

# Gender Gaps in Performance: Evidence from Young Lawyers\*

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## Abstract

This paper documents and studies the gender gap in performance among associate lawyers in the United States. Unlike most high-skilled professions, the legal profession has widely used objective methods to measure and reward lawyers' productivity: the number of hours billed to clients and the amount of new client revenue generated. We find clear evidence of a gender gap in annual performance with respect to both measures. Male lawyers bill ten-percent more hours and bring in more than twice the new client revenue compared with female lawyers. We demonstrate that the differential impact across genders in the presence of young children and differences in aspirations to become a law-firm partner account for a large share of the difference in performance. These performance gaps have important consequences for gender gaps in earnings. While individual and firm characteristics explain up to 50 percent of the earnings gap, the inclusion of performance measures explains a substantial share of the remainder.

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## 1. Introduction

The reasons for gender gaps in career outcomes, particularly among high-skilled workers, remain unclear. Due to the complexity of measuring performance, it is difficult to understand what share—if any—of these gaps is attributable to differences in performance. Firms reward higher individual performance either directly, through performance pay, or indirectly, through promotion and hiring decisions; in particular, high-skilled workers are often explicitly evaluated and compensated based on performance (Lemieux et al., 2009; Lazear and Shaw, 2007). Therefore, to analyze differences in career outcomes, it is important to determine whether there exist gender differences in performance and what could be driving them.

In this paper, we document gender differences in performance among high-skilled workers. Performance indicators are often costly to gather and heterogeneous across industries and firms. This poses difficulties in measuring performance differences across workers and evaluating their implications. We overcome this problem by using the legal profession as a setting. As do many other high-skilled professions, the legal profession exhibits persistent gaps in career outcomes and earnings; however, unlike many other sectors, it traditionally uses performance measures that are transparent and homogeneous across firms. In our analysis, we exploit comprehensive, nationally representative information on young lawyers in the U.S., including detailed information on the measures by which they are evaluated: annual hours billed and the amount of new client revenue brought to the firm. These measures are widely used within the profession, as a means not only to explicitly compensate lawyers but also to evaluate lawyers for promotion decisions (Heinz, 2005; Altman and Weil, 2010).

We find substantial gender differences in annual performance. To understand the performance gap, we explore the more traditional explanations of discrimination, childrearing, and human-capital differences. We also consider differences in behavior regarding areas of specialization, the inclination toward overbilling, networking behavior, and career aspirations. We find that the presence of pre-school-aged children in the household has a crucial, differential effect on the performance of male and female lawyers. In addition, differences across men and women in their aspirations to “become a partner” in the law firm are also a key determinant of the performance gap. In particular, such aspirations affect the amount of new client revenue, the performance measure that is particularly relevant for long-run career outcomes. In contrast, other explanations that we consider are less relevant in explaining gender gaps in

performance. For instance, female lawyers are less likely to report “overbilling” clients, and although “overbilling” has (positive) consequences in terms of performance, it has a negligible effect in explaining gender gaps. In a similar vein, the amount of time spent networking, which differs significantly between male and female lawyers, does not explain a substantial share of the gender differences in performance. With respect to discrimination, it is possible that the main determinants of performance differences — childrearing and career aspirations— are associated with subtle forms of discrimination, such as compliance with social norms. However, a key finding of the paper is that the gender gaps in performance do not appear correlated with measures of explicit discrimination at the firm level.

Performance differences are often a key determinant of career advancement. Traditionally, researchers have relied on indirect proxies for performance, such as differences in absenteeism (Ichino and Moretti, 2010), to understand gender gaps in labor-market outcomes. However, here we can use more accurate and comprehensive measures of on-the-job performance to understand gender gaps in career profiles. We explore the implications of these differences by focusing on their consequences in terms of earnings. As in other professions and industries, the legal profession has a persistent gender gap in earnings. Figure 1 illustrates the gender difference in lawyers’ salaries in the U.S.<sup>1</sup> Moreover, it shows that there is no evidence that this difference has decreased over the last decade as the male-dominated cohorts have retired.<sup>2</sup>

We find that the gap in performance helps to explain the gender gap in lawyers’ earnings, a considerable proportion of which has remained unexplained until now (Wood et al., 1993; Dinovitzer et al., 2009).<sup>3</sup> This has been the case more generally in the gender literature, in which despite the wide range of explanatory measures, a large share of the gender gap in earnings remains unexplained (see Altonji and Blank, 1999, for a review of the literature). We observe a raw gender earnings gap between male and female lawyers of 18 log points. When we control for individual and firm characteristics, we can explain 50 percent of this initial gap. Controlling for performance, we are able to explain a substantial share of the remaining gender gap.

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<sup>1</sup> The patterns hold with and without controlling for important individual (age, marital status, number of children, ethnicity) and work characteristics (full-time status, type of organization, firm size).

<sup>2</sup> It was not until the 1980s that the expansion of the legal profession attracted a large number of women (Rosen, 1992).

<sup>3</sup> Wood et al. (1993), using Michigan Law School graduates (1972-75), and Dinovitzer et al. (2009), using a nationally representative sample of lawyers graduating from law school in 2000, show that a substantial gender gap in earnings remains unexplained after controlling for individual and firm characteristics.

Our paper highlights that there exists an omitted-variable bias problem, since to proxy for performance—which is commonly omitted—it is not sufficient to simply control for the observable characteristics typically used in the literature. The previous literature has explored various possible sources of the gap, but their relative importance and whether they are related—not only to earnings but also to performance—remains unclear.

The legal profession is among the highest-paid professions in the U.S., along with physicians and CEOs,<sup>4</sup> and it constitutes a substantial share of U.S. GDP.<sup>5</sup> Moreover, the high-skilled nature of these professions suggests that women and men have similar skills, training, and motivation. Here, we focus on a generation of lawyers that has experienced virtual gender equality in law school admissions and no prominent gender differences in law school performance. There has been increased interest in why large earning gaps exist among the more able and career-driven women in high-skilled professions (Manning and Swaffield, 2008; Bertrand et al., 2010).<sup>6</sup> Our paper demonstrates that gender gaps in performance have important subsequent consequences on earnings.

As in the legal profession, similar patterns of earnings and promotion gaps exist in other high-skilled professions. For instance, the literature has noted persistent gender gaps in earnings and career outcomes among CEOs, physicians, and university professors (see, for example, Bertrand and Hallock, 2001). Even in professions such as medicine, accounting, and pharmacy, which are viewed as more female-oriented, there are gender differences in salaries and a substantial underrepresentation of women in top career positions (Flynn 1996; Goldin and Katz, 2012; Jagsi, 2006). An important advantage of the legal profession is the availability of performance measures that allow us to address the question of gender gaps in performance and then to link this to earnings.

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<sup>4</sup> National Cross-Industry wage estimates, U.S. Bureau of Labor Statistics.

<sup>5</sup> In 2008, legal expenses accounted for more than \$200 billion, which constituted 1.5 percent of U.S. GDP. Compared to other large economic sectors, we observe that this amount was \$80 billion more than that for educational services and nearly four times more than that for air transportation services (Bureau of Economic Analysis, U.S. Department of Commerce).

<sup>6</sup> Manning and Swaffield (2008) and Bertrand et al. (2010) find that there is no gender-based earnings gap at the outset of young professionals' careers but that their earnings diverge ten years after graduation. Bertrand et al. (2010) focus on MBA graduates from the University of Chicago and attribute growing earning-gap differences to career disruptions; training choices prior to MBA graduation; and weekly hours worked. Manning and Swaffield (2008) focus on graduates in the UK and find that differences in human capital and psychological factors explain a share of the wage-growth gap, but most of the gap remains unexplained.

Our results serve to shed light on these similar gender differences in earnings and career progression observed among high-skilled professionals in general.<sup>7</sup> Being able to document gender gaps in performance constitutes an important contribution of our paper's added value. In addition, the broad set of issues included in the data allows us to perform a comprehensive analysis to understand the determinants of performance. We then confirm the economic relevance of the gender gap in performance by calibrating its importance with respect to earnings. We demonstrate that it explains a large fraction of the gender gap in earnings unexplained by other observable variables. Finally, our findings regarding career aspirations and the impact of childrearing highlight the influence of gender roles, even among the most career-oriented individuals.

## **2. Performance Measures in the Legal Profession**

The legal profession provides an ideal framework for studying gender differences in performance. Unlike other high-skilled professions, it uses widely accepted, objective methods to measure and reward lawyers' productivity, namely, the hours billed to clients and new client revenue raised. The use of performance pay has increased since the 1970s throughout different economic sectors and has become pervasive in professional activities and high-skilled occupations.<sup>8</sup> In contrast to the legal sector, the methods to measure performance in other professions and industries are heterogeneous across firms, making it difficult to make comparisons within an industry. However, as is common in other high-skilled professions, lawyers' performance is based on annual measures such that earnings and promotion decisions that are determined based on these annual performance measures, rather than performance per hour worked. This is typically justified by job indivisibilities, lower substitutability

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<sup>7</sup> For the purposes of extrapolation, we examined performance in professional school admission tests. In general, men tend to outperform women in standardized tests (American Association of University Women Educational Foundation, 1998); however, compared with other professions, the distributions of scores in law school standardized admission tests (LSAT) are fairly similar for males and females. Male LSAT test-takers have slightly higher performance, by approximately two percent, compared to female test-takers (Dalessandro et al., 2010). In the standardized Medical College and Graduate Management Admission Tests (MCAT and GMAT), which apply to health and management studies, respectively, gender gaps also exist but are larger than in the LSAT, at approximately eight percent.

<sup>8</sup> Recent research has explored the importance of performance pay in inequality across economic sectors. Lemieux et al. (2009) study the evolution of performance pay and wage inequality in the U.S. labor-market from the 1970s to the 1990s. Heywood and Parent (2009) use the same period but focus on the white-black wage gap. They find that the white-black earnings differential is larger in the share of the income distribution in which performance pay is more prevalent. Finally, comparing Spanish industries, De la Rica et al. (2010) find that the gender gap is considerably larger for workers whose salaries include a variable component than for those who have a fixed salary.

among workers and increasing returns to cumulative experience. In the remainder of this section, we provide further information on the two annual performance measures commonly used in the legal profession.

## **2.1. Hours billed**

Standard practice among law firms in the U.S. is to determine the value of legal services by computing hourly fees multiplied by the number of hours devoted to a case. Commonly known as billable hours, this method was first introduced in the 1950s and has become a widely used management tool within law firms over the last several decades.<sup>9</sup>

As billable hours directly determine firms' revenues, they are also their preferred way to measure lawyers' productivity.<sup>10</sup> Most law firms use billable hours to determine bonus compensation and have annual billable-hours requirements for their associate lawyers (Fortney, 2005; Altman Weil, 2010). To compute the number of hours a client should pay for, lawyers keep detailed records of the time they devote to each case (e.g., using time-tracking software). It is important to note that the number of hours that a lawyer bills does not generally coincide with the number of hours he or she worked. In general, the number of hours lawyers work is larger than the number of hours billed because there are broad tasks, such as meetings, reviewing general correspondence or legal updates, networking activities, and training time, which cannot be assigned to specific clients or cases.

While the firm is concerned with the number of hours its attorneys bill, as this is a direct determinant of the firm's revenue, the firm is also concerned with the quality of the work done in a billed hour. Better quality brings future revenue, and the firm maximizes a discounted flow of profits and not just current revenue. Partners in law firms monitor the quality of hours billed by junior lawyers and will "write-down" (or discount) hours that they feel are inadequate. Typically motivated by reputational or even legal concerns, discounting hours is relatively common. For example, 13 percent

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<sup>9</sup> The practice of time recording became routine in the 1950s. By the end of the 1960s, "most mid-sized and large law firms had shifted to hourly billing" (American Bar Association, 2002). Exceptions include personal injury litigation, in which contingent fees are more prevalent, and the use of flat fees for some specific services. In legal areas that use contingency or flat fees, firms frequently record billable hours as a method to record lawyers' performance, although strictly speaking, they are not actually billed to the client.

<sup>10</sup> A more accurate term is perhaps "perceived productivity" or "perceived performance." Throughout the paper, we refer to them as "performance", as these are widely established performance measures in the profession, and law firms use them to evaluate lawyers' annual productivity.

of lawyers in our sample report that they had hours discounted by a partner in the previous year. Moreover, lawyers also have their own clients and reputations to uphold and are likely to internalize, at least partially, the long-term costs of billing poor quality hours

In this paper, we use the annual number of hours billed by lawyers as the first measure of lawyers' performance. As is common in other high-skilled professions (e.g., academia, management, etc.), employers are more concerned with overall performance than about the number of hours worked. Ultimately, the annual number of hours billed is most relevant for law firms, as it will determine annual revenues. In 2006, the median hourly billing rate for associate lawyers was \$200 per hour, and the median number of hours billed was 1,704 (Altman Weil, 2007). In turn, the median associate lawyer generated revenues in excess of \$300,000. There is substantial variability across firms in the billing rates and lawyers' billable-hours requirements. Typically, these are increasing in the size of the law firm and also vary depending on the area of the law considered.<sup>11</sup>

