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Reading Note on “Gender Gaps in Performance: Evidence from Young Lawyers”

In this paper, the authors examine the reasons and implications of gender gaps in performance in the legal profession, which is one of the high-skilled professions. In the legal profession, there are two transparent and homogeneous measures of performance available, namely hours billed and new client revenue. The authors find that there is a differential effect of the presence of young children on hours billed of male and female lawyers, and that gender differences in aspirations to become a partner explain gender gaps in new client revenue. The authors then link gender gaps in performance to persistent gender gaps in career outcomes, represented by earnings and promotion. The main finding is that gender gaps in performance explain a substantial share of gender gaps in career outcomes. This result could be applied to high-skilled professions in the United States in general.

Hours billed and new client revenue are the two widely accepted measures of performance of lawyers, based on which decisions about earnings and promotion are made, so they make the legal profession a good proxy of the high-skilled professions. Hours billed, or billable hours, is the number of hours devoted to a case, which is generally smaller than the number of hours that lawyers work. Although not perfect, it remains an effective method to quantify the service of lawyers. Another common measure is new client revenue, which is the revenue generated by newly brought clients. This measure is more connected with the quality of the service lawyers provide, compared to hours billed. The authors employ data from After the JD, which includes relevant variables such as hours billed and aspirations to become a partner. The survey was first conducted in 2002, and then in 2007 with the same group of respondents. The authors control for regional fixed effects as well as individual and firm characteristics in one model, and then interact the presence of young children with gender in another. It is shown that the gender coefficient becomes insignificant after interaction, and the interaction term between gender and having young children is significant; the presence of young children decreases the number of hours billed of

female lawyers, and does not have significant effect on male lawyers. This can be explained by the fact that women tend to devote more time to taking care of young children. With the same controls, the authors then regress new client revenue on gender and aspirations, with and without interaction. They demonstrate that aspirations to become a partner account for gender gaps in performance with respect to new client revenue, since the gender coefficient is insignificant and aspirations are significant (with no differential effect). This is reasonable because new client revenue reflects the long-term goals of lawyers. Finally, the authors show that gender gaps in performance explain a considerable share of gender gaps in earnings and promotion by controlling for the two performance measures in the regressions.

In conclusion, this paper explores the determinants of gender gaps in performance in the legal profession, namely the presence of young (preschool-aged) children and aspirations to become a partner. Female lawyers are more dedicated to taking care of young children, and have lower levels of career aspirations than male lawyers. We can see social norms play a significant role even for high-skilled individuals in the United States, although no explicit discrimination was found in this research. In addition to the determinants of gender gaps in performance, the authors reveal that performance differences between male and female lawyers help to explain gender gaps in career outcomes. One implication pointed out by the authors is that income inequality between men and women in high-skilled professions is likely to persist in the future, since performance-based compensation is becoming more common. One limitation of the paper is that the dataset seems too old, and only involves one country. The role of gender is always changing, and varies significantly across countries. It would also be very meaningful if similar analysis is conducted in another high-skilled profession to check whether the results regarding lawyers are truly general for high-skilled professions.