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What Predicts Glassdoor Ratings?

And where should you invest resources to
enhance your scores?



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INTRODUCTION

With "rage applying" and "quiet quitting" on the rise, the U.S. Bureau of Labor Statistics noted December 2022 as the 19th consecutive month in which over 4 million people voluntarily quit their jobs.

This trend coupled with the current economic instability, marked by many companies announcing mass layoffs into 2023 and the threat of a recession looming on the horizon, underscores the vital need for companies to not only retain their top performers but also actively seek out and attract new, high-quality talent in order to stay competitive in the job market.

Glassdoor reviews and ratings have become an essential resource for both businesses and job seekers. For job seekers, Glassdoor serves as a "Yelp" or "TripAdvisor" for determining the best places to work. This, in turn, shapes the pool of candidates interested in joining an organization, their likelihood of applying, and ultimately, their decision to accept a job offer. It acts as an additional "filter" between organizations and their potential future employees.

While the impact of failing to attract top talent can serve as a lagging indicator, Glassdoor reviews and ratings have more immediate implications. They are also statistically linked to customer satisfaction and shape analysts' and investors' perceptions. The intersection of employee, customer, and investor satisfaction have a material impact on an organization's financial performance.

In this study, we will look at the drivers of Glassdoor ratings by analyzing Glassdoor's workplace factors (culture & value, DEI, work-life balance, senior leadership, compensation & benefits, and career opportunities) across a diverse set of companies including: (1) Fortune 100, (2) Unicorn 100, (3) Glassdoor's "Best Places to Work 2022," and (4) organizations that were ranked among the "worst" places to work (n=341 organizations).

We will share general trends, correlations, and interactions between key variables and Glassdoor scores to help organizations increase their Glassdoor scores and enhance employee experience, attract job candidates, and improve business and financial outcomes.

RESEARCH SAMPLE

Company category	Description	No. of Orgs
FORTUNE 100	Top 100 companies in Fortune 500	100
UNICORN 100	Top 100 valuable start-up in Unicorn* Companies	100
BEST COMPANIES	Winners of Glassdoor's Best Places to Work Award	100
WORST COMPANIES	Based on Axios Harris Poll 100 , Money Inc. USA Today , Yahoo	56
TOTAL		341*

*Unicorn companies are privately held startup organizations with an evaluation above \$1 billion.
**The total number of companies is 341 after accounting for 15 companies that appear in more than one list.



PART 1: RESULTS OVERVIEW

COMPARISON OF GLASSDOOR SCORES

STUDY OUTCOMES ACROSS ALL 341 COMPANIES

As anticipated, Glassdoor's "Best Companies to Work For" received the highest average Glassdoor scores (4.29) followed by Unicorn Companies (4.04), Fortune 100 (3.84), and finally the "Worst Companies to Work For" (3.20).

You may note that the range from "worst" to "best" is only 1.09 on a 5-point scale. This small, yet statistically significant difference reflects a large variance in the human experience at work.

Organizations have been increasingly looking into ways to augment their Glassdoor scores and even artificially inflate them. This means more and more organizations are approaching, and passing, the 4-star mark. Additionally, the current 5-point scale may not be sensitive enough to effectively capture the diverse range of employee experiences.



As a result, this is leading to a "ceiling effect" in which the majority of responses are concentrated at the upper end of the scale. To address this issue, we propose the implementation of a more sensitive scale, such as a 10-point scale like the Net Promoter Score (NPS), which would provide a more accurate representation of the variety of experiences within the organization.

There are other factors driving the differences between these categories, including the size of the organization, how long they've been in business, and the industry. We will discuss these in Part 3.

