

Econ 613 - Applied Econometrics - 2022 Spring

Reading 1-Revised

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

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In this paper, the authors show the existence of gender difference in career outcomes. First, they show that the gender gaps exist persistently in recent years. Second, they investigate what causes the gender differences with some different performance measures. In this step, they got two takeaways. On the one hand, the effect of the existence of young kids in their home differs significantly between male and female lawyers. On the other hand, other explanations does not explain the gender gaps. 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 get two major conclusions. First, gender gaps exist persistently among the U.S. lawyers in recent years. Second, gender gaps in earnings partly come from the career performance.

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. To be specific, 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 include the region where the lawyers live.

In the empirical analysis part, the author use 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.

In addition, they test the three hypothesis which might explain this gap, including employer discrimination, children in households, and career concerns, for such gender gaps. First, they test whether the gender gaps come from *discrimination*. The author extend the regression by adding dummy variable for not enough assignments as well as the intersection of this dummy and the dummy for female lawyers. Second, they test how *child rearing* might influence the gender gaps in career performance. In this part, they add the intersection of the number of children dummies with the dummy variable for female lawyers. Third, they test some *other hypotheses*. The authors explain the other channels which might influence the gender gaps, including career aspirations, overbilling, networking and working in weekends.

In brief, this paper is well organized with many detailed evidences 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 as follows. (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.