

Gender Gaps in Performance: Evidence from Young Lawyers (Azmat & Ferrer, 2017)

Gender gaps in career outcome among high-skilled workers still persist despite the success on social side in promoting gender equality. One of the most important determinant of a person's career outcome is naturally his/her performance, and male and female workers could have systematically different performance which could potentially explain the observed gender gaps. Unfortunately, the measure of performance is heterogeneous across firms in almost every industry, so previous studies need to rely on indirect proxies for the performance which might be inaccurate and cause measurement errors. This, however, is not true for legal profession. Law firms use common objective methods to evaluate lawyers, which are 1) lawyer's annual hours billed to customer, and 2) annual revenue a lawyer get from new clients. Using this homogeneous performance indicator, the study found that having a preschool child and career aspiration are two determinants of the performance gap, and this difference performance can explain around half of the gender career outcome differences.

The paper uses data from *After the JD*, which is the survey of all lawyers admitted to the bar in 2000, and performs OLS regression with the dependent variable being the 2 performance measures, and the independent variable being female dummy variable and other controls¹. The result shows a significant gender gap in performance. On average, Female lawyers have lower productivity and end up billing approximately 100 hours less and bringing in only a half of the new client revenue of their male counterpart. This gender gap in performance is relatively stable across the distribution as confirmed by the quantile regressions of the same model.

Next, the paper investigates the determinants of the performance gap by introducing these determinants and the interaction term with gender to the model. The study found that having a preschool child reduces hours billed for female lawyers but not male lawyer. This suggests that women take a larger share of childrearing responsibility. However, the finding was subjected to 2 possible selection issues. First, lower productivity women might have more children. The paper accounts for this issue by comparing predicted earning and performance, which are forecasted by pre-labor market information, between lawyers with and without children and found no significant different. Secondly, women could choose to have children when they are at the lowest productive period in their careers. The study calculated earning for a year before having birth and found that there is no drop in earning. Hence, this issue is, again, not a problem.

Another significant determinant is that male lawyer has stronger career aspiration. The result shows that aspiration have similar positive effect on career outcome for both male and female. However, the fact that male have stronger aspiration can explain a large portion of the performance gap especially in new client revenue. Furthermore, quantile regression

¹ Control variables include both individual characteristics (marital status, age, number of children, the presence of children at preschool age, ethnicity, years of tenure, working full time and education) and firm characteristics (size of firm, and type of organization).

analysis reassures the result by showing that the result does apply throughout the distribution. This difference in aspiration is likely influenced by social values that causes male to value work and money more. To account for possible contemporaneous feedback, the study tested using only the aspiration data from the first wave of the survey, which collected from lawyers that has been working for only 2 years, and the result remained robust.

One remark I have about the paper is that the method it uses to assess contemporaneous feedback between career aspiration and performance is not very assuring. The study proxies the “pre-labor market” aspiration to become a partner by the response of how satisfied the subject is with his / her decision to become a lawyer and how long will he / she would like to remain with the current employer, all of which surveyed 2 years after the subject got a job. Then the study argues that 2 years is not enough for the feedback from the employer to have an effect on the aspiration. I found this very unlikely. Normally, employee performance evaluation is done annually, so within that 2 years the subject must have been evaluated at least once. This evaluation can have a significant impact on subject’s perception of the job and career path especially for those that have no past work experience because the evaluation will tell his/her placement in real working environment. Hence, those received poor evaluation might be less satisfy with their choice to become lawyer and/or plan to change the employer sooner, and vice versa, so there is still a contemporaneous feedback with the selected proxy.