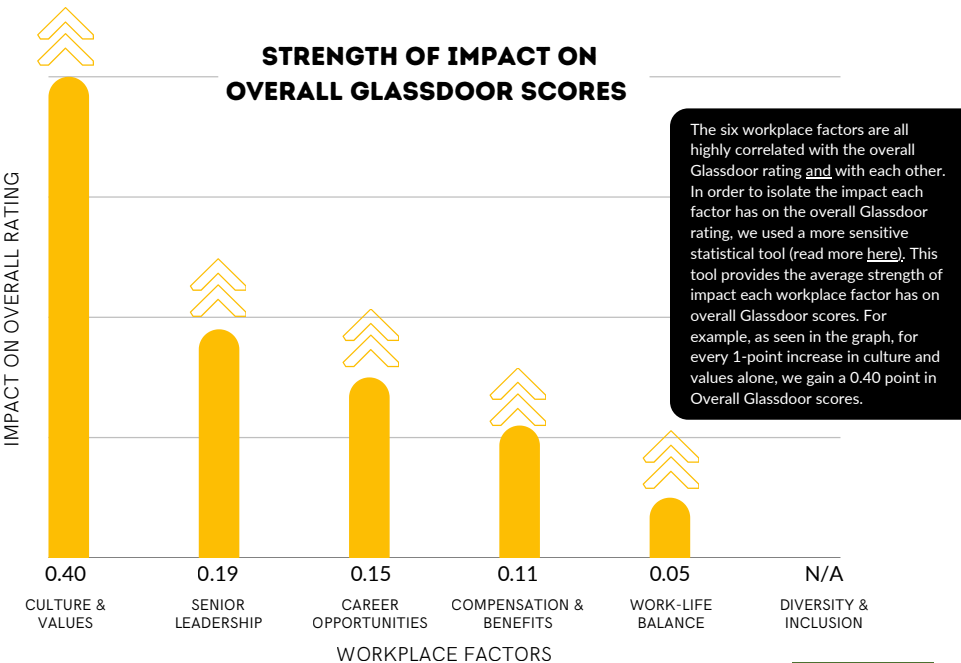
SMARTEST INVESTMENTS TO INCREASE GLASSDOOR SCORES

There are six Glassdoor workplace factors that contribute to overall Glassdoor ratings. But one stands out as the strongest driver: Culture and values. This means that Culture and values can explain the most differences in the overall Glassdoor scores received by different companies. Based on this information, it is reasonable to conclude that an organization with high culture scores is likely to have high Glassdoor scores.

More importantly, from an applicability perspective, if an organization is debating where to invest their resources in order to have the greatest impact on their Glassdoor scores (and everything that implies), their best bet would be to invest in the organizational culture and values.

Peter Drucker, the renown consultant and thought leader on management, famously said: "Culture eats strategy for breakfast." Culture and values impact how it feels to work as part of an organization. This feeling, though may seem soft, is the "hardest" factor in determining an organization's overall Glassdoor rating. According to [Gallup's State of the Global Workforce 2022 report](#), the global economy is losing trillions to low engagement which is a direct result of organizational culture. This proves that the way an employee feels about working in an organization can be tied directly to business results. Peter Drucker's statement about culture is not purely anecdotal.

Senior Leadership is also an important driver of overall Glassdoor scores (similar results were obtained in a [Glassdoor study from 2019](#)) and even more so when we look at different types of organizations.



BUT WAIT (!), WHAT ABOUT DEI AND WORK-LIFE BALANCE?

It may come as a surprise that DEI, despite the great attention it has been receiving, is the weakest driver of overall Glassdoor rating out of all the factors. Similarly, despite the rate of voluntary quitting, which is associated, among other things, with unmanageable workload and burn-out, work-life balance had very little impact on overall rating.

We suspect that the subjective nature of how work-life balance and DEI affect individuals leads to a greater variety in their experiences. For example, factors such as gender, family and caregiver status, and age can greatly impact the perceived degree of "balance" between work and life. Similarly, factors such as race, religion, ethnicity, gender, sexual orientation, and more can impact the degree of perceived diversity, equity, and inclusion in an organization.

The average impact of these factors does not reflect the degree of variety in responses or the true impact they have on Glassdoor ratings across different populations.

In addition, there are other interacting variables that impact the strength of both drivers which are accounted for in our breakdown of the data [by industry](#) and [by region](#). For example, in the financial industry, DEI is among the top three drivers while work-life balance is among the top three drivers in the midwest and southwest regions.