The use of billable hours has proven persistent over time. Advocates of billable hours argue that this method serves to calculate the value of the service, minimize transaction costs between clients and law firms, and eliminate uncertainty and arbitrariness regarding lawyers' bonuses (American Bar Association, 2002).<sup>12</sup> While the hours billed are accountable, such that they reflect quality and not only quantity, some critics argue that this method may not reflect all aspects of the services provided to the client and it discourages the use of technology that might increase productivity. Others remark that measuring performance based on hours billed may induce associate lawyers to overbill clients. Law firms' short-term revenues could benefit from overbilling practices; however, partners also have incentives to control billing abuses due to competition between law firms, the fear of losing clients, reputational and ethical concerns and potential punishment.<sup>13</sup>

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<sup>11</sup> The areas of law with larger billing rates are Antitrust, Municipal Finance, Securities, Mergers and Acquisitions, and Intellectual Property. The average number of hours billed also varies across areas: Lawyers working on Trusts and Real Estate, for example, billed 1,507 hours on average in 2006 (Altman and Weil, 2007).

<sup>12</sup> For a summary of the debate, see American Bar Association (2002). The report argues that "the hourly billing method has endured virulent criticism over the past two decades, [although the criticisms] have not displaced hourly billing or even reduced its dominance as the most common form of law firm billing."

<sup>13</sup> The Rules of Professional Conduct for lawyers forbid unreasonable fees. Violation of the Rules constitutes professional misconduct and could potentially constitute fraud. Such disputes between lawyers

## 2.2. New client revenue

A second measure of lawyers' performance commonly used in the legal profession is whether lawyers personally bring new clients to their firms in a given year, measured by how much annual revenue these new clients generated. There are two main differences between new client revenue and hours billed. First, new client revenue exclusively refers to revenues generated from new business, excluding revenues from hours billed to previously established clients of the firm. Second, if a lawyer brings a new client to the firm, she will receive credit for all revenues generated by the new client in that year, including revenue from hours billed by other lawyers in the firm.

Together with hours billed, the origination of client revenue —also known as “rainmaking”—is the most-used objective criterion to measure lawyers' performance (Heinz et al., 2005). Altman Weil (2010) finds that more than half of law firms —more frequently in large ones —use formal origination credit scoring systems to reward lawyers' ability to attract new clients. It is common for law firms' client bases to only comprise between 40 and 60 percent of stable clients (Heinz et al., 2005); thus, firms are highly reliant on partners and associate lawyers generating new business for the firm.

New client revenues make it possible to further capture information on the quality dimension of lawyers' performance: Lawyers who provide higher-quality work will establish a good reputation with clients, who will then be more likely to recommend their services. Although sources of new client revenue are diverse, considerably important sources are referrals from previous clients and other lawyers (Spurr, 1988; Garicano and Santos, 2004). Therefore, this performance measure captures a lawyer's ability to create personal connections, reputation, and visibility. These skills are crucial in promotion decisions because they provide information on lawyers' potential performance as law-firm partners. The likelihood of becoming a law-firm partner will depend on the individual's historical productivity level (billable hours history); the individual's ability to sustain high productivity at a partner's billing rate; and the individual's ability to support himself or herself as a partner, which is related to the ability to develop and originate new clients for the firm (Rose, 2011).

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and clients can be taken to court or the Legal Fee Arbitration Committee at the corresponding State Bar Association.



### 3. Data Description

Our analysis uses data from *After the JD*, a nationally representative, longitudinal survey of lawyers in the U.S. The *After the JD* study is a project of the American Bar Foundation and other legal associations. Lawyers in the sample are representative of all lawyers first admitted to the bar in 2000. Participants are primarily employed in private practice (54 percent) —the focus of the survey questions— as well as government jobs and nonprofit organizations (25 percent),<sup>14</sup> private industries other than law firms (18 percent),<sup>15</sup> and academic institutions (3 percent).<sup>16</sup>

The survey was first conducted in 2002, and the same lawyers were interviewed again in 2007.<sup>17</sup> Survey participants respond to detailed questions on job characteristics, employment history, educational background and family status. Dinovitzer et al. (2009) use the first wave of the AJD study data (2002), when the lawyers were two years out of law school, and conduct a descriptive analysis of gender gaps in earnings.<sup>18</sup> In 2007, the survey also included questions on billable hours, which is why this period will be the focus of our analysis.

We focus on lawyers who bill hours —the large majority of whom work for private law firms.<sup>19</sup> Table 1 reports descriptive statistics for this core sample in 2007. The first measure of performance, *Hours Billed*, corresponds to lawyers' total number of hours billed during the year before the survey, 2006. As shown in Table 1, male lawyers bill, on average, 1,826 hours per annum, while female lawyers bill 1,677 hours on average. Respondents are also asked about their annual target hours in their firm and position, which is their billable-hour requirement. This requirement typically reflects the type and size of the firm. From Table 1, we observe that the gender difference in target billable hours is considerably smaller than that in the actual number of hours billed. Male lawyers on average have a target of 1,827 hours, while female lawyers have a target of 1,759 hours on average.

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<sup>14</sup> This category includes positions such as prosecutor, judge and public defender.

<sup>15</sup> This category includes all lawyers working for consulting firms, in Fortune 1000 industries, and in investment banking.

<sup>16</sup> This category includes academic administrators as well as tenured and non-tenured professors.

<sup>17</sup> The response rate in 2002 was approximately 70 percent. Among those responding in 2002, more than 85 percent also responded in 2007.

<sup>18</sup> Dinovitzer et al. (2009) find a gender earnings gap, after controlling for individual and firm characteristics. Then, they perform an Oaxaca decomposition using individual demographic and workplace characteristics and conclude that only part of the wage gap would be narrowed if women resembled men across observable endowments, while a substantial part of the gender gap remains unexplained.

<sup>19</sup> Among those who bill hours, more than 93 percent work for law firms, and the remaining lawyers work in solo practices.

For the second measure of performance, *New Client Revenue*, we use responses to the approximate revenue generated by new clients “personally brought” by the lawyers to their law firm in the year before the survey, 2006. The gender difference in annual new client revenue originated is nearly \$30,000. Both performance measures enter into the firms’ objective function and jointly determine the firms’ current and future profits, but originating new clients and legal work do not necessarily require the same set of skills. In our data, we examine the correlation in performance using these two measures and find that it is small and, if anything, a positive relationship, although not statistically significant.

Because the AJD data are self-reported by lawyers, it is possible that respondents misreport on how they perform. Although the survey was conducted anonymously and there were no incentives to misreport, we complement our data with external, firm-reported data sources on key variables from a number of alternative sources.<sup>20</sup> The sources conform to our study and exhibit similar patterns overall and by gender to those found in our data. We discuss the sources and main findings in the online appendix.

