

Reading Note

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Paper: Azmat and Ferrer, *Gender Gaps in Performance: Evidence from Young Lawyers*, 2017

1. Theoretical Foundation

Statistics show that (1) there is a gender gap in performance; (2) there is a gender gap in career earnings and promotion. The authors, Azmat and Ferrer (2017), intend to find the determinants of the differential performance across genders, and then analyze the link between the gender performance gaps and the gender gaps in career outcomes.

In terms of factors of the gender performance gaps, the authors mainly investigate three possible explanations. The first is about discrimination. Discrimination refers to the interference with the number of billed hours from senior colleagues and firm partners. The second explanation is about child rearing. Female are believed to play a more importance role and spend more time in childcare. As a result, Female lawyers having young children are likely to perform worse than male lawyers. The third one is differences in career aspirations. Following the career concerns literature, career aspirations play an important role in workers' effort decisions, and the level of effort is linked with the level of performance.

After identifying the significant gender gaps in performance and analyze factors affecting such gaps, the authors then make an effort to quantify the effects of gender performance gaps on the gender gaps in career outcomes.

2. Data and Empirical Strategy

2.1. Data

The authors use lawyers in the United States as the empirical evidence. Specifically, they exploit a dataset called After the JD (AJD). Conducted in 2002 and 2007, AJD is a nationally representative and longitudinal survey of lawyers in the United States. The AJD dataset has 684 observations.

2.2. Measures

2.2.1 Dependent Variables

The authors establish two measures of performance. The first is hours billed: the annual number of hours billed by lawyers. The second is new client revenue, which examines whether lawyers personally bring new clients to their firms in a given year and focus on how much revenue these new clients generated. In addition, this paper uses earnings and promotion to model career outcomes. Specifically, *annual earning* serves as measure of earnings, and the *likelihood of becoming a partner* serves as measure of future promotion.

2.2.2 Key Independent Variables

Discrimination Hypothesis: The authors establish four different measures to test the discrimination hypothesis. They are *not enough assignments*, *partner discounted hours*, *senior male mentors*, and *self-reported discrimination*.

Child Rearing Hypothesis: The authors use *the number of children*, *the number of young children* (preschool children), the interaction term between them to measure child rearing.

Career Aspiration Hypothesis: The authors use a self-reported aspiration score as the main measure of career aspiration.

2.2.3 Empirical Strategy

The authors run various sets of regressions to examine the gender gap in lawyers' performance as well as investigate the above hypotheses for why the performance gender gaps exist. In addition, this paper examines how these performance differences link to differences in earnings using different control variables.

3. Findings

By demonstrating that controlling for individual and firm characteristics does not narrow the gap in performance between female and males, this paper reveals significant gender gap in performance. In testing the hypotheses that potentially explains the performance gaps, discrimination does not explain away the gender difference in either performance measure. As for childrearing, there is a differential effect of the presence of young children on hours billed while it does not help explain the gender gap in new client revenue. In terms of career aspiration, it has significant positive effect on both measures.

In the second section of examination, the authors show that differences in performance is an important factor in explaining differences in earnings. Using similar strategies, it is revealed that differential gender performance has a statistically significant positive effect on the differential likelihood of being promoted to a firm partner.

Conclusion and Discussion

Are there gender gaps in performances in the real world? Is the gender differences in career earnings and promotion an outcome of such gender gaps in performances? Using the lawyers in the United States as empirical evidence, Azmat and Ferrer (2017) find that significant gender gaps in performance among high-skilled professionals does exist. *The presence of young children* and *differences in aspirations to become a law firm partner* are two important factors of the differential performance across male and female. As a result, gender gaps in performance have substantial consequences for gender differences in earnings and promotion outcomes. This paper advances our understanding of a very common phenomenon in the real world-the gender gaps in career outcomes, and has future implications.

Generally, I buy the authors' arguments and findings. However, in my opinion, this paper has potential limitations. First, there may be omitted variable problem in the analysis of child rearing hypotheses. The significance of the variable *presence of young children* may not hold if the authors add *hours of housework* as a control variable. In this sense, the factor that affect performance is not child rearing, but the intra-household labor division. Second, the generalizability of the authors' finding remains unclear. The situations and mechanisms may vary across different culture and different types of occupations. For example, it is possible that in countries with higher gender equality (e.g., Scandinavia countries), the effects of having young children on performance is much less statistically significant and substantial in magnitude. It seems that the authors don't discuss enough to justify the generalizability of the authors' findings.