PART 2:

FORTUNE 100 VS UNICORN



Fortune 100 – focus on Senior Leadership
Unicorn 100 – focus on Culture & Values

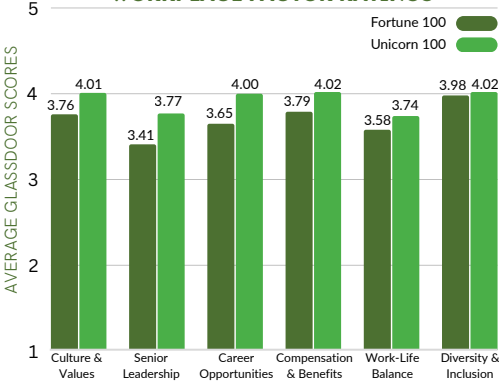
Overall rating

Fortune 100 companies rated lower than Unicorn 100 companies on all workplace factors with slightly larger differences in career opportunities and senior management.

Strongest impact on Glassdoor overall rating

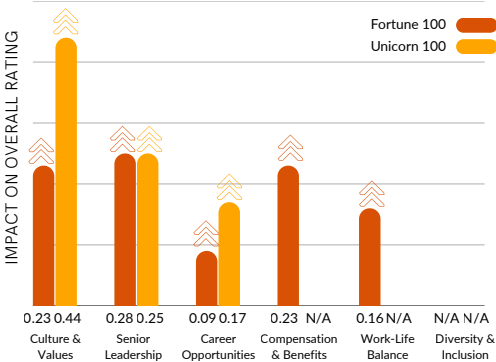
The strongest driver of Glassdoor ratings for Fortune 100 companies is senior management followed by culture and values. An increase of one Glassdoor star in senior management alone would lead to an increase of 0.28 for the overall Glassdoor rating. These results suggest that investing resources to boost the rating of senior leadership in Fortune 100s would yield the biggest ratings payoff.

AVERAGE GLASSDOOR WORKPLACE FACTOR RATINGS



Organizations may want to begin by looking at what is driving senior leadership ratings in the organization and implement changes in areas such as executive development, eminence within the organization, executive recruiting, and results of 360 assessments and engagement/pulse surveys.

STRENGTH OF WORKPLACE FACTORS IMPACT ON GLASSDOOR SCORES



*Chart includes only statistically significant data points

Interestingly, although the differences are subtle, Fortune 100 companies should focus their efforts on the area in which they have the lowest rating. Specifically, senior leadership not only has the strongest impact, it also presents the greatest opportunity for improvement.

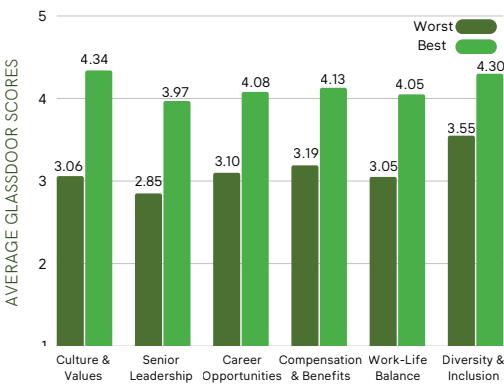
In contrast, when analyzing the top 100 Unicorn companies, we found that culture and values is the strongest predictor of overall Glassdoor rating. Upon further examination, we observed that for every one-point increase in the culture and values category, there is a corresponding 0.44 increase in overall rating. Senior leadership is the second most influential driver, followed by career opportunities.

BEST VS WORST COMPANIES TO WORK FOR



Best – focus on culture and values
Worst – focus on senior leadership

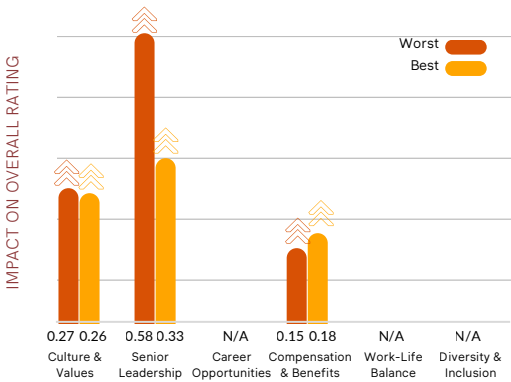
AVERAGE GLASSDOOR
WORKPLACE FACTOR RATINGS



Overall rating

The "best" companies have higher average scores in all workplace factors compared to the "worst" companies. The largest difference between the "best" and "worst" companies is in the culture and values factor, followed by senior leadership. This finding may help explain why the "best" companies have earned this title – they are more successful in the two factors that have the strongest impact on Glassdoor scores across all organizations studied in this research.

