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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 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, and so are crucial variables of the research. 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 in the legal profession 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, and interact the presence of young children with gender. It is shown that the presence of young children decreases the number of hours billed of female lawyers, and does not have such significant effect on male lawyers. This can be

explained by the fact that women tend to devote more time to young children. With the same controls, the authors then demonstrate that aspirations to become a partner accounts for gender gaps in performance with regard to new client revenue. 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 performance measures.

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 addition to the determinants of gender gaps in performance, the authors find that performance differences between male and female lawyers help to explain gender gaps in career outcomes. The implication is that income inequality between men and women in high-skilled professions is likely to persist, 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. It would also help if similar analysis is conducted in another high-skilled profession to check whether the results are truly general.