

Reading Notes on Gender Gaps in Performance

Economists consistently observe gender gaps in wages but could not figure out precisely whether they arises from “justified” reasons like performance gaps or purely from “unjustified” discrimination against women due to lacking of direct variable to capture one’s performance. In *Gender Gaps in Performance: Evidence from Young Lawyers*, Ghazala and Rosa (G&R) conclude that, at least in the legal profession, it is gender gaps in performance that lead to gender gaps in career outcomes including earnings, promotion opportunities, and the likelihood to become a partner. With individual and firm characteristics explaining approximately 50 percent of earning gaps (9% of earning difference), two performance variables (hours billed & new client value) can explain nearly all of the remaining earning gaps. One step further, G&R also investigate what factors influence gender performance gaps. They find that the existence of young children will decrease female lawyers’ billing hours while aspiration can explain women’s poorer performance in new client value. This paper concludes that gender gaps performance is the key reason for observed gender gaps in career outcomes in the legal profession and implicates that gender gaps in career outcomes may not diminish and even increase in following years. Moreover, this paper suggests that the conclusion derived in this paper may also apply to more general industries.

One of the biggest advantages of this paper lies in its data and empirical strategy. This paper’s choice of the legal profession brings a substantial benefit. That is, in the legal profession, there already exist two measures for lawyers’ working performance evaluation: hour billed and new client value, which are even consistent among firms and areas of specialization. With these two direct variables presenting lawyers’ performance, there’s no need to find proxies and thus brings more precision to the research. To depict the dependent variable, career outcomes, this paper uses earnings, promotion opportunities, and the likelihood of becoming a partner. Also, this paper includes a set of control variables depicting an individual’s characteristics (e.g., gender, age, education, marital status, etc.), regions, and firms’ characteristics (e.g., area of specialization, size, etc.). Moreover, this paper includes variables measuring discrimination, child status, aspirations, over-billing, networking, and weekend working, which are all used to investigate what factors influence lawyers’ performance.

The result of this paper can be partitioned into two parts. In the first part, this paper first shows that there existing a 18% earning gap in gender. After introducing individual and firm’s fixed effect, there’s a 9% gender gaps unexplained. When individual performance variables are added, the coefficient for female becomes insignificant, implying gender performance gaps can explain all of the remaining 9% of the earning gap. Gender gaps in performance also has the same effect on promotion opportunities. This paper reports men are about 9% more likely to become a partner after

five years than women, even after controlling the individual and firm's fixed effect. However, when individual performance variables are introduced, the coefficient for female becomes insignificant again, suggesting that gender gaps in performance also explains all remaining 9% of gender gaps in promotion opportunities.

In the second part of the result, this paper investigates what factors influence gender gaps in performance. After controlling individuals', firms' characteristics, and even working hours, female lawyers still have 97 billing hours and bring approximately \$324000 less than men, which are significant in any significance level. Traditional hypotheses include discrimination and child-rearing. However, after testing four channels of discrimination (case assignment, mentoring activities, type of task, self-reported discrimination), this paper finds none of them could explain gender gaps in performance. As for child-rearing, the existence of children aged under 4 decreases approximately 200 fewer hours for female lawyers per year but exerts nearly no impact on male lawyers. Moreover, after introducing child-rearing variables, nearly all gender gaps in hours billed is explained with the coefficient for female becoming insignificant. Unfortunately, child-rearing can only explain gender gaps in hours billed but cannot explain gender gaps in new client revenue. To find that, this paper tests four additional hypotheses: aspirations to become a partner, over-billing, networking, and working weekends. It turns out that after introducing an individual's aspirations, nearly all gender gaps in new client value are explained with the coefficient of aspirations being significant at any significant level and the coefficient for female becoming insignificant. Moreover, aspirations exert no different effect on male and female lawyers since the interaction term between female and aspirations is insignificant. For over-billing, networking, and working weekends, this paper finds they play no role in explaining gender gaps in career outcomes.

This paper is significant in that it shows that in the area of the legal profession, gender gaps in career outcome is due to a fair reason—gender gaps in performance instead of discrimination against women. Yet it still has some limitations. This paper focuses mainly on the narrow field of legal profession, which is highly technical. Though it claims the result can apply to other industries, this paper does not explicitly show reasons for that. In areas without direct performance variables, the result in this paper still remains to be a hypothesis.