

ECON613 Reading Notes #1

Yuanhang Zhao

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This paper explores the gender gap in performance among high-skilled lawyers. It considers the traditional explanations (discrimination, child rearing and human capital differences) and some alternative hypotheses that might reflect the gender difference (the area of specialization, the inclination toward "overbilling", networking behavior and career aspirations (replaced by a proxy "pre-labor experience" since the potential reverse causality between it and performance)). The conclusion is that, firstly, male lawyers bill 10 percent more hours and bring in more than twice as much new client revenue as female lawyers. Secondly, for the differential impact across genders in the presence of young children and differences in aspirations to become a law firm partner account for a larger share of the difference in performance.

In the empirical analysis, this paper firstly runs overall regression to find the gender gap in performance. And then, they discuss the specific effects on different independent variables, for instance, the discrimination, children rearing etc. Moreover, this paper also discusses the promotion and earning gender gap. The conclusion above means that the performance has important effects for the gender gaps in lawyers' earning and subsequent promotion.

For the dependent variables, this paper chooses Hours Billed and New client Revenue. **Hours Billed** is determined by hourly fee multiplied by the number of hours devoted to a specific case, which had been used in 1950s and is widely used in such analysis. **New Client Revenue** is determined that the total revenue that new clients generated.

The independent variables are as followed.

Age

Marriage: A dummy. Value 1 if married, 0 for other cases.

Children: The number of children.

White: A dummy. Value 0 if the lawyer is in minority group.

Tenure: The number of the years that the lawyer's career.

Private law firm: A dummy. Value 1 if the lawyer works for a private law firm.

Size of workplace: A dummy that measures the size of the law firm.

Hours worked: The number of hours worked per week.

Undergraduate university ranking & Law school ranking: The redefined law school ranking, higher the rank, higher the value.

Judicial clerk : A dummy. Value 1 if the lawyer is a member of state or federal courts.

Moot court: A dummy. Value 1 if the lawyer participated in mock trial as a student.

Specific/General Journal: A dummy. Value 1 if the lawyer participated in the editorial activities as a student.

The empirical results follow a certain structure.

Find the Gender gap in performance

Firstly, this paper uses two dependent variables and runs 6 regressions with two dependent variables. The regressions are on gender, gender & individual/firm characteristics and gender & individual/firm characteristics & controls. In the results, gender gap in performance is all 1% significant, even in the regression with all controls.

By controlling other variables such as areas of law, target hours etc., they find that the gender gap is significant so that the problem that what causes the gender gap should be solved.

Verify the reasons to gender gap – using interactions

After verifying the effects of two channels of **Discrimination**, the conclusion is that although there are some gender gaps in these measures of perceived discrimination, controlling for these measures does not appear to affect performance or the gender gap in performance, which extend to say, the interactions of these measures with gender are not statistically significant.

For the other main hypotheses – **Child Rearing**, the empirical result shows that Having young children results in female lawyers billing fewer hours but does not affect male lawyers.

Moreover, this paper also verified other hypotheses like **Career Aspirations, Over-billing, Networking, and Working Weekends** with their specific interactions.

Discuss the Gender Gap from the perspective of Earning and Promotion

After verifying the reasons that may cause the gender gap, this paper discuss the gender gap in **Earning and Promotion** with gender, performance variables and controls.

The results shows that First, there is a considerable gender gap in promotions, and it remains unaffected by the inclusion of a comprehensive set of individual and firm characteristics. Second, there is a very strong positive relationship between the probability of becoming a partner and early performance in a lawyer's career. Third, as with earnings, the inclusion of performance indicators explains a large portion of the gender gap in promotions that still exists after controlling for individual and firm characteristics. Finally, time worked does not appear to explain the gender gap in earnings in the same way that performance indicators do.

After the empirical analysis, this paper conclude that large gender gaps in workplace have a significant impact on the gender gap in earnings and promotions. By verifying the main hypotheses for the gender gap, they find that **(1)** the effects of discrimination is not significant. **(2)** Although the presence of preschool children in the household contributes to the gaps in performance, it is not the key. reason. **(3)** Other parameters like career aspirations, networking and working weekend do have the effects on lawyers' performance.