This observation suggests that some omitted variables simultaneously make the workplace more family-friendly and firm value higher. An example of such omitted variables is the quality of the firm's female talent. Firms with high-skilled female workers should be more

inclined to provide family-friendly workplaces to better retain valuable human capital. Meanwhile, a gender-balanced, skilled workforce could stimulate innovation and productivity, resulting in higher firm value. This spurious positive correlation between workplace family friendliness and firm value caused by omitted variables is the driving force that biases the coefficient estimates of interest upward in the OLS regressions. Once we use the instrument to mitigate the spurious positive correlation, the coefficient estimate decreases, that is, becomes more negative. Although these observations are reassuring, we are careful to acknowledge that our instrumental variable approach cannot fully resolve endogeneity issues because costs of childcare services are not randomly assigned.

Next, we explore a plausible mechanism through which family-friendly workplaces contribute to firm performance. A family-friendly orientation helps create a more positive work environment that improves employee morale and productivity, leading to improved firm valuation (the labour productivity hypothesis). To test this hypothesis, we investigate whether *Gender gap_WL* affects employee productivity and operating performance. Columns (1)–(3) of Panel C in Table 8 present regressions where the dependent variables are measures of employee productivity and operating performance. *Production/Emp* is the sum of the cost of goods sold and change of inventory divided by the total number of employees. *Revenue/Emp* is the sum of annual sales and change of inventory divided by the total number of employees. *ROA* is the return on assets. The negative and significant coefficients on *Gender gap_WL* throughout the specifications suggest that family-friendly workplaces with smaller gender gaps are associated with higher employee productivity and improved operating performance, providing further support for the labour productivity hypothesis. On average, a one-standard-deviation increase in *Gender gap_WL* is associated with a 2.1%, 1.3% and 1.4% decrease in *Production/Emp, Revenue/Emp* and *ROA* respectively, relative to the sample means. It is worth noting, however, that when interpreting the economic significance we do not expect the magnitudes to equalize the value impact of family-friendly workplaces. Rather, these magnitudes represent the effect of a partial closing of the gap between female and male work-life balance satisfaction, which provides an estimate of the lower bound for the benefits of family-friendly workplaces.

6 | ADDITIONAL ANALYSES AND DISCUSSION

6.1 | Implications for female leadership representation

In this section, we explore the implications of family-friendly workplaces for promoting female representation in top management. Understanding what facilitates female leadership seems particularly pertinent in light of the increasing worldwide trend to gender equality in the boardroom.

There is certainly a multitude of factors that promote gender diversity in top management. We do not attempt to disentangle the factors here. Instead, we consider two potential approaches to increasing female representation among top executives and the interplay between them. On the one hand, prior literature suggests a role for women in top positions to help other women climb the corporate ladder. For example, Branson (2008) indicates that to increase the share of women on boards, the nominating committee should include at least one woman. Matsa and Miller (2011) provide evidence that increasing the fraction of female directors on boards can lead to increases in the presence of female executives. These studies provide some support for the top-down approach, such as mandating gender quotas on

corporate boards. To the extent that institutional barriers are the key factor preventing women from reaching the top, quotas help overcome these barriers by assigning more women to positions of power that might lead to general spillovers in management (Boutchkova et al., 2021).

On the other hand, organizational processes at lower levels of the hierarchy could have an upward influence on factors that facilitate female leadership at the top (Ali et al., 2021). This bottom-up approach, while becoming increasingly important in today's workplace, has received much less research attention than the top-down dynamic. We shed light on this strand of research by examining whether family-friendly workplaces are conducive to female presence among top executives. Through attracting a greater supply of female talent and reducing the constraints they face in their career progression, workplace practices that address work-family issues should increase the presence of female executives.

Importantly, the two approaches are likely to be mutually reinforcing. Without corporate leaders being committed to the task of identifying and addressing organizational barriers to female leadership, it would be difficult for the women at lower levels of the hierarchy to overcome the barriers and move to the top. Similarly, the effectiveness of top-down changes, such as appointing female directors to the nominating committee, may depend on the adequacy of the workplace practices that have evolved from bottom up.

To test these conjectures, we categorize sample firms into four groups based on whether the firm has at least one female director on the nominating committee and whether it has a family-friendly workplace. We identify female directors on the nominating committee using the RiskMetrics database. To identify family-friendly workplaces, for each firm-year we compute the difference in the average work-life balance satisfaction rating between female and male employees (*Gender gap_WL*). A firm is noted as having a family-friendly workplace if its *Gender gap_WL* is below the median of the sample distribution (small gaps). We then use three indicators to capture the categorization of firms: *Nominating FD only* is an indicator for firms that have female directors on the nominating committee but do not have family-friendly workplaces. *Family-friendly only* is an indicator for firms that have family-friendly workplaces but have no female directors on the nominating committee. *Both* is an indicator for firms that have both nominating female directors and family-friendly workplaces. Firms with neither are in the hold-out group.