STRENGTH OF WORKPLACE FACTORS
IMPACT ON GLASSDOOR SCORES



*Chart includes only statistically significant data points

Strongest impact on Glassdoor overall rating

Senior leadership, culture and values, and compensation and benefits are the three strongest drivers in both "best" and "worst" companies. However, in the "worst" companies, senior leadership play a much bigger role in driving Glassdoor scores. The impact on overall scores is nearly two times higher than the two other statistically significant factors. There are various reasons for this. For example, perhaps the "worst" companies function in a more hierarchical and top-down manner while in the "best" companies are more egalitarian or flatter with decision-making taking place closer to the "front lines."

Interestingly, the "best" companies include a disproportionately high number of tech companies. Read more about the differences between industries [here](#).

LARGE VS SMALL COMPANIES

Large – focus on culture and values + senior leadership

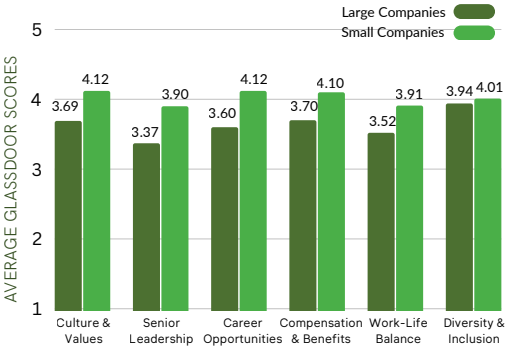
Small – focus on culture and values

Overall rating

When grouping organizations by size, we found that small organizations ($n < 1,000$) have the highest average Glassdoor ratings of 4.12, followed by medium-sized organizations ($1,000 < n < 10,000$) with an average of 4.08, and large organizations ($n > 10,000$) with an average of 3.78. As the results for medium-sized organizations were not statistically significantly different from those of small or large organizations, we did not include them in our analysis.

The greatest distinctions between large and small organizations are observed in the areas of career opportunities and senior leadership, with smaller companies scoring higher in both.

AVERAGE GLASSDOOR
WORKPLACE FACTOR RATINGS

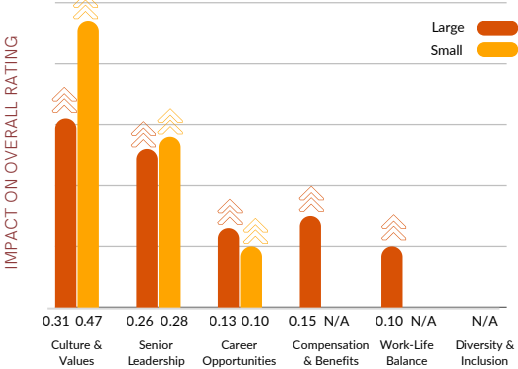


Strongest impact on
Glassdoor overall rating

Culture and values have the greatest impact on Glassdoor ratings in both large and small organizations, followed by senior leadership. However, in large companies, a greater number of workplace factors have a statistically significant impact on overall Glassdoor ratings. This may indicate that in large organizations, more attention and investment need to be directed towards multiple areas in order to improve Glassdoor scores. However, in small companies, culture and values has a much more powerful impact than all other factors.

The results here are similar to those in the comparison of Fortune 100 vs. Unicorn 100. As expected, most Fortune 100 companies are large corporations, while Unicorn 100 contain mostly small startups.