With respect to total earnings, which refer to lawyers’ reported annual salaries including bonus components, we see that male lawyers earn, on average \$150,000 and female lawyers, \$132,000. As is commonly known in the legal profession, total earnings and performance expectations are highly positively correlated with the size of the law firm. However, the fraction of female lawyers working in large organizations is not significantly different from the fraction of males. There are also no significant gender differences in the average number of years in the current job. Female lawyers are, however, slightly younger and less likely to be married and have considerably fewer children. They are also more likely to belong to a minority group. The descriptive statistics are very similar when compared to the lawyers in the sample who do not bill hours.<sup>21</sup>

The dataset contains detailed educational variables. We use the bracketed ranking of the institutions that respondents attended as undergraduates and law students,

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<sup>20</sup> We use firm-reported data on target hours, hours billed, new client revenue and earnings using the National Association for Law Placement (NALP), Survey of Law Firm Economics (SLFE), National Association of Women Lawyers (NAWL), and the Major, Lindsey & Africa’s Partner Compensation Survey (MLA); additional details are provided in the online appendix.

<sup>21</sup> The raw earning gap is higher (\$25,000) for the overall sample, which seems driven by a larger gender gap among those working in professional service firms other than law firms (e.g., investment banking, consulting, etc.)

as well as their reported grade point averages in both institutions.<sup>22</sup> We also use information on whether, as law students, they participated in simulated mock trials (*Moot Court*) and law journal editorial activities (*General Journal* and *Specific Journal*), as these activities help build skills relevant to practicing law and obtaining jobs. In addition, we also have information on whether respondents held positions as judicial clerks in state or federal courts. Because judicial clerkships are prestigious internships through which outstanding students assist judges—usually for the two years immediately following graduation—having held a position as a clerk captures additional skill information. All of these education-related variables serve as proxies for ability.

Finally, we also have information on the region in which lawyers live. After accounting for regional mobility, there are 30 regions in the sample.<sup>23</sup> Most of the regions are at the state level, but for those living in major urban areas, information is disaggregated at the city level.

#### **4. Gender Gaps in Performance**

This section presents the main results of the paper. First, we document a substantial gender gap in performance. We demonstrate that controlling for detailed individual and firm characteristics does not close the gap in performance. Then, we investigate a number of hypotheses for why female lawyers may not be billing as many hours or raising as much new client revenue as male lawyers. In Table A.3, we summarize our hypotheses and highlight their relative importance. In this section, we primarily focus on three hypotheses—employer discrimination, the presence of children, and career concerns—and briefly discuss some others.

From Column 1 of Table 2, we see that male lawyers bill 153 more hours than female lawyers, which is equivalent to approximately ten-percent more hours billed. In Column 2, we control for individual and firm characteristics, including marital status, age, the number of children, the presence of children under four years of age, ethnicity, years of tenure, working full-time, the size of the firm and the type of organization. Some of these factors, such as experience in the current firm and working full-time,

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<sup>22</sup> The rankings are based on 1996 and 2003 *U.S. News* reports on undergraduate and law school studies, respectively.

<sup>23</sup> To account for regional mobility between 2002 and 2007, we update the information on lawyers' residence available for 2002 with information on whether lawyers were last admitted to practice law by a State Bar's authority in a different location.

have a significant effect on hours billed; however, these factors explain only a small share of the performance gap. In addition, Column 3 indicates that including detailed educational variables as proxies for ability has a negligible effect on the gender gap. Having participated in editorial activities for law journals, for example, has a positive effect on hours billed; however, including them as a control, once the other individual and firm characteristics are included, does not affect the gender gap. Overall, a gender gap of nearly 100 annual hours remains unexplained.

Regarding the second measure of performance, new client revenue, we see from Columns 4, 5, and 6 that male lawyers bring in more than twice the new client revenue than female lawyers. After controlling for firm and individual characteristics, together with proxies for ability, the gender gap in revenue remains approximately \$30,000. Having held a judicial clerkship has a considerable effect on raising new client revenue; however, it does not help explain the gap.

In Figure 2, we plot the quantiles for the performance measures. For hours billed, we find that the gender gap in performance persists in a linear fashion throughout the distribution. For client revenue, however, there is some evidence that the gender gap is largest at the top of the distribution—especially from the 60<sup>th</sup> percentile. However, with the exception of the 10<sup>th</sup> and 90<sup>th</sup> percentiles, the gender gap in raising new client revenue is always significant.

A possible explanation for gender differences in performance is unobserved firm effects that relate to the required number of target hours to bill; for example, it could be that male and female lawyers select (or are selected) into firms that have different billing requirements. We explore this using the hours that firms expect their lawyers to bill (i.e., the “target hours” to bill), which could be related to gender differences in hiring outcomes or in job assignments. Column 1 of Table 3 shows that there is no gender gap in the target hours to bill.<sup>24</sup> Some lawyers in the sample (15 percent) who report billed hours do not have billable hours requirements (i.e., they report target hours of zero).<sup>25</sup> Including those who report zero target hours (Column 2), we find that the gender gap is not significant but the coefficient is larger. Importantly, however, from Column 3, we see that there is no gender difference in the probability to report zero target hours.

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<sup>24</sup> Not all respondents report their target hours (only 770 out of 974). However, the gender gaps in performance are similar when we restrict the sample to respondents who report target hours.

<sup>25</sup> Among these lawyers without billable hours requirements, 70 percent work in firms that have fewer than ten employees.

Differences in annual performance could be due to differences in the output produced per hour worked. As mentioned, law firms focus on annual performance in terms of hours billed to clients. However, studying the ratio of hours billed to hours of work may help determine whether there are gender differences in productivity per hour worked and whether female lawyers, perhaps more concerned with the quality than the quantity of their work, devote more time per billable hour. In Table 4, we find that, on average, the gender coefficient is not statistically significant, implying that female lawyers do not work more hours per hour billed than males do.

We next explore whether a lawyer's specialty affects performance. Although our results are within the same profession, one may relate differences in the area of specialization to the occupational segregation literature.<sup>26</sup> Differences in non-pecuniary benefits across firms could be reflected in the size of the law firm and the number of hours it expects its lawyers to bill, as well as in the areas of law in which the firm specializes. We control for lawyers' area of specialization using the percentage of their time that respondents devote to 27 different areas of law listed in the survey. Of the 27 specialties listed, we find that, compared to the overall sample, male lawyers are more significantly represented in Intellectual Property and Criminal Law, while Family Law, Probate (Wills and Trusts), Employment Law (Management), Workers Compensation, Insurance Law, Civil Rights, and Public Utilities/Administrative Law have a significantly larger number of female lawyers.<sup>27</sup> However, Table 5 shows that areas of law only explain a small share of the gender performance gap. The gender coefficient decreases slightly for hours billed (Column 1), while it increases slightly for client revenue (Column 2). Moreover, we do not find evidence of female lawyers systematically sorting into areas with lower hours billed (see Table A.4).

