

Gender Gaps in Performance: Evidence from Young Lawyers

Reading Note 1, Yuzhe Wang

The article mainly solved two problems: (i) factors influencing the gender gaps in working performance; (ii) how gender performance gaps will lead to the difference in career outcomes. The authors used the data from the legal profession to analyze because the performance evaluation methods of lawyers are straightforward and comparable across companies and fields of specialization. Two commonly adopted performance measures were introduced and were compared in the results of different models. Based on these data, three hypotheses — gender discrimination, child-rearing, and aspirations — were mainly discussed to investigate the gender performance gaps. Then, the authors explored the gender gaps in earnings by comparing different results without and with controlling for performance. In conclusion, the article found that the existence of preschool children and aspirations create performance gaps where aspirations are the key factor. In addition, the working performance explains a substantial part of the gender gaps in career outcomes.

The previous research showed that there is persistent gender earning gaps among lawyers (Wood, Corcoran, and Courant 1993; Dinovitzer, Reichman, and Sterling 2009), and the career outcome gaps are always linked to the performance gaps (Lazear and Shaw 2007; Lemieux, MacLeod, and Parent 2009). This founding provided the authors with a solid theoretical foundation to firstly examine the prime factors that bring the gender differences in performance.

The paper took the annual hours billed and new client revenue as two measures of lawyers' performance, the data of which were collected by AJD's survey in 2007. In addition, annual earnings and partnership status were used to represent the career outcomes. To confirm the gender gaps in performance, the authors regressed the hours billed and new client revenue on the dummy variable of female and other controlled individual and firm characteristics. They found that the huge gender gaps truly existed.

Then, the article explored the factors leading to these gender performance gaps by regressing the measured performance separately on three highly concerned parts: discrimination, child-rearing, and additional factors including aspirations. In these models, the factors of individual attributes, firms, regions, and education were also controlled. Additionally, the models also included the interaction term of the gender dummy and the concerned regressors. If the factors interested were significant and could lower the effect of gender dummy, they were considered to explain the gender performance gaps. After clarifying the factors influencing the gaps, the authors used similar structures to measure the importance of performance in earnings gender gaps and career promotion by controlling the performance factors in regressions.

The results of the regressions demonstrated that preschool child-rearing and aspirations could explain the gender performance gaps, and the performance could explain most of the gaps in earnings and promotion in addition to the individual and company controls. It was shown that the male lawyers with preschool children earned 200 more billed hours each year, and the coefficient of gender dummy became insignificant when controlling aspirations, which indicated that aspirations are crucial in justifying the gender performance gaps. The research also found that 100 more annual hours billed bring a 3.2 percent increase in annual earnings and each \$100,000 new client revenue indicates a 4.0 percent raise in salary. Moreover, the measured performance was found to explain 40 percent of the gender gaps in promotion aside from the personal and firm characteristics.

In conclusion, the article demonstrated that preschool children and aspirations are two factors explaining the gender performance gaps in the legal profession, and the performance gaps also explain most of the gaps in career outcomes.