

Reading Notes of Gender Gaps in Performance: Evidence from Young Lawyers

Overview of the article

This article studies how the performance of male and female lawyer affect gender inequality in career outcomes. In particular, how the difference in annual hours billed and amount of new client revenue brought to the firm affect gender inequality in earnings and promotion. The researchers also examine factors that determine male and female lawyers' performance. Such factors include differences in areas of specialization, presence of preschool-aged children in the household, aspiration to be promoted, likelihood of report overbilling client, time spent networking and explicit discrimination at the firm level.

Main idea of the article

Investigate how difference in performance between male and female lawyers in legal profession affect their different career outcomes. Explore the possible explanation of gender earnings gap and differences in getting a promotion. Give researchers an insight into gender gap in high-skilled profession.

Overview of theoretical foundation

Researchers are interested in gender gaps in career outcomes in high-skilled professions. One of the most important factors is performance gaps. However, performance is very hard to measure because in most high-skilled professions, different firms use different measurement to evaluate workers. Legal professions, however, use the same performance index across the industry. All the law firms use hours billed and new client revenue to evaluate a lawyer's performance. This allows researchers to incorporate a larger sample set and generate a more accurate insight into gender gap. Researchers can also use this study to serve as a proxy for other high-skilled professions.

Overview of data and empirical strategy

The data for all the lawyers are from AJD study which is a survey of lawyers in the US. The survey interviewed lawyers who passed the bar exam in 2000. The first interview was conducted in 2002 and a subsequent one was conducted in 2007. In the first interview which took place in 2002, lawyers were asked about their job characteristics, employment history, educational background and family status. In the second interview which took place in 2007, aspiration to be promoted, hours billed and annual new client revenue was included in the survey.

The author first studied factors that affect performance gap. The first regression is hours billed on gender, age, marital status, number of children in the household, ethnicity, tenure, full-time status, detailed educational background and prior working experience. Second regression is new client revenue on all the individual and firm characteristics mentioned above. The author suspected that one of the possible reasons for the gender gap in performance is the firm has different expectations about hours billed for male and female. He subsequently regresses target hours on all the individual and firm characteristics. Next, the author investigated if the performance gap is because female lawyers are less efficient than male lawyer. He regressed the ratio of hours billed/hours worked, new client revenue/hours worked, and aggregate performance/hours worked on individual and firm characteristics respectively. To investigate how specialization in different area of law affect the performance gap, the author controlled for the area of law and regresses hours billed and new client revenue on lawyers' individual and firm characteristics. The author was not able to find any factors causing the performance gap from individual and firm characteristics, he then turn to study how discrimination, child rearing, career aspirations and overbilling, networking might affect performance. To study discrimination, the author regress hours billed and new client revenue on gender, not enough assignment and partner discounted hours. He also created interaction terms between gender and the two discrimination measurements. When assessing the effect of child rearing, they controlled individual and firm characteristics, created interaction terms between gender and number of children. They regressed hours billed and new client revenue on gender, number of

children and the interaction terms. The author regressed hours billed and new client revenue on gender and aspirations to study how difference in aspirations affect performance gap.

After the author studied the factors affecting performance gap, they explored how performance gap affects gender gap in earnings and promotion. They first regress log of earnings on individual and firm characteristics, after control for these factors, the gender gap falls by approximately 50%, the coefficient is statistically significant. Next, they added hours billed and new client revenue into the regression. The author regressed log of earnings on hours billed and new client revenue, control for individual, firm characteristics, educational factors, area of law and region. After that, they studied link between performance gap and promotion gender gap. The author regressed likelihood of becoming a partner on individual, firm characteristics and performance index.

Overview of findings

There is a gap in hours billed between male and female lawyers. Individual and firm characteristics only account for a small share of this gap in hours billed. Detailed educational factors has a negligible effect on gender gap. There is approximately 30000 dollars difference between the new client revenue brought by male and female lawyer. After the author account for individual and firm characteristic, detailed educational factors, the difference in new client revenue stays the same. There is no difference in the efficiency of female and male lawyers. Female lawyers do not work for more hours than male for one billable hour. Male lawyers are more efficient in bringing in new clients. More male lawyers are in the intellectual property and criminal law, more female lawyers are in the family law, probate, employment law, workers compensation, insurance law, civil rights. Different specialization in area of law only account for a small part of the performance gap, no evidence that women are prone to join the areas with lower billable hours. For lawyers who were not assigned to enough cases or had hours discounted by partners, there is no statistically significant difference between male and female in performance. The factor that male lawyers tend to have a male partner as mentor does not explain the gender performance gap. The explicit discrimination people face in workplace do not explain the performance gap. The number of children does not affect lawyers' performance, it does not have differential effect on female lawyers. The presence of children less than 4 years old lowers female lawyers' hours billed but it does not affect new client revenue. Female lawyers might put more effort into child rearing than male lawyers. There is a difference in aspiration between female and male lawyers. Male lawyers are more ambitious. After control for the aspiration, the difference in performance are no longer significant, indicating that difference in aspirations explain the remaining part of the gender performance gap.

When studying how the performance gap affect earnings gap, the author found that half of the gap can be explained by individual and firm characteristics, the remaining difference is due to the performance gender gap. When studying the link between performance and promotion gap. They first noted that there is a significant gender gap in promotion which is not due to the individual or firm characteristics. Then they found that promotion and performance in early career are positively correlated. Lastly, performance index explained a significant part of promotion gap.

Summarize main idea and the underlying meaning of the article, limitation of the article

The article studied the effect of performance, namely hours billed and new client revenue, on earnings and promotion gender gap. They found performance explain a significant share of these gender gaps. The author also explored factors that affect the performance gender gap and found that difference in aspirations between male and female lawyers explain a large share of performance gap.

This article opens up a great topic which is why male and female have different career aspirations and that leads us to explore greater details of gender inequality.