# Reading Notes 1 - Revision

## Gender Gaps in Performance: Evidence from Young Lawyers

## by Ghazala Azmat and Rosa Ferrer

In this paper, Azmat and Ferrer investigate the gender gaps in performance and how it affects the gender gaps in earnings and career outcomes. Most previous literature has shown how individual and firm characteristics lead to gender differences in earnings and promotions. However, little research has examined the performance because it is hard to measure objectively. Azmart and Ferrer, therefore, choose the legal profession data to examine since the legal profession uses transparent and homogeneous indicators: the number of hours billed to clients and the new clients revenue raised to measure lawyers' performance. In conclusion, the authors find that young children and career aspirations considerably affect gender differences in performance, and performance is a significant determinant of lawyers' earnings and subsequent promotions.

Previous research has shown that a sizable gender gap among lawyers' earnings remains even when controlling for the range of individual characteristics (Wood et al. 1993; Dinovitzer et al, 2009). Therefore, it is reasonable to infer that performance might play a role in the unexplainable gender earnings gaps as Lemieux et al. (2009) have shown that higher pay and promotion are often associated with explicit performance evaluations in highly skilled professions. Following this direction, Ichino and Moretti (2010) relied on indirect proxies for performance, such as differences in hours of work and absenteeism, to understand gender gaps in labor market outcomes. Azmat and Ferrer take a considerable step forward relative to previous literature by employing more objective indicators of performance to examine its effect.

Building on the theoretical foundation, Azmat and Ferrer use data from After the JD in 2007 to examine the effect of performance on gender gaps in earnings and career outcomes. The data set contains not only measures of performance, career outcomes but also individual and firm characteristics, including marital status, age, years of tenure, the size of the firm.

With the informative data set, Azmat and Ferrer use quantile regression to demonstrate the

gender gaps in performance across performance levels and the gender gaps in earnings across earnings distribution. They also document the existence of gender performance gap by hours billed and new client revenue. The raw gap in mean hours billed between males and females is 153 hours, and the gap in new client revenue is $30,000. From the results, we can see that the gender difference in performance and earnings is large and persistent.

After showing the gender performance gap, Azmat and Ferrer then use the multiple regression and fixed-effect estimation to explore the determinants of gender performance gap. In the MLR, the dependent variables are **Hours Billed** and **New Client Revenue**, and the independent variables, or the hypotheses to be tested, are **Female**, **Not enough assignments**, **Partner discounted hours** (indicators of discrimination), **1 child**, **2 children**, **3+ children** (indicators of children rearing), **Aspirations**, **Less than others** (indicators of overbilling), **Network time**, and **Weekend time**. Also, Azmat and Ferrer employ the methods of fixed effect estimation by controlling individual and firm-level characteristics to boost the robustness of the results. They discover that the presence of young children reduces the number of hours billed by female lawyers by roughly two hundred hours, but has no significant effect on new client revenue; furthermore, career ambitions have a significant favorable impact on the number of hours billed and new customer revenue.

Finally, Azmat and Ferrer finally link the gender difference in performance with earnings and career outcomes. They find that individual and firm characteristics and performance each explain approximately half the gender difference in career outcomes.

To sum up, this paper presents the existence of the gender gaps in performance and earnings in legal profession and two major determinants of the gender differences in performance: presence of young children and career aspirations. Nevertheless, there exists some limitations that could hurt the reliability of the results. Firstly, the authors fail to explain why high-skilled elites, such as lawyers, have differing professional objectives and child-rearing duties. Secondly, the authors fail to explain whether the results derived from legal profession data can be applicable to other professions and skills; if not, the results that gender difference in performance leads to differing earnings and career achievements would be suspect in general.