Review on Azmat & Ferrer (2017)

Azmat and Ferrer (2017) attempt to explain the gender gap of lawyers in the US during the 2000s. They follow a three-step process to lay out their argument. First, they show that male "performs better" in the current standard evaluation, hours billed and revenue from new clients. Then, the authors demonstrate that young child-rearing responsibility and aspiration explain this gap. Finally, they find performance early on is associated with promotion chance and salary later on. Overall, this paper investigates the underlying cause of the gender gap in a high-skilled profession: legal service.

The data they use in the empirics is of high quality. The data is from a national representative survey of lawyers, After the JD. The same group of respondents were interviewed in 2002 and again in 2007. "Hours billed" and "revenue from new clients," performance variables, were collected in the 2007 survey. As for the possibility of misreporting, because this is a self-reported survey, they reject it by cross-checking firm reports. In addition, the richness of data ensures them to have sufficient control variables to deal with endogeneity. For example, the data includes numbers of children, whether the person has children under 4, tenure, their undergraduate and law school (and their ranking), et cetera. Interestingly, they can also control for legal specialization by using data on the time spent on 27 legal issues (e.g., intellectual property and civil rights law). The most crucial data could be aspiration since it explains the performance gap and indirectly influence career outcome.

Regarding the empirics, the authors rely on OLS and t-test throughout the study. Their reliance on OLS is not problematic as the determinants of performance, promotion, and salary in a law firm are rather clear, and they have sufficient data to reject alternative theories. I admire how they meticulously examine multiple alternatives to guide us toward their argument. Also, they often display the gender gap under different quantiles of hours billed or new clients revenue. This move is clever as it tells more stories than just showing the table.

Because of their solid specification, the findings are convincing. They find that there is a gender gap in the two performance variables, and the gap can be explained by having preschoolers at home and aspiration to become a partner. More importantly, this performance gap explains later career outcomes, measured by salary and chance of promotion to partner. Overall, the results point to a story that could go as follows: On average, women has relatively low career aspiration than men and more responsibility to take care of preschoolers. This leads to lower performance under the current evaluation method, and the evaluation results determine the gender gap in later salary and partner status.

Although the paper has solid results and reasonable interpretation, some limitations result from the design. Perhaps the most important issue is the scope. Since the authors' chain of reasoning hinges on the performance evaluation method: hours billed and new client revenue, any change in how law firms conduct evaluations can alter the result. This reliance means that under different performance measurements, there could be less gender gap, or the performance gap can no longer be explained by aspiration. Likewise, if the weight of performance in decisions about raise or promotion fluctuates over time, the coefficient of performance gap they estimate might not hold. Of course, my argument does not challenge the robust results we see. Instead, I question the extent we can apply to more settings across time and firms.

I also worried about the lack of opinion on the evaluation system from the respondents. If a lawyer does not like the current system, she could perform poorly because of it. We can imagine an aspiring female lawyer who dislikes being judged by how much money she brings to the firm with new clients. Even if she dreams of becoming a partner, she may still score low on the evaluation. If females, on average, tend to dislike this system that favors male lawyers, then the gender gap can be explained.

Despite my argument against their article, Azmat & Ferrer (2017) contribute to the field with their effective control variables and clear reasoning. They also show the

psychological factor early on, aspiration, can substantially impact long-term career outcomes. It implies that increasing female lawyers' aspiration before entering the workforce could potentially diminish the gender gap in the labor market.

To conclude, many questions are left unanswered by Azmat & Ferrer (2017). For businesses, what kinds of performance evaluation systems motivate people to do more than their early career aspiration would predict? Are clear-cut evaluation criteria adequate or not for gender equality? It might be decent as individual prejudice may not dictate women's career outcomes. It also may be substandard as there is a substantial gender gap in this case. How will the findings speak to the gender gap of other high-skilled labor markets? Lastly, why does aspiration differ among men and women even in top law schools of the US? Some could say the emphasis on justice in law schools and the liberal attitudes in top-ranked institutions both predict equally (gender equal) high career aspiration.