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Reading Note: Azmat and Ferrer (2016), "*Gender Gaps in Performance: Evidence from Young Lawyers*"

Introduction and Motivation

While there exist abundant studies on gender earnings gap, one issue that is still persist is how to control for performance, or even how to measure it: the paper aims to understand the factors behind gender performance gaps in legal profession. The advantage of studying such area of profession is that performance is transparently measured by hours billed and thus is a good setting to determine performance gaps and their determinants. In order to understand the gaps, the paper proposed hypotheses regarding determinants of the gaps. The following determinants were tested: discrimination, career aspirations, child rearing, over-billing, networking and weekend working.

Methodology

The study employed survey data of young lawyers who passed the bar test. The data is panel with young lawyers being surveyed twice, in 2002 and 2007. The study used simple panel regression model with some fixed effects on individual, firm, region, and education based on models. The performance gaps are determined by estimating regression with performance (as measured by hours billed and new client revenue) being a dependent variable while dummy variable representing female being an independent variable. To find determinants of such gaps, the authors created interaction terms (determinant of interest interacting with female dummy) to see if coefficients corresponding them are significant. Measurement issue here mostly concerns quantitative variable representing qualitative aspect of the study, that is; aspiration variable in which the score of aspiration may or may not be compared with different individual. For example, a perception of 6 on aspiration may not be equal to 6 of the others in the survey and hence aggregating them possibly leads to imprecise measurement.

Findings and Re-interpretation

In most cases, the estimates show that performance gap exists regardless of other time-invariant variable being controlled. Furthermore, the study conclude that two main determinants of the performance gap is child rearing, specifically, if a female has young children at home and career (partner) aspirations. The former determinant is in-line with the female life-cycle earning, that is; wage gap starts widening in females' 30s while the gap tightens in females' 50s. The latter determinant suggests that in legal profession, there still exists a "glass ceiling", at least, in females' perception because this study suggests that career aspiration plays significant role for female only at the partner level. The paper also anticipates that the gaps might not be close in the future as the authors might view these determinants as a "structural" problem for female.