Econ 613 Reading Note #1
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In the article "Gender Gaps in Performance: Evidence from Young Lawyers", Ghazala Azmat and Rosa Ferrer (2017) focused on two problems related to gender gaps in performance. One is what determinants cause the gender gaps existing in performances. The other is how gender gaps in performances influence career outcomes. In order to measure lawyers' performance, the authors introduce two methods: hours billed and new client revenue which are two fundamental variables in authors' following models. Since performances can be digited, three hypotheses for the determinants are discussed. Discrimination is not statistically significant. But child-rearing can explain gender gaps in hours billed and aspiration is the most important which explains part of gender gaps in both measurements. After analyzing the first problem, the authors measure career outcomes by personal earnings and promotions. They compare different results on earnings through controlling or not controlling performances. In conclusion, the main argument of the article is that gender gaps in performances are influenced by different genders' career aspirations and these gaps are reasons for having distinct career outcomes.

Previous studies showed that although we have controlled the individual characteristics and firms' sizes, there still exists a gender gap in lawyers' earnings (Wood, Corcoran, and Courant 1993; Dinovitzer, Reichman, and Sterling 2009). Thus, the authors focus on the unsolved problem and conduct research on the relationship between gender gaps in earnings and performance differences. The research relies on some theoretical foundations. The one is that women having children will cause gender differences in earnings (Altonji and Blank 1999). The other is that recent literature has explained some effects of gender gaps such as preferences, non-cognitive traits, and career aspirations.

The data used for the research is collected from After the JD which bases on surveys conducted in 2002 and 2007. In the data set, hours billed and new client revenue of lawyers are the measures of performance. Total earnings and promotions refer to lawyers' career outcomes. Also, the data set includes independent variables like education, region, and so on. However, it has some limitations. Since the data is collected from surveys, it's possible for lawyers to misreport their performances. In order to minimize the misreport, the authors add complementary data set which includes some data sources reported by firms instead of lawyers.

To analyze factors that explain gender gaps in performance, the authors use OLS regression with fixed and control variables. Since the potential factors are discrimination, child-rearing, and aspiration, the authors regress hours billed and new client revenue on them. To avoid omitted variable bias, they fix some variables such as firm types, region, and education. Next, the models also include interaction terms that interact between genders and independent variables. Although most interaction terms are not statistically significant in this paper, it is useful to set up these terms because it may have implications for the research. To analyze

gender gaps in earnings and future promotions, the authors also use regression with or without controlling for performance. The analysis process of earnings is similar to the analysis of gaps in performance. The difference is that the authors use log annual earning as the dependent variable. So, the change will be transformed into the percentage change.

The findings can be separated into two parts. The first part is the findings of research on discrimination, child-rearing, and aspiration. The model on account of discrimination indicates that the number of cases assigned to lawyers does affect lawyers' performance, but there is no gender gap in caseload assignment and assigned task. The models on account of child-rearing and aspiration show that having preschool-aged children will adversely affect women's performances and female lawyers are less desired to become a partner. The aspiration is an important factor to explain why males perform better than females. The second part is the findings of how performances influence the gender gap in earnings and promotions. The research shows that the performances have huge positive effects on earnings and promotions.

In conclusion, performance is crucial in explaining gender gaps in earnings and future promotions. Previous studies have concluded that half of the gender gaps can be explained by individual characteristics and firm sizes. This article shows that if performance differences are included, we can explain a large part of the other half. Also, the author shows that child-rearing and aspirations are significant, which are the factors to generate performance differences among genders. Although this article does comprehensive analysis, it still has some limitations. Since the result of some hypotheses shows that these are not statistically significant, this article can be improved if authors try to figure out why these hypotheses cannot explain gender gaps in performances. In the discrimination part, the authors show that discrimination at firm level is not an important determinant, however, the pressures or discriminations from society may also cause differences in performance.

Reference:

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