Therefore, the question remains unresolved: What is causing the gender differences in performance? We explore a number of factors to understand the determinants of the performance gap. We begin by investigating the traditional

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<sup>26</sup> While occupational segregation has declined over time, there still appears to be a tendency for women and men to choose different types of jobs and different specialized training within a given profession. See, for instance, Altonji and Blank (1999), Blau et al. (1988), Goldin (1990), Blau and Kahn (2000) and Bertrand et al. (2010).

<sup>27</sup> Lawyers in the sample report the percentage of time that they devote to each of the legal areas. We do not find either men or women to be overrepresented in the remaining areas of specialization: Antitrust, General Practice, Bankruptcy, Civil Litigation, Commercial Law, Employment Law (Unions), Environmental Law, General Corporate Law, Immigration Law, Municipal Law, Personal Injury (Plaintiff), Personal Injury (Defense), Real Estate (Commercial), Real Estate (Personal), Securities, Tax, Health, and 'Other' areas.

explanations for gender gaps in earnings: discrimination and childrearing. We then investigate alternative hypotheses, including differences in career aspirations, to determine if they contribute to the gap.

#### **4.1. Discrimination**

If employers (partners of the firm) can “interfere” with the number of hours that associate lawyers bill, there could be scope for discrimination. In particular, there could be some form of discrimination in the assignment of cases when more senior colleagues or firm partners assign the cases for which associates bill hours. To investigate this possibility, we first study whether receiving enough assignments from the partner explains lower performance. We also investigate whether partners interfere with the way hours billed are measured by not awarding associate lawyers full credit for the hours that they bill, i.e., by “writing-down” hours billed. We also use information on self-reported discrimination to assess whether there are gender differences and if this reporting affects performance. In addition, we investigate other potential sources of discrimination, such as whether differences in the gender and seniority of mentors or the tasks assigned to the lawyers play a role in explaining gender differences in performance.

The two main reasons that lawyers find it difficult to bill hours that could be connected with discrimination are: first, not receiving enough assignments and, second, partners discounting hours (see Table A.2). While both explanations seem to be quantitatively important —accounting for approximately 30 percent of the difficulty in meeting billable hours —male and female lawyers report them at similar frequencies. In Panel A of Table 6, we observe that not receiving sufficient assignments implies that the lawyer bills fewer hours, suggesting constraints on performance. However, the gender gap remains unchanged after including this variable, while the interaction term demonstrates that there is no significant gender difference in the hours billed for these “constrained” female and male lawyers. In other words, a female lawyer who claims that she has not received enough case assignments does not bill less than a similarly situated male lawyer. The results are similar for partner-discounted hours. Not only does this variable have no effect on the gender gap, but it also has no significant effect on lawyers’ hours billed in general. One might argue that male and female lawyers have different thresholds at which they are constrained, i.e., they feel that they do not receive enough assignments. If that is the case, then there may still be scope for discrimination

in case assignment. In Table 7, we observe that lawyers billing between 1,600 and 1,800 hours, between 1,800 and 2,100 hours or more than 2,100 hours report being less constrained than those billing 1,600 hours or fewer.<sup>28</sup> The coefficient is only significant for the two upper intervals. In Column 2, when we interact gender with the different thresholds, we do not find any significant gender difference. This is reassuring, as it suggests that the likelihood of being constrained is the same for both men and women at different points in the hours-billed distribution.

The mentoring activities of senior partners represent a channel through which they could discriminate. Mentors are common in the legal profession. For instance, nearly 90 percent of lawyers in our sample report having had at least one mentor. There may be a tendency for lawyers to be mentored by senior lawyers of the same gender; if there were some sort of favoritism towards male lawyers in mentorship assignments, this could affect performance. In our data, we observe a tendency for senior male partners to mentor male lawyers, as 85 percent of male lawyers are mentored by male partners, compared to 69 percent of female lawyers. As shown in Table 8, Columns 1 and 2, having a senior male partner has a positive but not statistically significant effect on hours billed and does not affect raising client revenue. In addition, it does not explain away the gender difference in either performance measure.

Another potential channel for discrimination is the extent to which lawyers interact with the firm's clients. For instance, if women are less involved in tasks that involve direct contact with clients, this could jeopardize their ability to obtain future referrals or create their own reputations. We exploit the detailed information on the types of tasks lawyers perform. Using a comprehensive list of tasks, lawyers are asked to report the frequency with which they have performed each over the last three months. Overall, we do not find gender differences in most tasks, neither in more menial tasks, such as drafting transactional documents or conducting routine research, nor in more appealing tasks such as appearing in court as first or second chair on a case (see Table A. 2). In Table 8, Columns 3 and 4, we focus on the four tasks related to interacting with clients, that is, the frequency with which a lawyer was involved in face-to-face meetings with clients, was responsible for keeping the client updated on a matter, was involved in formulating strategy, and traveled to meet clients or witnesses or to make court appearances. We find that one of the tasks in particular —being responsible for

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<sup>28</sup> These cut-offs are in line with the quartiles of the distribution.

keeping the client updated —has a positive effect on the ability to attract new clients. However, controlling for these variables does not help explain the gender gap in performance.

Finally, we explore direct, self-reported measures of discrimination. Lawyers are asked whether they experienced demeaning comments or other types of harassment, missed out on a desirable assignment, had a client request that someone else handle a matter, and/or had a colleague or supervisor request that someone else handle a matter over the last two years by due to their race, religion, ethnicity, gender, disability, or sexual orientation. A small fraction of respondents report some type of discriminatory experience, but as shown in Table 8, Columns 5 and 6, controlling for these measures does not appear to affect performance or the gender gap in performance. Moreover, the interactions of these measures with gender are insignificant.

#### **4.2. Childrearing**

Gender differences in earnings are often attributed to women having children and gender differences in childcare responsibilities (Altonji and Blank, 1999). We now investigate whether the presence of children affects performance and whether there is a differential impact on female lawyers.

Columns 1 and 3 in Table 9 present the gender gaps in hours billed and client revenue, respectively, controlling for regional fixed effects and individual and firm characteristics. We observe that neither children nor the presence of young children (i.e., children of preschool age under four years of age) has any effect on hours billed or new client revenue generated, respectively. In Columns 2 and 4, when we interact the number of children with gender for each performance measure, we see that there is no differential effect of children on hours billed and client revenue, respectively. However, there is a differential effect of the presence of young children on billable hours. Having young children results in female lawyers billing fewer hours but does not affect male lawyers. In particular, we find that female lawyers with young children bill approximately 160 fewer hours per year, while male lawyers with young children do not experience a significant decline in the number of hours billed. This suggests that female lawyers may shoulder a greater share of household responsibilities than male lawyers with respect to raising preschool-aged children and this is reflected in their performance. Column 4, however, shows that childrearing does not help explain the gender gap in new client revenue. We observe no effect of the presence of either



children or young children on raising new client revenue for either male or female lawyers.<sup>29</sup>

There are two selection issues regarding fertility and performance that could be a concern: first, there may be cross-sectional selection, such that there are types of women who are more or less productive, and their productivity might induce them to have children (or more children). Second, there may be timing selection, such that women may decide to have children at particularly unproductive moments of their careers.

To address the cross-sectional selection concern, we follow a strategy similar to that of Bertrand et al. (2010) and use pre-labor market information to predict the performance (and earnings) of men and women with children.<sup>30</sup> In line with the results obtained by Bertrand et al. (2010) on labor supply and earnings, we find that there is no evidence that women with children (or women with children under the age of four in 2007) are drawn from the lower part of the female performance and earnings distribution (see Table A.5). Women and men with children have slightly higher predicted earnings than women and men without children (although this difference is not significant), as well as slightly higher predicted hours billed (significant at the 10 percent level) and higher predicted client revenue (although this is not significant). With respect to client revenue, from Column 3, men with children are predicted to bring more business to the firm than all other groups (men without children and women with and without children), but the gap is smallest when comparing men with children and women with children, suggesting that they are more similar. Finally, focusing on the group of women with younger children (under pre-school age), compared with women without children and women with older children, there is no statistically significant difference in predicted performance or earnings.

To address the timing selection concern, we again follow a similar strategy to that in Bertrand et al. (2010). Using the 2007 survey, we calculate the date of the first birth of a child and use the 2002 responses to compute the client revenue, hours worked and earnings associated with the years prior to the first birth. We then compare these outcomes in the years prior to the pregnancy associated with the first birth; we are able

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<sup>29</sup> The presence of children of one year of age or below also helps explain the gap in hours billed (but not in new-client revenue); however, the effect is less substantial than the cumulative effect of children under age four.

<sup>30</sup> To address endogenous fertility, the literature has also used natural experiments (e.g., Rosenzweig and Wolpin, 1980), instrumental variable techniques (e.g., Angrist and Evans, 1998), and structural models of life-cycle fertility (e.g., Hotz et al., 1988). For a survey, see, for instance, Browning (1992) and Hotz et al. (1997).

to assess outcomes as far as six years earlier. Table A.6 shows that there is no “dip” in performance in the years prior to the first birth for either men or women, suggesting that neither men nor women seem to time first births on the basis of poor performance in previous years.

### **4.3. Alternative Hypotheses**

To complement more traditional arguments regarding gender gaps, the recent literature has focused on the effect of gender differences in other behavioral traits, such as preferences (see Croson and Gneezy, 2009). In this section, we study a number of alternative hypotheses that could help to explain the gender gap in performance. As the literature does not provide results that clearly indicate the origin of gender differences in behavior, which could be innate or social, we abstract from this debate and focus on whether these differences determine lawyers’ choices in a way that affects performance. First, we focus on factors that appear to be crucial in explaining the performance gap (i.e., differences in career aspirations), and then we address other potential factors that do not appear to play a major role (i.e., willingness to overbill, networking behavior).

#### **4.3.1. Career Aspirations**

Gender differences in the career aspirations of young lawyers may contribute to differences in performance. When asked to rate, on a scale from 1 to 10, their aspirations to become an equity partner in their firm, 60 percent of male lawyers answered with 8 or more, compared to only 32 percent of female lawyers (see Figure 3). Being able to measure career aspirations is relevant for identification purposes because, following the career-concerns literature (Fama, 1980; Holmström, 1982, 1999), agents who assign greater importance to their future earnings have stronger incentives to contribute effort, which affects performance. This is particularly true for workers at an early stage of their careers, as the incentive to perform better increases the level of uncertainty regarding workers’ skills. Even in the presence of explicit monetary rewards for performance, such as bonus compensation, career concerns may play a considerable role in workers’ effort decisions (Gibbons and Murphy, 1992).

Columns 1 and 3 of Table 10 show that aspirations have a strong positive effect on the hours billed and the new client revenue generated.<sup>31</sup> Interestingly, while

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<sup>31</sup>Not all lawyers responded to the question on aspirations. There is little difference in the gender coefficient on performance for the lawyers that do and do not respond to the question.

differences in aspirations do not fully explain the gender differences in hours billed (Column 1), they do explain differences in new client revenue, as the gender coefficient is much smaller and no longer significant when we control for aspirations (Column 3). This suggests that the gender differences in aspiration levels explain the remaining gender difference in the new client revenue generated by lawyers. This is intuitive, as new client revenue can be regarded as lawyers' long-term investment in their firms. Identifying and initiating relationships with new clients require time and effort, but career concerns may make this worthwhile. From Columns 2 and 4, we observe that there is no differential effect of aspirations with respect to gender on hours billed or client revenue, respectively. In other words, if male and female lawyers have the same level of aspirations, there is no difference in the hours they bill or revenue they generate.

Aspirations may be formed early and influenced by long-term expectations, social factors and the expectation of facing discrimination. Evidence from young individuals indicates that at ages 14 to 18, there are already significant gender gaps in self-determination and the importance assigned to money and work (Heckman et al., 2006; Fortin, 2008).<sup>32</sup> It is inherently complex to analyze the causal effects of aspirations (see Carneiro et al., 2005 for further discussion); however, we attempt to mitigate this problem in two ways: first, we exploit the richness of our data and add, as controls, variables that account for the most prominent channels that could co-determine aspirations. Second, when measuring the effect of aspirations on outcome variables measured seven years after joining the firm, we focus on the share of current aspirations explained by variables that either pre-date lawyers' time in the legal profession or refer to either before joining the firm or at most two years after.