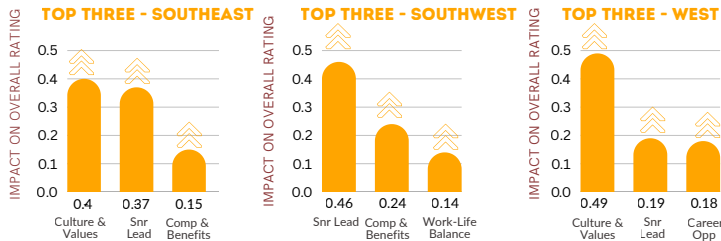
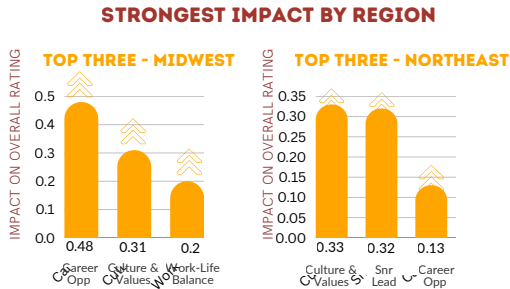
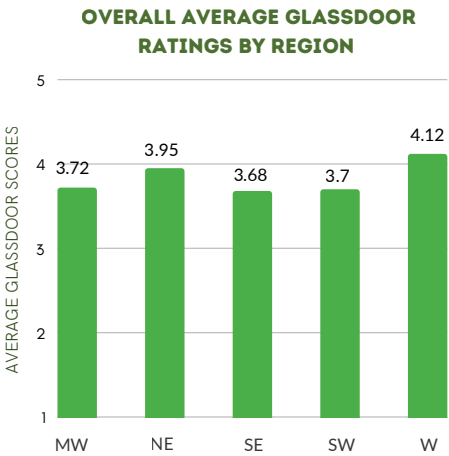
STRENGTH OF WORKPLACE FACTORS
IMPACT ON GLASSDOOR SCORES



GEOGRAPHY - US ONLY



- Midwest** - focus on Career Opportunities
- Northeast** - focus on Culture & Values and Senior Leadership
- Southeast** - focus on Culture & Values and Senior Leadership
- Southwest** - focus on Senior Leadership
- West coast** - focus on Culture & Values



*Charts includes only statistically significant data points

Overall rating

Companies located on the West coast have, on average, significantly higher scores than any other region of the United States, except the Northeastern region. This was the only statistically significant regional difference identified in the data.

Strongest impact on overall Glassdoor rating

Some interesting data points related to the strength of impact of the workplace factors on overall Glassdoor scores:

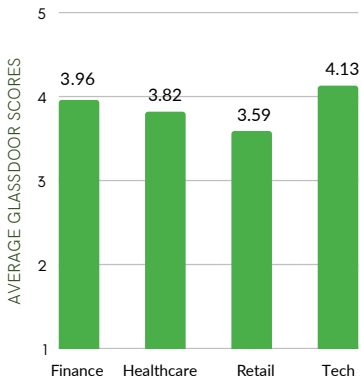
- The workplace factors with the strongest impact on overall Glassdoor rating in the Northeast and the West coast regions are identical, and they also have the same order of strength. However, while culture and values is the strongest in the West, companies in the Northeast should pay equal attention to culture and values and senior leadership.
- Work-life balance has the strongest impact in the Midwest and Southwest.
- Compensation and benefits have the strongest impact in the Southeast and the Southwest.
- Senior leadership has the strongest impact in the Southwest by far.
- Career opportunities interestingly have the strongest impact in the Midwest.

INDUSTRY

- Finance** – focus on Culture & Values and Senior Leadership
- Healthcare** – focus on Culture & Values and Senior Leadership
- Retail** – focus on Senior Leadership
- Tech** – focus on Culture & Values



OVERALL AVERAGE GLASSDOOR RATINGS BY INDUSTRY



- Work-life balance, which was the second lowest in terms of impact strength among all companies studied, emerged as the second-strongest driver of overall Glassdoor scores in the Retail sector after senior leadership.
- Culture and values is the most important workplace factor in Tech.

Overall Rating

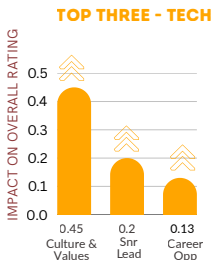
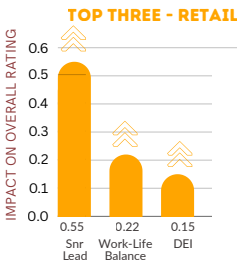
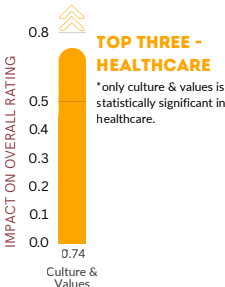
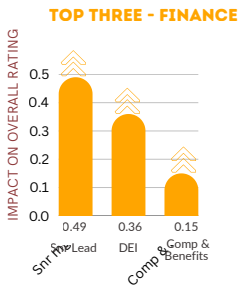
Tech has the leading Glassdoor scores among the four largest company categories represented in this study. It is statistically significantly different than all the other three industries. In addition, Finance and Retail are statistically significantly different.

