# Reading notes 1

## Zihao Zhang

Gender gaps in career development and personal income are a common phenomenon prevalent in high-skilled fields. This paper documents the gender pay gap in the legal profession using survey data from 2002 and 2007. Based on past research, the authors hypothesize that the gender pay gap can be explained by gender performance differences (Lazear and Shaw 2007, Lemieux, MacLeod, and Parent 2009). The paper explores a range of possible determinants of gender performance differences, key determinants being the presence of pre-school children and career concerns. After running multiple linear regressions, the paper concludes that gender performance differences in the workplace are correlated with the gender pay gap, influencing individuals' earnings and career outcomes, and the performance differences are related to career aspirations and child-rearing.

The regression process is divided into two parts. In the first part, the author presents the results on gender performance gaps along with the possible determinants. Firstly, to measure lawyers' performance, the author selects two indicators, which are hours billed and new client revenue. Hours billed are hourly fees multiplied by the number of hours devoted to a case and new client revenue represents how much revenue new clients generated, who are personally brought by lawyers. The author respectively sets these two indicators as dependent variables and sets gender and some other possible factors as independent variables to conduct regression tests. If the coefficient of the gender variable is significantly decreased or becomes insignificant due to the addition of the new variable, the new variable is considered to explain the gender performance difference. After several tests, the author claims that marriage, race, target hours, specialty, discrimination, and some other factors do not help to explain the gap. However, when the author adds a list of child-rearing factors in the regression test, the coefficient of gender variable becomes insignificant to hours billed while still significant to new client revenue, which suggests child-rearing can explain the gender gap in hours billed. Then, the author finds career aspirations can explain the gender gap in new client revenue generated by lawyers. The regression results of the first stage show that child-rearing and aspiration can explain the gender differences in workplace performance.

In the second part, the paper demonstrates that performance measures explain approximately 50 percent of earning differences by gender. The author begins by estimating annual earing equations and controls for possible factors, including marital status, age, educational status, and others, but there are 10 log points that are still unexplained. However, after controlling hours billed and new client revenue, which are used to measure performance, the coefficient of gender becomes insignificant. It can be concluded that controlling for performance can explain a considerable share of the remaining gender gap. Meanwhile, the number of coefficients shows that both two factors have a strong and positive effect on earnings. By using the same method, the author states that performance can also explain gender differences in future promotion. The regression results of the second stage show that the gender gap in career outcomes can be explained by the gender gap in performance.

This paper reveals that gender gaps in performance is a central role in the analysis of gender differences in career outcomes and the important factors for gender performance

differences are child-rearing and promotion aspiration. One of the highlights of this paper is that employee performance is well captured through sophisticated data and well-defined metrics. This method can also serve as a template for future research of the gender gap in other industries. The possible limitation of this paper is the measurement method of aspiration. If the author can use factors such as the employee's current position, the number of cases handled, or salary level as control variables to measure the employee's aspiration, I think it will be more accurate than a simple questionnaire.