In Table 9, we examine the effects that different approaches have on the presence of women in top executives. Column (1) reports the results from estimating a linear probability model, where the dependent variable equals one if the firm has at least one female executive and zero otherwise. The variables of interest are the set of indicators. The results, consistent with our conjecture, suggest that each of the approaches can be used to increase the likelihood of having female executives, as evident from the positive and significant coefficients on *Nominating FD only* and *Family-friendly only*, with the former being slightly larger in magnitude than the latter. Yet, the positive effect appears to be the largest when the two are combined. This pattern persists when we change the dependent variable to the number of female executives in column (2). Together, the results provide suggestive evidence for the mutually reinforcing view.

6.2 | Broader implications

By comparing gender gaps in workplace preferences of employees to those of managers, our study reveals that preferences, and more broadly family considerations, can help explain female underrepresentation in leadership positions. Since women care more about work-life balance, a

TABLE 9 Approaches to increasing female executive representation.

This table examines the effects different approaches have on the representation of women in top executives. The dependent variables include *Female executive*, which is an indicator that equals one if the firm has at least one female top executive and zero otherwise, and *Number of female executives*, the number of female top executives. *Nominating FD only* is an indicator for firms that have female directors on the nominating committee but do not have family-friendly workplaces. *Family-friendly only* is an indicator for firms that have family-friendly workplaces but have no female directors on the nominating committee. *Both* is an indicator for firms that have both nominating female directors and family-friendly workplaces. We add the same set of firm, governance and chief executive officer (CEO) controls as in Table 8 Panel A, including *Average overall rating, Best100, R&D, Ln* (*Sales*), *Cash, Leverage, Return, Ln*(*Employee*), *% Female directors, Board size, CEO chair, Female CEO, Ln*(*CEO tenure*) and *Ln*(*CEO age*). All the controls are defined in Appendix A. Statistical significance is based on the heteroscedasticity robust firm-clustered standard errors. ***, ** and * indicate significance at the 1%, 5% and 10% level, respectively.

	Female executive **(1)**	***Number of female executives*** **(2)**
Nominating FD only	0.066**	0.088**
	(2.20)	(2.09)
Family-friendly only	0.046**	0.065**
	(2.35)	(2.30)
Both	0.079***	0.101**
	(2.66)	(2.41)
Firm, governance and CEO controls	Yes	Yes
Year fixed effects	Yes	Yes
Firm fixed effects	Yes	Yes
N	3659	3659
Adjusted R^2	0.017	0.016

promotion system that prioritizes individuals who are more willing to sacrifice work-life balance is likely to work to the disadvantage of women. In turn, firms may be able to improve the quality and equity of their promotion procedures by identifying ways to address broader organizational issues that hinder work-life balance.

Additionally, our analyses yield important implications for policies aiming to actively increase the number of women on boards. Over the last decade, the idea of mandating gender quotas on corporate boards has gained political traction in Europe. In 2003, Norway passed a law requiring 40% female representation on the boards of public companies. Following Norway's lead, Belgium, France, Germany, Iceland, Italy and Spain have all passed similar reforms. While board gender quotas help increase female leadership representation, they do not address women's work-life conflicts. Our findings suggest that the effects of these quotas can be further strengthened when accompanied by workplace practices that help women at all levels of the corporate hierarchy combine work with family.

Firms can implement various human resource policies to foster a family-friendly work environment, such as paid family leave and employer-sponsored childcare (Latura, 2022; Liu

et al., 2023). These policies are crucial for female employees who face work-life balance challenges due to child-rearing responsibilities. Moreover, women's greater involvement in household work highlights the need for flexible work arrangements, such as remote working and flexible hours, which could benefit their career progression at all stages of life (De Menezes & Kelliher, 2017). Our results suggest that family-friendly policies, in general, target the underlying issues that impede women's progress in the workplace and can increase firm value, making them both socially and economically desirable. The relative efficacy of these different policies, however, is subject to further research.

7 | CONCLUSIONS

In this paper, we find that female and male employees differ systematically in their workplace preferences, particularly those regarding work-life balance, with female employees caring more about work-life balance than their male counterparts. However, this gender difference disappears at the manager level, illustrating the role of selection. To support women's career advancement, firms can adopt family-friendly policies that allow for work-life balance. We further show that firms with small gender gaps in work-life balance are associated with higher valuation and improved female representation in top management.

DATA AVAILABILITY STATEMENT

The authors do not have the permission to share the data.

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SUPPORTING INFORMATION

Additional supporting information can be found online in the Supporting Information section at the end of this article.