While it is virtually impossible to perform a comprehensive analysis of all possible variables that co-determine expectations and outcomes, we can explore a number of prominent alternative explanations. In addition to controlling for firm and individual characteristics, we control for case assignments, partner discounting hours, reported discrimination, mentoring by senior and/or male partners, and tasks performed

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<sup>32</sup> Fortin (2008) uses the National Education Longitudinal Study (NELS), a nationally representative sample of eighth graders in 1988, which was re-surveyed through subsequent follow-ups. Using the same dataset, we find that the gender gap in the importance of money and work also exists when we narrow the NELS sample to those male and female young individuals who later pursue a law degree. Using the NELS sample from 1979, Heckman et al. (2006) find gender gaps in traits such as self-determination among individuals who later obtain college education.

by the lawyer (in particular, those involving direct contact with clients). As described in Section 4.4, these variables should correspond to discriminatory practices, but they can also control for other potential unobserved factors such as differences in skill. Table 11 shows that controlling for all variables simultaneously does not affect the significance or explanatory power of aspirations.

Next, we exclude the possibility that career aspirations are not driven—at least exclusively—by lawyers’ contemporaneous feedback on their performance and show that the pre-determined component of current aspirations explains a large share of the gender gap in client revenue. To do so, we predict current aspirations to become a partner using measures that are correlated with aspirations but pre-date the lawyers’ time in the firm or in the legal profession, i.e., when lawyers had just joined the firm or before joining. We proxy for aspirations to be a partner using the response lawyers gave to how important the prospects for advancement were when the lawyer decided to accept his or her first position, how satisfied the lawyer was with his or her decision to become a lawyer, and how much longer he or she would like to remain with his or her current employer. All questions were asked in the first wave of the survey, and because the responses refer to a pre-labor market decision or to when the lawyer had only been employed in the field for two years, they should not be affected by current feedback from the employer on partner prospects. While we would expect (and do observe) these variables to be correlated with partner aspirations, they are not affected by the information that lawyers learn between 2002 and 2007 that is unobservable to us. Table 12 shows that a fraction of the aspirations is explained by these proxies and that the results using these proxies for pre-determined aspirations are in line with the results using aspirations in 2007. We observe that aspirations play an important role in explaining the gender differences in client revenue. While aspirations are important for the number of hours billed, they only explain a small share of the gender difference in billable hours.

#### **4.3.2. Overbilling, Networking, and Working Weekends**

In this subsection, we examine other explanations that could affect performance. Overall, we find that while there may be important gender gaps in these factors, they contribute very little to explaining performance gaps.

First, we explore gender differences in overbilling behavior. Table A.2 shows that female lawyers are four percent more likely to select this reason as a difficulty in

meeting billable-hours requirements than male lawyers. Female lawyers may be less willing than their male colleagues to overbill clients. While some overbilling is likely to exist, there are also incentives for lawyers not to overbill (Rules of Professional Conduct of the legal profession, lawyers' and law firms' reputations, law firms' internal mechanisms that monitor overbilling and "write-down" hours that are considered inadequate; see Section 2 for more discussion on overbilling). A thorough analysis of differences in billing behavior shows that, unlike career aspirations, it does not explain gender differences in performance. In particular, Table 13 shows that lawyers who report that they are less likely than their colleagues to bill for actual hours worked bill fewer hours. Nevertheless, the gender gap persists, and the interaction with gender is insignificant, suggesting that male and female lawyers who respond in the same way do not differ in the hours they bill. These results hold for the gap between expected hours and actual hours billed.

In addition, we find that the other possible explanations listed in Table A.2 do not have a significant effect on the gender gap. There is no gender difference in the hours billed for those reporting difficulties in meeting billable hours due to spending too much time on pro bono or administrative tasks. Regarding health issues, we observe in Table A.2 that female lawyers are 10 percent more likely than males to select this reason. In our analysis, however, health issues related to difficulties in billing additional hours do not appear to have an effect on either the gender gap or performance. Also, female lawyers are slightly more likely to report personal choice than male lawyers but we again find no effect on the gender gap or performance.

Another potential explanation concerns gender differences in networking behavior. The willingness to spend time attending networking functions and/or participating in recreational activities with other lawyers or clients for networking purposes may differ by gender. On average, in a typical week, male lawyers attend networking events 11 percentage points more than female lawyers, and are 40 percentage points more likely to participate in recreational activities (e.g., golf) for networking purposes with other lawyers or clients (see Table A.2.). Nevertheless, as shown in Table 13, we do not find that these differences are a relevant source of the gender gap in performance. Networking could affect the gender gap in performance in two ways: first, if female lawyers devote less time to networking; and second, if networking affects male and female lawyers differently. For instance, the previous literature found differences in the type of networks that male and female managers

develop (Ibarra, 1997). As shown in Table 13, networking does not affect hours billed but has important consequences for raising new client revenue. An additional hour spent networking is associated with raising an additional \$2,800. However, Column 7 shows that controlling for networking does not reduce the gender coefficient for new client revenue. Thus, the amount of time devoted to networking does not explain the performance gap. In addition, we analyze whether networking affects male and female lawyers differently for a given number of networking hours. In columns 6 and 8, the interaction term between networking and gender is not significant for either hours billed or client revenue. Therefore, an additional hour spent networking has the same performance return for male and female lawyers.

We obtain similar results for working on weekends. In Table 13, Columns 9 and 11 show that time spent working on weekends has important consequences for both hours billed and client revenue. In particular, one additional weekend hour worked per week is associated with an increase of 14 hours billed per year and an additional \$2,800 in new client revenue. Although time worked on weekends has a substantial effect on performance, it does not seem to explain the gender gap in performance. Moreover, time worked on weekends does not affect female and male lawyers differently, as shown in columns 10 and 12.

## **5. The Role of Performance in the Earnings Gender Gap**

As there are considerable differences in performance, in what follows, we analyze how these differences translate into differences in earnings. In the subsequent analysis, we demonstrate that while traditional individual and firm controls explain approximately 50 percent of earning differences by gender, performance measures explain nearly the entire remaining gap. We present results comparing the analyses with and without controlling for performance measures.

### **5.1. Gender Gap in Earnings without Controlling for Performance**

We begin by estimating (log) annual earning equations, as shown in Table 14, with and without controlling for individual and firm characteristics.

The raw gap in mean log earnings between male and female lawyers is 18 log points (Column 1). In Column 2, we control for individual characteristics, including marital status, age, the number of children, the presence of children under age four, ethnicity, years of tenure, and working full-time. The inclusion of these characteristics

explains a substantial fraction of the gender gap; however, 10 log points are still unexplained. Marriage and the presence of children do not seem to directly affect log earnings, but working full-time instead of part-time and the years of tenure affect wages. Note that if we use weekly hours worked instead of full-time status, we observe a similar effect on the gender gap (Column 3). Age appears to have an effect on log earnings; however, as all workers are from the same cohort, there is little variation in age. When we add the quadratic terms, age is no longer significant.

In Column 4, we control for important firm characteristics: the size of the firm and the type of organization. While these factors play an important role, they cannot explain the gender earnings differential. In general, working in a larger firm, working in a private law firm, or working in the private sector in general all correspond to higher earnings.

