

Reading Notes on “Gender Gaps in Performance: Evidence from Young Lawyers”

Shiqi Zhou

Introduction

This paper mainly focused on the gender gap on performance among young lawyers, one of the high-skilled industries. In this paper, authors examined the existence of the gender gap on performance of young lawyers based on the homogeneous evaluation measurement in legal profession, *annual hours billed* and *new client revenue*. With verifying female young lawyers' performances are worse than male's, the authors further explored different hypotheses to find the determinants of the gender gap in performance and found that the presence of preschool-aged children and aspirations explained large part of the gender performance differential. In addition, the authors used the performance differences to explain the gender gaps in career outcomes, apart from the individual and firm characteristics. In all, this paper explained a lot on gender gap in career outcomes among high-skilled workers, while using young lawyers as the proxy for high-skilled workers.

Overview of this paper

There are several theories in this paper while testing the main determinants of the gender gap in performance. I only present the theoretical foundation of two main determinants factors with statistical significance, *child rearing* and *career aspirations*. The theory of *child rearing* is proposed by Altonji and Blank in 1999¹ that women take more responsibilities in child care than men which results in gender differences in earnings. In other words, female lawyers will spend more time on caring preschool-aged children than male lawyers do, and this results a significant decrease in their *hours billed*. The other theory is about career aspirations proposed by Fama (1980)² and Holmstrom (1999)³ that people with more career aspirations will concern more about their future earnings and will have stronger incentives to contribute effort which affects performance. Compared to female, male young lawyers have stronger ambitions to become an equity partner in the firm, and they are more willing to build their reputation and future earnings, which may result the differences in the *new client revenue*.

To measure the performance of young lawyers, the authors used data from After the JD datasets. The AJD dataset surveyed nationally representative young lawyers in 2002 with detailed questions on job characteristics, employment history, educational background, and family status, and reinterviewed them in 2007 with additional questions on hours billed and aspirations. In this paper, the authors used two crucial variables the *hours billed*, the total number of hours billed in 2006, and the *new client revenue*, “personal brought” by the lawyers to their law firm in 2006,

¹ Altonji, J. G., & Blank, R. M. (1999). Race and gender in the labor market. *Handbook of labor economics*, 3, 3143-3259.

² Fama, E. F. (1980). Agency problems and the theory of the firm. *Journal of political economy*, 88(2), 288-307.

³ Holmström, B. (1999). Managerial incentive problems: A dynamic perspective. *The review of Economic studies*, 66(1), 169-182.

which measure young lawyers' performance. Also, family situation, aspirations, future earnings, and promotion probability are used to find the factors that decide the gender gaps in performance and career outcomes.

As for empirical strategy in this paper, authors mainly used Fix-Effect estimation with region fixed effect, individual control, firm control, and education controls, while examining the gender gaps in performance, exploring the determinants of gender gaps in performance, and linking the gender gaps in performance and career outcomes. In addition, to exclude selection concerns, the authors used predate results to predict future data.

With fixed-effect estimation in examining the existence of gender gaps in performance, the authors found that male young lawyer had significant larger number of billed hours (approximately 10 percent more), as well as the new client revenue (approximately \$30,000) in Table 2.

From the results in Table 9, the authors found that the presence of preschool-aged children significantly decrease the hours billed of female young lawyers (approximately 200 fewer hours per year), but not significantly affect the new client revenue. In addition, the career aspirations have a strong positive effect on the hours billed and the new client revenue, and it fully explained the gender differences in new client revenue in Table 10.

Furthermore, the authors used the performance to explain the gender gaps in career outcomes. And it turned out that, while individual and firm characteristics explained 50 percent of the gender gaps in career outcomes (in Table 14), the performance explained the remain part of the gender gaps in career outcomes (in Table 15).

Conclusion

This paper showed the existence of the gender gaps in performance in young lawyers and uncovered that the presence of preschool-aged children and aspirations are the main two determinants of the gender gaps in performance. Also, the authors used the performance explained a large part of the gender gaps in career outcomes.

It is a big step that this paper used the legal professions as a proxy of high-skilled works because there is a homogeneous evaluation measurement in the legal industry helping to quantify the variable of performance with *hours billed* and *new client revenue*. Then, the comparison of performance is cross company and areas in legal industry. With quantification of performance, the authors then could directly link the gender gaps in performance with career outcomes.

However, there are still some limitations in this paper. First, the numbers of people included in is not a very large size. Second, the explanations on how aspirations decide the career performance are still inferences. Although with theoretical foundation, there still lack of support of data evidence.