Strongest Predictor of Glassdoor “Overall” Rating

Our analysis revealed some intriguing insights regarding the relative strength of various workplace factors in their impact on overall Glassdoor scores across the four industries:

- DEI, which had the lowest average prediction value across all 341 companies examined, has a significant influence in the Finance sector.
- While culture and values is the strongest driver of Glassdoor scores in general, in Healthcare it is the only statistically significant driver. This level of impact strength is not observed in any other analysis in this study and warrants further examination.

TOP DRIVERS BY INDUSTRY

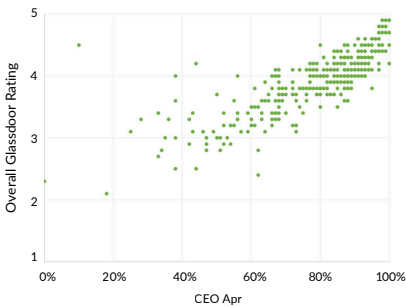


*Charts includes only statistically significant data points
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PART 3:

CORRELATIONS FOR CONSIDERATION

GLASSDOOR RATINGS AND CEO APPROVAL

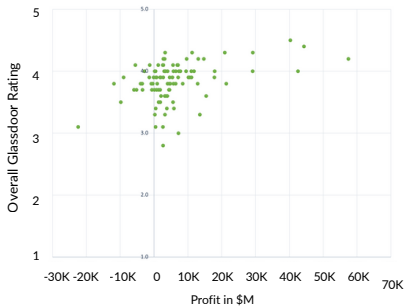


Strong positive correlation

Pearson $r=0.811^{**}$ (significant at .001, 2-tailed)

How people rated the CEO is highly associated with how they rated the organization overall. Though we cannot conclude causality or the direction of the relationship based on these results, it is probably safe to assume that among the many considerations that go into grooming, selecting, and developing a CEO, the internal organizational perception of the candidate/incumbent are very important. At the same time, an employee who is more engaged due to various positive conditions, may also be more likely to provide the CEO with a higher rating.

GLASSDOOR RATINGS AND PROFIT



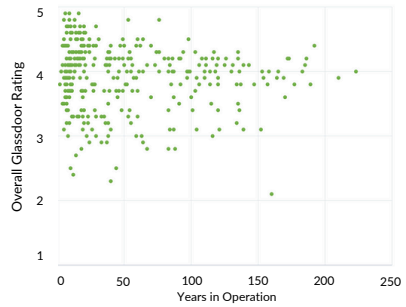
Moderate positive correlation

Pearson $r=.409^{**}$ (significant at 0.01, 2-tailed)

In Fortune 100 companies (for which there is publicly available information about income and profit), organizational profit was correlated with overall Glassdoor scores. Revenue, however, was not.

Again, we cannot conclude causality or the direction of the relationship. If we assume causality, then on the one hand, engaged employees yield +23% in profits according to a [recent Gallup study](#). At the same time, higher profits are more likely linked to an organizational culture of abundance and overall sense of pride, which are associated with higher engagement scores.

GLASSDOOR RATINGS AND YEARS OF OPERATION



No correlation

Pearson $r=-.077$ (not significant)

The number of years an organization has been in operation was NOT found in this study to be correlated with overall Glassdoor ratings.

PART 4:

STATISTICAL METHODOLOGY

For comparison of average Glassdoor scores (overall and within/between subgroups) we ran one-way ANOVA and post hoc analysis in SPSS at $\alpha=0.05$ level.

In order to calculate the impact of the Workplace Factors on Glassdoor overall scores, we applied Ordinary Least Square (OLS) in SPSS and used the unstandardized beta to interpret the contribution of each driver on overall rating. Additionally, we referred to the standardized beta to find the strongest predictors of the workspace factors for each company population. The potential of multicollinearity might be the concern of using the OLS model. Therefore, we applied the LASSO regression, ridge regression, and random forest techniques to confirm that the results from OLS is stable and consistent.

For the correlational analysis of years in operation, profit, and CEO approval we used Pearson correlation coefficient.





ENHANCING THE HUMAN EXPERIENCE AT WORK AND BEYOND

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