

Reading Notes

Gender Gaps in Performance: Evidence from Young Lawyers

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It is known that there is a large earnings premium for men in the labor market. Many economists want to study why this is the case. One of the challenges is that workplace performance is commonly unobserved or omitted in data. Thus, this paper is to find whether performance affects the gender gap in career outcomes and the determinants of gender gaps in performance. The authors focus on the legal professionals, and they use annual hours billed and new client revenue as two measurements of performance. Their results suggest that the presence of young children and career aspiration are the main determinants of gender gaps in performance, and performance is an important determinant of lawyers' earnings and promotion to partnership.

The authors use data from After the JD, a national, longitudinal survey of lawyers in the United States. Using this data, Azmat and Ferrer document the existence of gender gap in performance, even controlling for detailed individual and firm variables. Then the authors rule out some possible explanations for gender gaps in performance. The first is the number of target hours, which is ruled out because of the insignificant gender coefficient. The second is the difference in hours worked. The coefficient of the gender in the regression on the ratio of aggregate performance to hours worked is significant. So the difference in hours worked cannot be the explanation. The third is lawyer's specialty, which is excluded after controlling for the fixed effect of areas of law.

Next, the authors use linear models (OLS) to test three main hypotheses of the determinants of gender gaps in performance--employer discrimination in the workplace, the presence of children, and career concern factors. When testing the first hypothesis, Azmat and Ferrer add different discrimination variables each time in the regression, and the coefficient of gender is significant all the time. So employer discrimination is not responsible for the gender gap. For the second hypothesis, the

presence of children hypothesis, the authors add the interaction of gender and children in the regression. Then the result shows that when the performance is measured by the hours billed, the coefficient of gender is insignificant, which implies that child-rearing helps explain the gender gap in hours billed. The reason is that females always spend more time on their household issues after having children. However, when the performance is measured by new client revenue, child-rearing does not help explain. For the third hypothesis, the authors include the interaction of career aspirations with gender and find that career aspirations have a significant effect on the two performance variables. So career aspirations can help explain both career performances. Therefore, these results suggest that the presence of young children and career aspiration are the main determinants of the gender gap in performance.

Finally, after finding the determinants, the authors want to know whether performance has an effect on the gender gap in career outcomes. Career outcomes are measured in two ways, earnings and promotion to partnership. Using the two career outcomes as the dependent variables, the coefficient of gender is insignificant after including the performance variables, which shows that the difference in earnings and promotion to partnership is due to performance.

In conclusion, the authors examine the gender gap in performance, focusing on the legal profession. They find that the presence of young children and career aspiration are the main determinants of the gender gap in performance and performance that can impact the gender gap in career outcomes (lawyers' earnings and promotion to partnership).

I think this paper also has limitations. First, the aspirations to be promoted are a very subjective evaluation; asking for a scale of 1 to 10 is highly subjective, and the standard varies from person to person. Second, the authors suggest that the results of this article can be promoted to other high-skilled professionals. But I think the profession of lawyer has its special characteristics; we need more evidence to promote the conclusion.