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ECON 613

Reading Note 1

## I. Introduction

This paper mainly investigates the driving factors of gender gap in performance and earnings in high-skilled positions. In many high-skilled professions, such as lawyers, males tend to perform better and make more earnings than females on average. However, the reasons why gender gap in performance exists remain unclear. To reduce gender inequality in job markets, the author examines the possible factors such as discrimination, the presence of young children, and career factors such as career aspirations and networking. After examining the gender gap in performance, the author draws the relationship between performance measures and earning and promotion. As a result, gender gaps in earnings and promotion indeed could be explained by performance measures.

## II. Overview of theoretical and empirical strategy

This paper focuses on the gender gap in performance in lawyers because their performance measures are transparent and identical across all firms. Moreover, the performance measures of annual hours billed and the amount of new client revenue brought to the firm directly link to earnings and promotion. With similar labor force dynamics in other sectors, the gender gap in performance in lawyers could also represent other high-skilled professions.

The sampling data in the analysis come from a nationally representative survey of lawyers in the U.S. It was conducted in 2002 and 2007. The variables in the 2002 survey mainly consist of individual and firm characteristics such as family status, educational background, and employment status. In the 2007 survey, the additional variables are hours billed, new client revenue brought, and career aspirations, which is the main focus of this paper.

The author firstly explores the data by drawing a descriptive statistics table. She matches the 2006 and 2007 data to compare the gender gap in actual and target bill hours. Then she examines the correlation between these two performance measures and concludes that there is no strong relationship. For the primary analysis, the author documents the gender gap in performance and makes multiple linear regressions by controlling factors such as individual and firm characteristics, discrimination, presence of children, and career aspirations. Finally, the

author examines how much the performance measures could explain the gap in earnings and promotion by comparing the analyses with and without controlling for performance measures.

### III. Findings

First of all, after controlling individual and firm characteristics, there is still an unexplained colossal performance gap between males and females. To investigate why females bill less or bring fewer new clients, the author first examines target billing, work hours, and areas of specialty. From tables A2 and A3, there is no significant gender gap in target hours to bill as well as work hours. Table 5 shows that although males and females tend to have different specialties, there is no evidence that females specialize in areas with fewer hours billed. Then the author investigates the traditional hypothesis of employer discrimination, the presence of children, and career concerns. Table 6 consists of regressions related to discrimination. By examining the interaction terms, the author concludes that discrimination does not explain the gender gap in performance. However, there is indeed a gender difference when it comes to the presence of young children. According to table 9, females with young children bill less than males with young children, but presence of young children does not affect new client revenue. To explain the gap in new client revenue, the author tested the hypothesis of career aspiration. Table 10 shows that career aspirations explain the remaining gender gap because males tend to have stronger career aspirations, which positively affects billed hours and new client revenue. Other factors such as overbilling and networking do not significantly impact the gender gap. By comparing the earning gap in earnings and promotion with and without controlling for performance measures, the author concludes that performance measures together with individual and firm characteristics can explain the entire gap, proving that performance measures are direct measures of earnings and promotion.

### IV. Conclusion and limitation

Based on the analysis, the author finds that the presence of young children combined with career aspirations explains the gender gap in performance, which are the direct measures of earning gap and promotion gap. The author also implies gender inequality will not decrease in high-skilled professions, because their earnings highly depend on their performance. The limitation of this paper is that there is no apparent reason why high-skilled females have fewer career aspirations and shoulder more children-rearing responsibilities. We would need more information to investigate, such as the earning of their spouse or total household income.