

Reading Notes
Gender Gaps in Performance: Evidence from Young Lawyers
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The purpose of this study is to find the determinants of gender gaps in career outcomes. This empirical research study is conducted using two JD survey data in 2002 and 2007. This paper focuses on the high-skilled individuals, especially on legal professionals. Azmat and Ferrer conduct this research with two widely used performance measures in the law firm - the annual hours billed and the amount of new client revenue brought to the firm. Their result suggests that performance is a key determinant that affects lawyer's earning and subsequent promotion.

In their paper, they test three hypotheses that may explain the gender gaps: 1. The presence of gender discrimination in the workplace 2. Child-rearing (Altonji and Blank 1999). Female spends time on household issues, especially when she has young children. 3. Other factors like different career aspirations (Fama 1980; Holmström 1999), different preferences (Croson and Gneezy 2009) and non-cognitive traits (Cunha et al. 2006; Heckman, Stixrud, and Urzua 2006).

Based on the theoretical foundations mentioned above, they conduct empirical research using data from After the JD. This professional institution surveys representative lawyers in U.S. In the survey, half of the lawyers are employed in the private practice. This survey was first conducted in 2002 and then in 2007. These surveys include questions on job characteristics, education level, work experience and family status. Using this dataset, Azmat and Ferrer run a set of OLS regressions. The dependent variables include two performance measures (hours billed and new client revenue) and the ratio of hours worked. The independent variables include gender difference, aspirations, age, kids, senior mentor, male mentor, and marital status. The control variables include firm, region, education, and individual.

Applying survey data and econometric method, they conclude that there is a large difference of workplace performance, and these differences contribute to gender gaps in earnings and promotions. First, they document the long-lasting existence of gender difference in annual performance measures and then explore the determinants. Second, they test three traditional hypotheses: discrimination, children rearing and human capital difference. They find that discrimination is not a significant reason for gender gaps, which is different from previous research

findings. On the contrary, they discover that the presence of young children greatly contributes to the performance gap. Third, they test other possible hypotheses including career aspiration, the inclination toward overbilling and networking behavior. They find that the career aspiration is also a key determinant of gender gaps. Compared to career aspiration and the presence of young children, other factors remain relatively irrelevant.

In conclusion, Azmat and Ferrer's research focuses on whether gender gaps in performance can explain different career outcomes. They discover that a large part of the difference in earnings and promotions is due to workplace performance, instead of gender discrimination. They further argue that the difference in performance is caused by career aspiration and the presence of young children. Thus, they conclude that the earning gaps between male and female legal professionals will unlikely disappear in the future since workplace performance will always be a dominant determinant in earning.

However, there are some limitations in this paper:

- In the discrimination section, they run the regressions of hours billed and new client revenue on a different task in Table 8. My suggestion is that they could add the interaction terms [female*tasks] to show the influence of discrimination. If the interaction terms are not significant, they can argue that discrimination is not a source of the gender performance gap.
- In the child-rearing section, they mention the possible sample selection issue. Female lawyers may choose the low-productivity period to have babies. My suggestion is that they could use Difference in Difference (DiD) method to address this issue. They compare the productivity of the same female lawyer before and after having kids. They have a 2002 survey and a 2007 survey. So, their data allows them to do the DiD regression.
- In the career aspirations section, they asked the individuals to rate from 1 to 10 to describe their aspirations. First, this self-assessment is super subjective, and it is depended on the individual's own view. Second, this variable may be influenced by other factors like age. For example, career aspirations might fade away as age increases. They could think about adding the age fixed effect in Table 10 regression 2.