

Econ 613 Reading notes

Gender Gaps in Performance: Evidence from Young Lawyers

Yaqi Hu

As workplace performance is commonly omitted for incomplete data, the effect of performance on the gender difference in career outcomes is unclear. Therefore, the motivation of the paper is to figure out whether performance affects gender gap in career outcomes and furthermore the determinants of the gender gap in performance.

Firstly, the paper measures working performance by two variables, hours billed and new client revenue, and then demonstrates the gap in performance exists even controlling for detailed individual and firm characteristics by assigning a binary variable indicating gender in regressions. (Table 2) Moreover, from quantile regressions, the paper finds gender gap is relatively stable throughout the distribution for hours billed and variant throughout distribution for new client revenue. (Figure 2)

Secondly, the paper rules out that unobserved firm effect relate to the required number of target hours to the bill is a possible explanation for gender difference as a result of insignificant estimated gender parameter. (Table 3) Additionally, the difference in hours worked can not explain the gender gap as the regressions on hours-performance ratios of client revenue and aggregate performance, show significant estimated gender parameters (Table 4). The hours-performance ratios eliminating the effect of hours worked on performance and therefore the result should have insignificant estimated parameters on the hypothesis that hours worked attribute to the gender gap in performance. What's more, after controlling the fixed effect of the lawyer's specialty, the significance of gender gap parameter implies specialty is not responsible for the gender gap.

Thirdly, the paper identifies the traditional explanation of gender gap: discrimination, cannot explain the difference in performance by including four discrimination variables (assignment of cases, mentoring activities, interact with clients and direct discrimination) each time in the regressions, where the estimated gender parameters are significant all the time and significance implies gender gap in performance remains to explain.

Next, the paper regressed another traditional factor of the gender gap: childbearing, on working performance and although the childbearing has no significant effect on performance, there is a differential effect of the presence of young children on hours billed. (Table 9) In the regression, for hours billed part, the estimated gender gap parameter is insignificant and however for new client revenue, it is still significant, which implies childbearing does not help explain the gender gap. For the potential selection issues, cross-sectional selection concern and timing selection concern, the paper used natural experiments, instrumental variable techniques, and structural models, showing there is no evidence that fertility is endogenous.

Next, the paper finds that career aspirations have a strong positive effect on both performance variables. The coefficients of aspirations in regressions are significant and the estimated gender parameter is even insignificant in the client revenue part, showing the aspirations explain the all remaining gender difference. (Table 10) The intuition of the strong effect aspiration has on client revenue here is that new client revenue can be regarded as lawyers' long term investment in the firm and stronger aspiration indicates better career concern which has higher client revenue in return.

Finally, the paper shows the existence of gender difference in earning and promotion as the consequence of significant estimated gender parameters (Table 14, 17) and demonstrates that using the two performance variables explain all the difference in earning and promotion successfully without gender parameter (Table 15, 17).

Appendix:

