

Econ 613 Reading Note #1

Gender Gaps in Performance: Evidence from Young Lawyers

Jiaxin Li

I. Introduction

This paper attempts to document the existence of gender differences in performance among law professionals in US and explain this phenomenon. By utilizing the widely-used measures (annual hours billed and the amount of new client revenue), this paper is based on a nationally representative survey in legal professions and explores that child rearing and career aspirations are key determinants of the performance gap. Less relevant determinants including differences in areas of specialization, the inclination towards overbilling and networking behavior are also taken into account, and the explicit discrimination at the firm level has no significant influence on the performance gap. Authors also demonstrate that performance gender gaps have significant consequences for earnings and career advancement. With accounting of performance differences, the income and promotion gaps are interpreted more rationally.

II. Data and Empirical Strategy

This paper uses data from After the JD, a nationally representative, longitudinal survey of lawyers in US and focus on two measures of performance, hours billed and new client revenue which have statistically insignificant positive correlation. Controlling for individual and firm characteristics (marital status, age, the number of children, the size of the firm, and the type of organization, etc.), and proxies for ability (education, journal, etc.), there are a few factors have a considerable effect on the raise of hours billed and new client revenue, but the gender gap is unable to be explained.

Explanations for gender gaps in earnings:

Discrimination:

By adding interactions of the discrimination factors (not receiving sufficient assignments, the partner-discounted hours, etc.) with gender, the empirical analysis indicates discrimination is unable to explain the gender gaps in performance, in other words, this interactions are not statistically significant.

Child rearing:

The presence of child under 4 has significant negative effects on gender difference of hours billed, but not new client revenue.

Career aspiration:

Contemporaneous level of aspiration has no significant correlation with the gender gaps. Further, authors proxy for aspirations to be a partner using the relevant previous response, and conclude that aspirations play an important role in explaining the gender

differences in client revenue, but explain a small share of hour billed gap.

Effects of performance in earning and promotion gender gaps:

With controlling of traditional individual and firm characteristics, performance measures explain approximately 50 percent of earning difference by gender. Therefore, controlling for differences in workers' performance is essential. For promotion gender gap, there is a very strong and positive relationship between the probability of being a partner and earlier performance in the lawyer's career, and the inclusion of the performance measures can explain a large part of the gender gap in promotion that remains after controlling for individual and firm characteristics.

III. Conclusion

There are three findings for the gender gaps in performance: (i) possible firm-level discrimination interferes with performance, but has no significant effects in explaining the gaps; (ii) the presence of reschool-aged children in the household; (iii) the aspirations to be promoted, and the latter two factors show significant contribution to the gender gaps. Improving the previous references, this paper focus on the commonly omitted variable, workplace performance, in analyzing the gender difference of income and promotion. The limitation of this paper is insufficient discussion in the influence mechanism of the presence of pre-school kids and career aspiration.