

Reading Notes

“Gender Gaps in Performance: Evidence from Young Lawyers”

It is important to discuss the link between gender gaps in career outcomes and differences in performance, especially in high-skilled workers. This paper analyzes whether performance has effect on gender gap in career outcomes. Also, it documents the key determinants of gender performance gaps in the legal profession. To evaluate performance in the legal profession, the authors use two transparent and homogeneous measurements: the hours billed and the new client revenue. The empirical results show that the presence of young children in household and lawyers' career aspirations are two key determinants. Moreover, the performance plays important role on explaining gender gaps in earnings and promotion to partnership.

Although the authors do not provide a clear theoretical foundation, they provide definitions on two measurements: 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.

For the data, The paper uses After the JD, which has a longitudinal survey of the U.S. lawyers. The survey includes questions on job and demographics information. 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 paper 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.

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. After adding young children variables, the authors find that female lawyers bill about 200 less hours per year but male lawyers experience no significant decline. So, the child rearing helps explain gender gaps in the hours billed. However, it does not help explain gender gaps in the new client revenue.

The third consideration is about career aspirations. By adding this variable and the interaction terms, the results show that career aspirations have significant and positive effects on both measurement of performance. In addition, the differences in career aspirations do help explain gender gaps in the new client revenue.

Furthermore, 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, 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.

In conclusion, 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.