

# Reading Notes

## Gender Gaps in Performance: Evidence from Young Lawyers

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### 1 Introduction

#### 1. Summary

This paper examines the gender gaps in performance in law firms. They use hours billed and new client revenue to measure the performance of lawyers. This paper finds that the main determinants of gaps in performance are the impact of the presence of young children on genders and career aspirations across genders. The authors also show that the inconsistent performance between genders results in gender gaps in earnings and promotion.

#### 2. Contribution

The novelty of this paper lies in the application of legal profession data in the US, which allows for exploring gender gaps in performance across firms and specialization because of the comparability of the performance measures. Also, this paper can explain partly why the number of women in high-skilled positions is not sufficient.

## 2 Econometric Techniques

This part talks about data and empirical strategies used in the paper.

### 1. Data Description and Some Measurements

The authors use the data from After the JD. This data contains the survey from lawyers in 2002, and the same lawyers are surveyed again in 2007. The authors use two variables to measure the performance. One is annual billable hour; the other is new client revenue measured by the firm's revenue attributed to new clients. The dataset the authors use also contains the total earnings, educational background of the lawyers, and information on the region in which lawyers live. Total earnings variable is used to explore the effect of gender gaps in performance on gender gaps in earnings. The latter two variables are applied as control variables in the regression.

### 2. Explore Performance Gaps

The authors make regression of lawyers' performance on gender and some control variables. The coefficient of *Female* is statistically significant, which shows that gender performance exists and these control variables cannot fully explain the performance gap.

### 3. Some Possible Explanations for Gender Gaps in Performance

The first one is about selection problems. The authors make regression of target hours on gender and other control variables to rule out this possibility. The insignificant coefficient of gender shows that there is no gender difference in selection billing requirements.

The second possible reason is the differences in the output per hour worked. The coefficient of gender is significant in the ratio of aggregate performance to hours worked regression, which shows that gender gaps in performance are not only due to differences in the total hours worked.

The third one is related to the lawyers' specialty. The authors add the fixed effect of areas of law to explore this possible reason. They find that the coefficients of gender on performance are still significant after adding this fixed effect. Therefore, different

specialties cannot fully explain gender gaps in performance.

#### 4. Determinants of Performance Gap

The first one is discrimination measured by not receiving enough assignments and partners discounting hours. However, when the authors add the discrimination measures in the regression, the coefficient of *Female* is significant, showing that the discrimination cannot be regarded as one of the reasons for gender gaps in performance. The authors also use two regressions (feeling of being constrained and senior mentor) to make robustness check, and the results are similar.

The second one is related to child rearing. The authors find that when they add the interaction term of gender and child age under four, the coefficient of gender on hours billed is not significant. This result shows that having young children leads to female lawyers working fewer billed hours, but it cannot help to explain the gender gap in new client revenue.

The third one is about career aspirations, measured by the rate of aspirations of lawyers to become a partner in the firm. After adding the term of aspirations and its interaction with gender, the coefficient of *Female* is insignificant in new client revenue regression, which shows that the gender gaps in aspirations can explain the gender differences in the new client revenue.

Finally, the authors find that other possible explanations (overbilling, networking, and working weekends) of gaps in performance do not have a significant effect.

#### 5. The Role of Performance

There are two kinds of roles of performance. One is the role of performance in the earnings gender gap. The authors find that, after controlling the performance and other control variables, the coefficients of gender become insignificant. This result represents that gender gaps in earnings can explain gender gaps in performance. The other is the role of performance in the promotion. The authors measure the level of promotion aspirations by using the likelihood of becoming a partner. When the authors add the measurements of performance, the coefficient of *Female* becomes insignificant. Thus, the authors conclude that promotion aspirations explain an important part of

the gender gap in performance.

### **3 Limitations**

The paper may have two limitations as follows.

1. One point is that this paper cannot explain why there are differences in aspiration and household responsibilities between females and males and whether this social notion is a form of discrimination. I think the authors may need to consider other ways to measure social discrimination.
2. The other point is that the authors should report the regression methods. For the regressions of gender gaps in performance, the authors use two variables to measure the performance and only use OLS to estimate the coefficients of two equations separately. I think the authors can also use other ways, such as seemingly unrelated regression (SUR). This method can assume the error terms of two equations can be correlated, which may be more reliable.

### **4 Conclusions**

There are two main conclusions in the paper.

1. First, this paper finds that gender gaps in performance result from different influences of the presence of young children on genders and different career aspirations across genders.
2. Second, the authors show that the inconsistent performance between genders results in gender gaps in earnings and promotion.