Reading Note 1 Revision

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The gender gap in earnings is a well-known issue, but the mechanism behind this issue is widely unknown. This article explored the causality between the gender gap in earnings and performance. To further understand this, the authors firstly prove the existence of gender gap in performance and examine some explanations that may contribute to performance differences, then analyze how much the performance difference exerts an effect on the gender gap in not only current earnings but also promotions. As a result, this paper finds that i) owning preschool children as well as career aspirations contributes to the gender gap in performance; ii) the performance plays an important role in explaining the gap in career outcomes and applies the findings not only to the legal but other high-skilled professions.

The article starts its proof by showing legal profession is a good study subject that has a clear mechanism linking compensation to performance. Specifically, the author provides two commonly used annual performance measures, hours billed and new client revenue. The data used by the analysis comes from the ADJ survey, which is comprehensive (covering representative of all lawyers first admitted) and anonymous (reducing the possibility of misreporting).

Using the data above, this paper firstly explores the gender gap in performance by pointing out the presence of a sizable performance gap and its driving factors. The technical part is mainly as follows: use the OLS model regress measured performance on gender, controlled variables, and concerned variables one by one, and then see if adding the concern variable can make the coefficient of gender closer to zero or make it insignificant. Specifically, after controlling individual and firm characteristics, more than 60% of the gender gap in hours billed remains unexplained and so does 100% of the gender gap in new client revenue. The author first rules out the explanation of target hours and total working hours. A lawyer's specialty is considered as the next factor that may affect performance but only proved to be a marginally important variable. Given the gap remains unexplained, the paper comes to other traditional hypotheses: 1) Discrimination that leads to receiving not enough tasks and discounting hours; 2) Gender difference in childcare responsibility; 3) Career aspiration formed before work contributes to working hard. The result shows that child-rearing helps explain the gender gap in billed hours while aspiration contributes to a substantial share of the gender gap in performance.

The paper next analyzes the extent to which performance differences can explain the gap in career outcomes. The technical part is similar to the former part. After controlling the individual and firm characteristics, the raw earning gap drops from 18 log points to 10 log points. Nearly half of the remaining gap can be explained by including performance measures, and the significance also decreases. Moreover, when the effect of area of specialization takes into consideration, the gender coefficient drops to 3.8 log points, meaning that lawyer’s specialty account for a share of earning gap.

In conclusion, the article illustrates that it is the rearing preschool children and aspiration (more important) that contributes to the performance gap, while the performance gap explains a large part of the difference in career outcomes. Nevertheless, I think it is doubtful to generalize the conclusion to other occupations solely based on the similarity in labor force dynamics (between the highly skilled occupations). Because legal professionals have special characteristics such as requiring lawyers heavily talk with people. In addition, I think the paper should answer why the area of law fails to explain the performance gap but plays a role in earning gap.

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| Introduction |
| • Start with a summary or overview of the article, and end with a statement on the main idea of the article. |
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| Body. |
| • Overview of the theoretical foundation. |
| • Overview of the data and empirical strategy. |
| • Overview of the findings. |
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| Concluding Paragraph |
| Summarize the main idea and the underlying meaning of the article. |
| Limitations of the article |