

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

Azmat and Ferrer observed a difference in earnings and promotion between male and female lawyers and they studied factors that affect this difference. They first controlled for firm and individual characteristics and the gender gap in earnings fell by 50%. There is still an approximately 50% of gender gap left unexplained. To address the remaining gap, the author controlled for performance of male and female lawyers. 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. After the researchers control for performance, individual and firm characteristics, there is no longer a statistically significant earnings gap between male and female lawyer. The researchers also interested in factors that determine male and female lawyers' performance. They studied effect on male and female lawyer's performance gap from factors including 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. They found difference in aspirations between male and female lawyers explained a great share of performance gap.

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, lawyers were asked about their job characteristics, employment history, educational background and family status. In the second interview, aspiration to be promoted, hours billed and annual new client revenue was included in the survey. One thing we need to note here is performance is very hard to measure because in most high-skilled professions, different firms use different measurement to evaluate workers. Legal professions 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.

Azmat and Ferrer first controlled for individual and firm characteristics. These characteristics include gender, age, marital status, number of children in the household, ethnicity, tenure, full-time status, detailed educational background and prior working experience. They first regress log of earnings on individual and firm characteristics, after control for these factors, the gender gap falls by approximately 50%. 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. The difference in earnings between male and female became insignificant so the remaining earnings gap can be explained by performance.

The author also studied factors that affect performance gap. The first controlled for firm and individual characteristics and found that these characteristics only account for a small share of this gap in hours billed. 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.

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. Female lawyers do not work more hours for one billable hour. Male lawyers are more efficient in bringing in new clients.

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. 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.

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 and different career aspirations 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. 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.

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 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.

The author regressed hours billed and new client revenue on gender and aspirations to study how difference in aspirations affect performance gap. 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 is no longer significant, indicating that difference in aspirations explain the remaining part of the gender performance gap.

This article studies what factors 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. 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.