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APPENDIX A: VARIABLE DEFINITIONS

Variable	Definition	Data source
Glassdoor rating components		
Overall rating	Employee's overall rating of employer ranked on a five-point scale, with five (one) being most favourable (unfavourable).	Glassdoor
Career	Employee's opinion of his or her opportunities for career prospects at the company ranked on a five-point scale, with five (one) being most favourable (unfavourable).	Glassdoor
Compensation	Employee's opinion of his or her compensation and benefits package ranked on a five-point scale, with five (one) being most favourable (unfavourable).	Glassdoor
Work-life	Employee's opinion of his or her work-life balance ranked on a five-point scale, with five (one) being most favourable (unfavourable).	Glassdoor
Leadership	Employee's opinion of employer's senior management ranked on a five-point scale, with five (one) being most favourable (unfavourable).	Glassdoor
Culture	Employee's opinion of employer's culture and values ranked on a five-point scale, with five (one) being most favourable (unfavourable).	Glassdoor

Variable	Definition	Data source
	This rating is available in Glassdoor only from 2012 onwards.	
Pros	Natural logarithm of the number of words in the "pros" section (i.e., share some of the best reasons for working at the company).	Glassdoor
Cons	Natural logarithm of the number of words in the "cons" section (i.e., share some of the downsides for working at the company).	Glassdoor
Employee characteristics		
Female	An indicator that equals one if the review is completed by a female employee, and zero otherwise.	Glassdoor
Gender gap_WL	Difference in the average work-life balance rating between female and male employees in a firm.	Glassdoor
Education	Employee's highest education level, coded as 0 (below bachelor), 1 (bachelor), 2 (Master's and MBA) and 3 (Ph.D.).	Glassdoor
Age	Employee's age in years.	Glassdoor
Age_P	An indicator that equals one if the employee's age is between 26 and 34, and zero otherwise.	Glassdoor
Average overall rating	Average overall rating of all employees in a firm.	Glassdoor
Manager	An indicator that equals one if the review is completed by a midlevel manager (e.g., group, regional or divisional managers), and zero otherwise.	Glassdoor
Firm characteristics		
Best100	An indicator that equals one if a firm is included in the "100 Best Companies to Work For in America" list, and zero otherwise.	Great Place to Work
Ln(*Sales*)	Natural logarithm of sales. Sales are converted into year 2008 dollars using the Consumer Price Index obtained from the Bureau of Labour Statistics.	Compustat
Leverage	Total debt divided by total assets, where total debt is defined as current liabilities plus long-term debt.	Compustat
Cash	Cash and short-term investments divided by total assets.	Compustat
R&D	Ratio of R&D expenditures to total assets.	Compustat
Tobin's q	Market value of equity plus total assets minus the book value of equity, all divided by total assets, where the market value of equity is the product of fiscal year-end closing price and the number of shares outstanding.	Compustat
ROA	Return on assets.	Compustat
Production/Emp	Sum of cost of goods sold and change of inventory divided by a total number of employees.	Compustat

(Continues)

Variable	Definition	Data source
Revenue/Emp	Sum of total annual sales and change of inventory divided by a total number of employees.	Compustat
Return	Annual stock return.	Compustat
Ln(Employee)	Natural logarithm of the number of employees.	Compustat
Governance and CEO characteristics		
CEO chair	An indicator that equals one if the CEO also chairs the board, and zero otherwise.	Execucomp
Ln(CEO tenure)	Natural logarithm of the number of years the CEO has been in office.	Execucomp
Ln(CEO age)	Natural logarithm of the age of the CEO in years.	Execucomp
Female CEO	An indicator that equals one if the CEO is female, and zero otherwise.	Execucomp
% Female director	Number of female directors on the board divided by board size.	RiskMetrics
Board size	Number of directors on the board.	RiskMetrics
State-level characteristics		
Ln(State GDP per capita)	Natural logarithm of state-level annual GDP per capita.	US Bureau of Economic Analysis
State unemployment rate	State-level unemployment rate.	Bureau of Labour Statistics
State inflation	State-level inflation rate based on the consumer price index.	Hazell et al. (2022)[a]
State female percentage	State-level percentage of female population.	Census Bureau
State fertility rate	State-level fertile rate.	Centres for Disease Control and Prevention
State social capital	State-level measure of social capital.	Rupasingha et al. (2006, with updates)[b]
Blue state	An indicator that equals one if a firm's headquarter is in a blue state where the residents vote predominantly for the Democratic party's presidential candidates, and zero otherwise.	270towin.com
Variables for further analysis		
Cost childcare under 3	Cost of childcare for children under 3 years old in a state as a percentage of the state's personal income per capita.	Childcare Aware of America; Bureau of Economic Analysis
Average cost childcare	Average employee-specific *Cost childcare under 3* in a firm in a year, based on the employee's work location.	Childcare Aware of America; Bureau of Economic Analysis
Female executive	An indicator that equals one if there exists at least one female top executive, and zero otherwise.	Execucomp
Number of female executives	Number of female top executives.	Execucomp
Nominating FD only	An indicator that equals one if the firm has female directors on the nominating committee	RiskMetrics; Glassdoor

Variable	Definition	Data source
	but does not have a family-friendly workplace, and zero otherwise.	
Family-friendly only	An indicator that equals one if the firm has a family-friendly workplace but does not have female directors on the nominating committee, and zero otherwise.	RiskMetrics; Glassdoor
Both	An indicator that equals one if the firm has both nominating female directors and a family-friendly workplace, and zero otherwise.	RiskMetrics; Glassdoor

[a]Available at https://sites.google.com/view/jadhazell/home.

[b]Available at https://aese.psu.edu/nercrd/community/social-capital-resources.