Reading Notes
"Gender Gaps in Performance: Evidence from Young Lawyers"

Introduction

This paper mainly focuses on finding the determinants of gender gap in performance and how this gap relates to the gender differences in career outcomes in high-skilled workers. The context chosen is the legal profession which shows apparent gaps in career outcomes and where firms compensate lawyers by using annual hours and the amount of new client revenue as the measurement of their performance. This paper finds two key determinant of the gender performance gaps: young aged children in the household and the differences of aspirations between genders. This paper also explains that other possible factors cannot determine the gender performance gaps. The main idea of this paper is that the large gender gaps in performance have influential outcomes for gender gaps in earnings and promotion.

Overview of the theoretical foundation

Although this paper does not provide a very clear theoretical foundation, it explains why it is ideal to use legal profession as the background to study gender gaps in performance. Like other high-skilled professions, legal profession shows a persistent gap in career outcomes. Unlike other fields, to measure lawyers' performance, legal profession provides two key methods: the hours billed and new client revenue. For the hours billed, the common formula to calculate it is hourly fees times the number of hours spent. For the number of hours billed, many law firms consider the quality of hours, so it is a common case that many law firms decide to discount hours based on lawyers' working quality. For the new client revenue, the measurement is about how much revenue new clients who are introduced by lawyers personally can provide to the law firm.

Overview of the data and empirical strategy

The paper uses After the JD (AJD) data, which includes survey data of US lawyers who are first admitted in 2000. The survey started in 2002 and the same lawyers were surveyed again in 2007. The survey includes questions on demographic information and job-related information. This paper uses this dataset because in 2007, this survey included related variables such as hours billed. The hours billed measurement described above is the total number of houses billed in 2006. The survey also includes information about the target annual hours in lawyers' firms. For the new client revenue measurement, this paper uses the data about the amount of revenue generated by new clients who are introduced by lawyers personally in 2006. Considering the misreport issue, this paper used extra data sources such as National Association for Law Placement, Survey of Law Firm Economics, National Association of Women Lawyers and etc.

For the empirical strategy, this paper uses regression of two measurements of performance on the gender. The result shows that, on average, male lawyers perform better than female lawyers, no matter which measurement is used. Also, this paper includes some control variables such as number of children, ethnicity, firm size and etc. However, these added controls can only explain a small portion of the performance gap. A large performance gap remains unexplained. In addition, this papers provides a set of figures which show the coefficients of gender in the quantile regressions by using both measurements. In the figure of hours billed, the coefficients are stable through the distribution; however, in the figure of new client revenue, the gender gap increases largely at the high percentiles.

Following those results, the paper provides some possible explanations. First is about the target hours to bill. Regression of target hours on gender differences shows no significant results. In addition, replacing target hours with either zero target hours or probability of reporting zero target hours also shows no significant results. Second is about the differences in hours or the efficiency of working. The regression results show that the gender coefficient

is insignificant when regressing the ratio between hours worked and hours billed. However, the gender coefficient is significant when regressing the ratio of aggregate performance to hours worked so that there are gender gaps. Third is about lawyer's specialty. This paper finds that male lawyers perform more in the specialty of intellectual property and criminal law. The results show that the specialty only explains a small portion of the gender gap on performance. There is no evidence show that female lawyers have specialties in areas with lower hours billed.

Overview of the findings

The paper then considers the determination of gender gap performance. The first consideration is about discrimination. There are two definitions of discrimination used in this paper: not enough assignment and discounted hours. When adding the first type of discrimination variable, the gender coefficient remains significant. When adding the second type of discrimination variable, the result is similar. Finally, this paper uses the direct measure of discrimination by asking lawyers whether they had experiences on discrimination. The resulted table still shows no impact on the gender gap in performance.

The second consideration is about child rearing. This paper finds that there's effect on hours billed when adding young children variable. Having young children will have a result that female lawyers bill about 200 less hours per year but male lawyers experience no significant decline. On the contrary, having young children does not explain the gap in new client revenue. One of the explanation is that female lawyers have a larger responsibility for raising a preschool-aged children in household than the male, which means that it is more difficult for the female lawyers to persistently bill amount of hours. Instead, the new client revenue is not largely influenced by lawyers' time spending on work; it is affected by other factors like reputation.

The third consideration is about career aspirations. By definition, it is a rate on scale 1 to 10, asking lawyers whether they want to be an equity partner in their firm. By adding this variable and the interaction terms, the result shows that it explains the differences in new client revenue because the gender coefficient becomes smaller and insignificant. The possible explanation behind is that new client revenue needs lawyers to have well-build relationships with clients and career aspirations make it meaningful. The rest considerations include overbilling, networking, and working weekends. These factors, in general, cannot explain the gender gaps in performance.

In the next section, the paper includes the role of performance in the earnings gender gap. When first estimating the gender gap in earnings without controlling for performance, this paper shows that after controlling individual and firm characteristic variables, only 50 percent of gender gap can be explained. So there are still 50 percent remaining. Then, this paper analyzes gender gap in earnings with controlling for performance. The results show that the performance can explain a significant part of the earnings gap.

In the following section, this paper includes the role of performance in the promotion gender gap. By analyzing combined dataset, this paper finds that the promotion gender gap is actually large and by adding individual and firm characteristics, this gap does not disappear. Then this paper finds that, similar to the result about earnings gender gap, the performance can explain a significant part of the remaining promotion gender gap.

Concluding paragraph

This paper uses legal profession as an ideal framework to research on the gender gaps in performance. There are two key determinants of the gender gap in performance. The first one is young-aged children in the household which plays a role when the performance is measured by hours billed. The second one is career aspirations which plays a role when the performance is measured by new client revenue. Finally, this paper shows the role of performance on both gender gaps on earnings and promotion.

One clear limitation of this paper is that this paper does not provide the detailed empirical methods. The readers can only know that all the results coming from regression. However, the type of regression and the treatment of each variable are not very clear.