

Econ 613 - Applied Econometrics - 2022 Spring

Reading 1

Summary of *Gender Gaps in Performance: Evidence from Young Lawyers*

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1 Introduction

In this paper, the authors show the gender difference of performance of the professionals from law firms as well as the link between the gender gaps in career outcomes and performances. They do several works in this paper. First, they investigate the determinants of the gender differences in different annual performance measures. In this step, they got two take-aways: (i) the effect of the existence of young kids in their home differs significantly between male and female lawyers; and (ii) other explanations, such as the report of overbilling clients and the time of networking, does not show a significant difference between genders. Second, the authors analyze the scale of which gender performance difference influence the earnings and promotion of employees. They show the evolution of gender gaps in different career outcomes in recent years and such gaps could be explained by the difference of performance between male and female employees. Third, the authors also investigate the relationship between gender gaps and performance in the employees' career, but other reasons do not contribute to such gaps. In conclusion, the authors find two takeaways: (i) gender gaps exist persistently among the U.S. lawyers in recent years; and (ii) gender gaps in earnings and promotion partly come from the career performance.

2 Body

2.1 Overview of the theoretical foundation

This is not a theory paper and there is no theory frameworks.

2.2 Overview of the data and empirical strategy

[The Data] The data the authors use is from After the JD, which documents the survey for lawyers in the U.S. They focus on those who bill hours, and the variables they use are as follows.

- The variables of interests are employees' performance, which are hours billed as well as new client revenue. In order to avoid the misreports in AJD data, the authors also use firm-reported data as alternatives for such measurements.
- As for other variables and controls, the authors use educational variables (including the institution ranking of undergraduate/graduate schools and GPA), whether they are trained in mock courts, and so on.

- Other variables such as region where the lawyers live, altogether 30 regions in this sample.

[The Empirical Strategy] The author did several regressions to investigate how gender gaps influence the performance difference and career outcomes for male and female lawyers. First, they show the gender gap in performance of male and female employees are large. They run the regression as follows,

$$\text{Outcome} = \beta \text{Female} + \gamma \text{Control Variables} + \alpha + \text{Firm Controls} + \text{Region FE}$$

In the first set of regressions, the outcome is the hours billed. In these regressions, the authors set the controls as (i) nothing, (ii) personal information; and (iii) personal information and educational variables (undergraduate school and law school rankings, the activities participated during law school, and so on). In the second set of regressions, the authors repeat these three regressions on another outcome variable, new client revenue. The regression results shows that the gender gaps, which is showed by the regression coefficient of the dummy variable for female lawyers, remain significant when controlling for different set of variables. For other validations, they run the regression as follows

$$\text{Outcome} = \beta \text{Female} + \gamma \text{Control Variables} + \alpha + \text{Firm Controls} + \text{Region FE} + \text{Education Controls}$$

where the outcome include target hours, ratio of hours worked to performance, hours billed, and new client revenue.

Second, they test the three hypothesis which might explain this gap, including employer discrimination, children in households, and career concerns, for such gender gaps.

- *Discrimination:* The authors extend the regressions by adding dummy variable for not enough assignments as well as the intersection of this dummy and the dummy for female lawyers. They also test other discrimination channels.
- *Child Rearing:* They authors extend the original regressions by adding the intersection of the number of children dummies with the dummy variable for female lawyers.
- *Other Hypotheses:* The authors explain the other channels which might influence the gender gaps, including career aspirations, overbilling, networking and working in weekends.

2.3 Overview of the findings

From the empirical strategies above, the authors give the findings as follows

- Gender gaps exist persistently in recent years in different dimensions of career outcomes.
- The channel in which gender gaps influence career outcome partly come from career performance.

3 Conclusion

This paper is well organized with many detailed exploration and investigation in the gender gaps existing in law industry in the U.S. It provides solid evidence for how gender gaps are formed in different career outcomes. The results are also applicable in other industries. The limitations of this paper are: (i) It lacks evidence in other industries, such as manufacturing and medical. The results might be different from law. (ii) Other explanations, such as people's stereotypes and culture, could also contribute to this gap.