

1 Introduction

Lawyers' gender gap in earnings has existed in the U.S. for many decades, but what portions of gender gaps in career outcomes and advancement can be explained by gender differences in performance are still unknown. Therefore, this paper first investigates the underlying drivers of gender differences in performance and clarifies the channel between them by including the discussion of reverse causality. Next, it examines why female lawyers earned less and were less likely to be in partnership than male counterparts even after controlling the individual and firm characteristics.

2 Overview

The paper describes two main variables and the data as follows. In the law profession, billable hours and new client revenue raised are two common measurements of a lawyer's productivity. The difference between them is the latter captures more dimensions of one's ability since accumulating new client revenue involves a good reputation, social network, and other aspects. In the comprehensive dataset of After the JD (AJD), it includes all lawyers first admitted to the bar in 2000. Subsequently, the survey took place in 2002 and 2007 respectively. Furthermore, the key variable used for identifications in the entire paper is the dummy variable, $Female_i$. The intuition behind the empirical strategy is looking at the change of the parameter of interest, gender coefficient, the basis for determining the importance of explaining gender performance gaps as new variables are added.

To begin with, the preliminary result shows male lawyers on average billed higher than women counterparts by 153 hours annually by utilizing OLS in panel data only considering region fixed effects. In addition, the corresponding significant coefficient -0.153 is a benchmark when further regressions are implemented. Similarly, in terms of new client revenue, -0.299 is a benchmark. As the paper explores the determinants of gender gaps in performance, three hypotheses are introduced: potential employer discrimination, the presence of young children, and career aspirations to be a partner. However, discrimination seems to be an implausible explanation since the gender coefficient remains high and significant even though not receiving enough assignments and suffering from discounting hours by partners are considered.

Next, the main focus is the second and the third hypothesis. When individual, education, and firm-level variables are controlled, two-thirds of productivity gaps are still left unexplained. However, after including the presence of young children, nearly half of the unexplained gaps in billable hours are solved. In other words, these gender differences in hours billed are seriously affected by the presence of preschool-aged children in the household. As for the differences in new client revenue, the paper shows that aspirations not only play a crucial

role in determining the differences in both hours billed and new client revenue, but also in explaining the gender gap in new client revenue. This result is based on observing the gender coefficient, “Female”, decrease from -0.299 to -0.146 and become insignificant. Nevertheless, reverse causality between career aspirations and productivity occurred: one’s career aspiration might be driven by good performance in the workplace. To solve this issue, the strategy of measuring the current aspiration is to avoid any responses possibly affected by current employers’ feedback. With complemented argument discussed above, they conclude that differences in billable hours and new client revenue can be explained respectively to a great extent by the fact that women take a higher burden of caring for childcare and have lower career aspirations. Apart from these three hypotheses, overbilling, networking, working time during weekends are also examined, but the gender gap still exists.

Second, to analyze how differences in performance play a role in explaining gaps in annual lawyers’ pay, there are three main regressions: (1) not controlling for performance, (2) with individual and firm controls, and (3) control for performance. The coefficient obtained in (1) is -0.181, suggesting 18.1 % of the raw gender gap in lawyers’ pay is unexplained. While the coefficient decreases to -0.1 in (2), over half of the gaps in annual lawyers’ pay are still unsolved. In (3), since the coefficient declines to -0.0581 and it is only significant at $\alpha = 0.1$, implying controlling for performance shrinks the raw gender gap by 50 % again. As a result, they conclude that about half the earnings gap is explained by individual and firm-level control variables and most of the rest of the gap can be explained by productivity differences. Moreover, several variables, areas of law and square or cubic of performance measurements, are controlled in subsequent regressions as well, all obtaining insignificant coefficients.

3 Conclusion

The following outlines a few concerns/questions I have after reading the paper. First, whether those detected determinants of performance or whether performance gaps still can explain nearly half of the differences in gender gaps in career outcome using the current data. The possible argument is nowadays high-skilled workers can work from home, which might average the burden of taking care of children among men and women. Second, even though there is no evidence that female lawyers systematically work in the field with lower hours billed, I wonder whether areas of specialization can explain more gender gaps in performance if they can do a counterfactual prediction of different combinations of the proportion of male and female working in each specialization area.

In conclusion, this paper first documented that male lawyers outperform women counterparts by a large margin by exploiting two productivity measures, billable hours and new client revenue. Then, it investigated the underlying drivers of gender gaps in performance. With a series of regressions, it concludes both the presence of preschool-aged children in the household and career aspirations are two crucial determinants. Next, gender differences in performance explain a large share of the pay gap that is unexplained if only individual and firm characteristics are controlled. Last but not least, the implication is the earning inequality among gender would not decrease in a short time.