

Gender Gaps in Performance: Evidence from Young Lawyers - Reading Notes I

Runling Wu

Gender wage gap has been typically and frequently highlighted by the existing literature. However, there is a still unexplained wage gap even if we look at men and women working in the same firm and on the same job. [Azmat and Ferrer \[2017\]](#) mainly investigate gender unexplained wage gap in legal professions through a novel channel of gender performance differences. This paper uses data from the longitudinal survey After the JD (AJD), which interviewed a representative sample of lawyers admitted to the bar in 2000 in U.S. This paper begins by examining conventional explanations for gender performance discrepancies and then suggests two novel performance measures: hours billed and new customer revenue. Finally, their results indicate that accounting for gender differences in performance significantly reduces gender disparities in lawyer pay and career advancement.

[Azmat and Ferrer \[2017\]](#) extend several strands of existing literature. First, this paper builds on prior research on the gender earnings gap and propose a new theoretical pathway for the unexplained gender earnings disparity via performance disparities between genders. Second, this paper detangles gender performance differences by using two innovative measures of on-the-job performance: billable hours and new client revenue. Furthermore, this research offers important insights on the persistent gender gaps in earnings and career development among highly skilled occupations.

In terms of the general framework, the simple assumption is that if a male and female lawyer share identical individual characteristics, work for the same company, have the same level of education, and live in the same region, their job performance and earnings should be equivalent. Even after adjusting for all of these effects, female and male lawyers continue to have significant performance differences.

Their sample is drawn from the longitudinal survey After the JD (AJD), which consists primarily of three waves: 2002, 2007 and 2012. The AJD database contains detailed information about the education and demographic characteristics of lawyers. Besides that, [Azmat and Ferrer \[2017\]](#) supplement self-reported AJD data with firms data on key performance variables.

The primary empirical strategy in this study is to first investigate the raw performance gap and then perform OLS and quantile regressions by looking at female coefficients at various points of the distribution. Additionally, this study includes firm controls, region fixed effects, and education controls to determine whether the persistent gender performance gaps remain. To determine whether certain variables affect the gender performance gap, this study implements a baseline regression, explicitly assuming that females and males have the same rate of return on hours billed and other explanatory variables. The research then include a comprehensive set of interactions between the targeted explanatory variables, accounting for the fact that female and male lawyers earn different rates of return.

There are two important results. The paper finds that three main channels of explaining gender performance disparities in high-skilled workers setting: potential workplace discrimination; existence of preschool children in the household; career aspiration of becoming a partner. Among these, the unequal effects across genders in existence of preschool children and career aspiration account for a sizable proportion in performance disparities between male and female lawyers. Additionally, accounting for performance differences has significant implications for closing gender wage disparities and advancing careers in high-skilled occupations.

To summarise, [Azmat and Ferrer \[2017\]](#) contribute to the study of gender wage gap through gender performance disparities. The paper uses two novel measures to disentangle gender wage disparities from the perspective of gender performance differences. Their research sheds light on the pervasive gender disparities in earnings and career advancement in highly skilled occupations.

This study has several limitations. First, this paper presents a descriptive study without delving into the theoretical underpinnings. A model is needed to account for the fundamental performance differences between genders and their underlying mechanisms. Second, they take selection bias into account later in the section. Men and women choose very differently to become lawyers at their twenties. They do not take into account the possibility of job transitions and promotion within and across firms. A two-step Heckman process is necessary to account for selection bias at the early stage of career. Other female wage shifters, such as spousal income and family wealth, may also need to be considered.

References

Azmat, Ghazala and Rosa Ferrer, "Gender Gaps in Performance: Evidence from Young Lawyers," *Journal of Political Economy*, 2017, 125 (5), 1306–1355.