

Reading Note: Gender Gaps in Performance: Evidence from Young Lawyers

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There is significant evidence of gender gaps in career outcomes across many industries, but it remains unclear to what extent these gaps are due to skill (job performance), as opposed to other factors such as discrimination and human capital differences. To address these questions, this article hones in on the legal profession. The highly skilled nature of the legal profession suggests that men and women have similar skills, training, and goals, when they enter the industry. One might assume that this gender equivalence has minimized the gender wage gaps in the profession, however this is not the case. Prior research has demonstrated that gender wage gaps among lawyers are significant, even after controlling for individual characteristics. These gaps can only partially be explained by firm/individual-level characteristics and individual levels of labor supplied.

A major obstacle in exploring the determinants of gender gaps in performance is the lack of data on industry-level objective performance measures. The legal profession is ideal for study because of the “transparent and homogenous” performance measures utilized across the industry, specifically a lawyer’s annual billable hours and the amount of new client revenue that they bring to their firm. The article begins by establishing that wage gaps based on gender exist in the legal profession, then delves into whether there are corresponding performance gaps between male and female lawyers. Finding evidence of performance gaps, the authors explore the possible determinants of these gender differences. They then examine the role that performance may have on wage gaps, relative to other potential explanations.

As previously noted, the measures of performance utilized are annual billable hours and new client revenue. The authors utilize a nationally representative, longitudinal survey of young lawyers in the United States. These measures are distinct in that new client revenue excludes revenue attributable to existing firm clients and includes revenue from hours billed by other lawyers in service of the new client. On the other hand, billable hours measure the total time a lawyer spends in service to clients. Real-world outcomes are captured by collecting data on wages and career advancement, specifically on whether an individual achieved “partner” status within 12 years of leaving law school. To investigate the determinants of the performance gaps, the authors collect individual and firm-level variables as well as a range of individual and firm-level variables. The most notable factors being household makeup, career aspirations, and subjective measures of workplace experience.

The authors use quantile regression to estimate the impact of individual predictors on their performance. Quantile regression differs from linear regression in that it models the relationship between the predictors on quantiles of the dependent variable. This type of regression is ideal in that it minimizes the importance of outliers and does not rely on a normally distributed dependent variable. This type of analysis allows for comparison of male and female lawyers based on position in their gender’s distribution. For example, male lawyers at the 80th

percentile of the new client revenue distribution bring in approximately \$600,000 more than their counterparts at the 80th percentile of the female distribution.

The authors find that male lawyers bring in significantly more new client revenue, and bill significantly more hours than female lawyers. They also show that these differences are not attributable to differences in target hours, in output per hours worked, nor in hours worked. While there is certainly some apparent discrimination, the authors find no evidence that gaps in the performance indicators are due to systematic gender discrimination. Since the initial analysis suggests that significant performance gaps exist, the authors explore a number of potential determinants.

To explain the gender gaps in performance, the authors argue that presence of young children in the household negatively affects billable hours among female lawyers, but not male lawyers. While this appears to explain much of the difference in billable hours, it fails to explain the gap in new client revenue. Instead, the gap in new client revenue appears to be explained to a significant extent by gender differences in career aspirations. To assuage concerns that workplace productivity creates endogenous variation in career aspirations, the authors study pre-labor market data and early-career surveys and reach the same conclusion, namely that career aspirations are significantly more predictive than gender.

After exploring the potential explanations for gender differences in performance, the authors measure to what extent these gaps, and their determinants, explain the wage and outcome gaps that formed the justification for this analysis. They found that performance is a key variable explaining the gender wage gap in the legal profession. Moreover, after controlling for performance measures and career goals, one's gender becomes statistically insignificant in predicting one's likelihood of becoming a firm partner.

This paper investigates the underlying factors that lead to gender gaps in wages and career outcomes among high-skilled professions. They specifically investigate the legal profession and ask whether these gaps are driven by variation in performance across genders. They find that performance measures can largely explain gender gaps, and these performance differences are driven by systematically different child-rearing behavior and career aspirations among men and women.

While this paper is notable for integrating standardized performance measures, and a huge array of covariates, in their analysis, there are nonetheless some limitations. The performance related measures, namely billable hours and new client revenue brought in, do not directly measure job performance. In fact, the authors note that there is no significant difference between men and women when we look at the ratio of hours worked to hours billed. The performance measures utilized in the paper are more akin to productivity measures, suggesting that men work more but not necessarily "better", as one might mistakenly assume by the use of "performance measure". The authors also rely almost entirely on self-reported survey data which may be prone to errors and omissions. This is especially problematic in that discrimination is unlikely to be

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reported, and those who suffer discrimination may be excluded from the study due to leaving the legal profession shortly after entering.