Feb. 2022 Bob

**Reading Note: Gender Gap in Performance: Evidence from Young Lawyers**

The paper shows the gender gap in performance – which is measured by hours billed to clients and new client revenue raised – among a cohort of lawyers in the United States. In addition, the paper identifies that child rearing and career aspirations are the two main reasons for the gender gap in performance of the lawyers. Furthermore, the paper shows that, after controlling related characteristics, the gender gap in performance can explain largely the gender gaps in career outcomes, including the gaps in annual earnings and promotion probability.

The paper uses a nationally representative panel survey from After the JD, which is a project aiming at gathering detailed data about the careers of law graduates and is led by the American Bar Foundation and other legal associations. The sample of the survey is a cohort of nearly 5,000 new lawyers admitted to the bar in 2000 in the United States. The survey contains detailed questions on job characteristics, employment history, and family status, enabling the paper to control a wide range of individual and firm characteristics. Despite that the survey is anonymously self-reported by those lawyers in the sample, the data complies with other external firm-reported data collected by the authors. The panel includes three waves of the survey conducted in 2002, 2007, and 2012 respectively. However, the study mainly focuses on the data of 2007 and those respondents who bill hours (mostly work for private law firms). Nonetheless, the paper uses the data of 2002 and 2012 to construct variables that are not observable on the data of 2007 such as the satisfaction of one's decision to become a lawyer in 2002 (to proxy the predetermined component of career aspirations in 2007) and being promoted or not before 2012 (being an equity partner or shareholder in the firm in 2012).

The paper uses billed hours (the hours billed to clients) and new client revenue (the amount of revenue generated by new clients brought by a lawyer) as two performance measures of a lawyer. These two measures are also widely adopted across different private law firms to determine the salary and bonus of a lawyer. Hence, the measures are comparable across different firms and closely related to the career outcomes of a lawyer. Such properties enable the authors to use the gender gap in performance to explain the gender gaps in career outcomes, which remain largely unexplainable in the past literature even after controlling a wide range of individual and firm characteristics.

With the help of rich data, the paper uses multivariate linear regression to identify the existence and examine the source of the gender gap in performance. Firstly, the paper regresses the performance measures (**Hours Billed** and **New Client Revenue**) on the female dummy variable (**Female**) and other individual and firm characteristics. The paper finds that the coefficient of **Female** is negative, large, and significant, suggesting the existence of a gender gap in performance. Then, the paper examines different hypotheses of the gender gap in performance, such as discrimination, child rearing, career aspirations, and overbilling behavior. The paper finds that child rearing and career aspirations are the main sources of the gender gap in performance. Notably, the main source for the gender gaps in the two different measures seems to be different: for **Hours Billed**, child rearing is the main source; for **New Client Revenue**, career aspirations are the main source.

For the hypothesis of child rearing, the paper adds interaction terms of **Female** and different numbers of children (1, 2, and more than 3) and the presence of young children (below 4 years old) to the original regressions. When adding these interaction terms to the regression of **Hours Billed**, the paper finds that the coefficient of **Female** becomes smaller (in magnitude) and insignificant. Also, among those interaction terms, the coefficient of the interaction of **Female** and the presence of young children is significant and negative, suggesting that females shouldering a greater responsibility on child rearing may be the reason for the existence of gender gap in the number of billed hours. However, adding the interaction terms to the regression of **New Client Revenue** has little effect on the coefficient of **Female**, suggesting child rearing may not be the main source of the gender gap in the amount of new client revenue.

As for the hypothesis of career aspirations, the paper adds to the original regressions an aspiration variable (**Aspirations**), which is a scale from 1 to 10 indicated the self-reported aspirations to become an equity partner in their firm (measured in 2007). After adding **Aspirations** to the original regression of **New Client Revenue**, the coefficient of **Female** becomes smaller and insignificant and the coefficient of **Aspirations** is positive and significant, indicating the gender difference in career aspirations may explain a large portion of the gender gap in the amount of new client revenue. On the other hand, after adding **Aspirations** to the original regression of **Hours Billed**, the coefficient of **Female** reduces a little. Although the coefficient of **Aspirations** is significant, the coefficient of **Female** is still negative, large, and significant, showing career aspirations may not be the main source of the gender gap in the number of billed hours. In addition, the paper also adds the interaction term of **Female** and **Aspirations** and finds that the term is not significant for both performance measures, suggesting that the effect of career aspirations to males and females on the performance is likely to be equal.

However, career aspirations may be determined by expectations formed at the workplace, where gender discrimination might happen. To mitigate the effect from feedback from the workplace on career aspirations, the paper replaces **Aspiration** with a predicted aspirations variable (**Predicted Aspirations**), which is the part of **Aspirations** that can be explained by the satisfaction of one's decision to become a lawyer in 2002 and the period that one expected to work for the same employer in 2002. In addition, the paper also controls potential channels in the workplace that might affect career aspirations, such as case assignments, perceived discrimination, and mentoring male partners. Under such a setting, for both performance measures, the coefficients of **Female** become smaller and insignificant and the coefficients of **Predicted Aspirations** are positive and significant. The above results reassure the importance of gender difference in career aspirations on the gender gap in performance.

The paper also examines the gaps of two different kinds of career outcomes – annual earnings and promotion probability. The paper regresses annual earnings (**Earnings**) and the promotion dummy variable (**Promotion**) on **Female** and other individual and firm characteristics. The paper finds that, for both outcomes, the coefficients of **Female** are large, negative, and significant, suggesting the existence of gender gaps in career outcomes. Then, after adding the performance measures to the regression of **Earnings**, the significance level of coefficient of **Female** changes from 1 % level to 10 % level. In addition, as the paper adds the control of each lawyer's specialization areas of law, the coefficient of **Female** becomes much smaller and insignificant. On the other hand, as the paper adds the performance measures to the regression of **Promotion**, the coefficient of **Female** becomes smaller and insignificant. Also, in each case, the coefficients of both measures are positive and significant. The above results show that the gender gap in performance can explain a large portion of the gender gaps in career outcomes.

To sum up, the paper uses a nationally representative sample of a cohort of lawyers to show the existence of the gender gap in performance and to identify that child rearing and career aspirations are the main sources of the gender gap in performance. Hence, the paper can use the gender gap in performance to explain the gender gaps in career outcomes that are unexplainable in the previous literature. One limitation of the paper is that since the data is drawn on a cohort of new lawyers admitted to the bar in 2000 in the United States, the results may be different in a different country or at a different time. Another point is that, although the paper argues that the gender difference in career aspirations in 2007 has already been partially determined in 2002 and hence suggests that the feedback from the workplace is less important on the gender gap in performance. However, the working experience of 2 years (from 2000 to 2002) may be already enough for new lawyers to receive feedback regarding future promotion and hence may be reflected in their survey in 2002. Hence, the main source of the gender difference in career aspirations is still worth exploring.