In addition, we control for a wide range of educational variables that proxy for ability (Column 5). While some of the variables— namely, law school ranking and participation in law journal editorial activities— are significant after controlling for other individual and firm characteristics, they neither change the gender coefficient nor help to explain the gender gap. The positive and significant effect of law school ranking is consistent with Oyer and Schaefer (2010), who find that attending a prestigious school has a considerable effect on annual salary.

The individual and firm characteristics together explain 50 percent of the raw gender gap, but the other 50 percent remains unexplained. Interestingly, Wood et al. (1993), in a study of University of Michigan Law School graduates from the classes of 1972-75, find a similar gender gap in annual earnings of 12.4 log points when controlling for similar characteristics. The proportion of female lawyers in the 1970s was considerably lower; in their study, female lawyers comprise only nine percent of the sample.

We address the possibility of selection differences between men and women into jobs that require lawyers to bill hours. We find that female lawyers are, on average, three percent less likely to enter a job that requires billing hours. However, we find that the more-able male and female lawyers, rather than the less-able lawyers, tend to select into jobs that bill hours. Therefore, we can exclude the possibility that more-able women are self-selecting out of jobs that require them to bill hours. Overall, lower hours billed by female lawyers do not seem to be due to a selection of less-able women into jobs that require them to bill hours (see Table A.8).

## 5.2. Gender Gap in Earnings when Controlling for Performance

In this section, we analyze the effect of performance on earnings differences. In Table 15, we include the main performance variables: hours billed and the amount of new client revenue generated. To compare the results, in Column 1, we report the gender gap when only controlling for individual and firm characteristics. Controlling for performance (Columns 2) explains a considerable share of the remaining gender gap. In particular, the number of hours billed has a strong and positive effect on earnings; we find that billing 100 additional hours per year leads to a 3.2-percent increase in salary. Bringing in \$100,000 in new client revenue implies an increase of approximately 4.0 percent in earnings. Including performance measures explains a sizeable share of the gender gap in earnings, nearly half of the remaining gap (5.8 log points), and is significant only at the ten-percent level.

We investigate the effect of area of specialization on earnings (Column 3). The coefficients on the areas of law are jointly statistically significant, and the areas account for a share of gender differences in earnings, such that the gender gap, together with the performance measures, falls to 3.8 log points and is no longer significant. Although sorting into areas of law does not seem to be a major explanation for performance and earning differences across lawyers, it does lend some support to the hypothesis that the gender difference in sorting into areas is part of the explanation for the gaps in performance and earnings. However, it does not seem to be as important as performance.

Hours billed and new client revenue are good summary statistics for productivity. Our analysis reveals a strong relationship between earnings and the two performance measures. In columns 4 and 5, we also include the squared and cubic terms, respectively. There seems to be a nonlinear relationship among these variables, but these terms do not affect the gender coefficient. Overall, the analysis shows that it is crucial to control for differences in workers' performance.

To study the difference in earnings per unit of performance, in Table 16, we show that there is no gender difference in the rewards for each hour billed or each dollar of client revenue raised by the lawyers. Columns 1 and 2 show the gender interaction with the performance measures on annual earnings and log annual earnings, respectively. This evidence is in line with the Survey of Law Firm Economics (2012), which does not observe gender differences in the billing rates of associate lawyers. The



survey shows median billing rates of \$225 for male associate lawyers and \$224 for female lawyers.

Finally, we investigate the impact of performance on promotion. Performance is key not only for current earnings but also for future earnings, through being promoted to partner status. Although, for most respondents, it is too early to be considered for a partnership because they have only been practicing law for seven years, there is a subset of lawyers who have become partners. They are a rather select set of lawyers who generally work for small firms, yet we can use these lawyers to investigate the link between performance and early partnership. We use the (limited) performance data from 2002 and link them to data on partnership by 2007. As shown in Table A.9, we find that there is a very strong and positive relationship between the probability of being a partner in 2007 and the amount of client revenue raised in 2002. Although extrapolating to future partnership decisions may not be fully appropriate, it does provide additional support for the positive link between performance and promotion and suggests that gender gaps in law firms' partnerships are likely to persist in the near future.

## **6. Conclusion**

We examined gender differences in performance among high-skilled individuals. Using the legal profession as a framework, wherein there are well-defined and homogeneous performance measures, we find substantial gender gaps in performance. These gaps appear to be consequential, as we observe that the difference in earnings among male and female young lawyers is strongly related to gender gaps in performance.

We explore three main hypotheses to explain gender gaps in performance: (i) factors correlated with possible discrimination in the workplace; (ii) the presence of children in the household, particularly young children; and (iii) career-concern factors. Possible channels of discrimination in law firms—whereby, for instance, senior lawyers (i.e., law-firm partners) could interfere with performance—do not seem to explain the gaps. While the presence of pre-school children in the household contributes, in part, to the gaps in performance, it is not the only key determinant. Aspirations to become a partner and, perhaps, more general career concerns explain an important share of the gender gap. Gender differences exist in other dimensions, such as area of specialization, time spent networking, and time spent working on weekends. While these factors influence performance, they do not appear to explain the gender gaps in performance.

We find that the large gender gaps in performance have substantial subsequent consequences for earnings. Traditionally, the lack of data on key variables such as performance, especially in skilled or non-manual jobs, would entail speculating on what could explain the remaining gap. However, we demonstrate that a considerable share of that gap can be explained by including an important omitted variable: performance. One relevant implication of these results is that gender-based inequality in earnings might not decrease in the near future—and could even increase—due to the growing number of high-skilled workers who are explicitly compensated based on performance.

We demonstrate that a number of factors potentially reflecting discrimination within the firm do not seem to be important determinants of gender gaps in performance: however, there may be feedback effects from social norms or some other type of social pressures that burden even the most elite professional women. Although fully disentangling these factors may not be feasible, in part because they are likely to be established at a young age, an important next step is to examine in greater detail why career aspirations and the effects of raising children differ between high-skilled females and their male counterparts, such that they impact performance in the workplace, which has consequences for earnings.

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## Tables and Figures

TABLE 1 – DESCRIPTIVE STATISTICS

	Male Lawyers			Female Lawyers			P-Value
	Obs.	Mean	Std. Dev.	Obs.	Mean	Std. Dev.	
Total Earnings (\$)	684	150,667	74,531	441	132,685	70,282	0.00
Hours Billed (annual)	684	1,826	535	441	1,677	520	0.00
New Client Rev. (\$)	684	53,346	171,965	441	23,349	68,892	0.00
Target Hours to Bill	458	1,827	14.44	304	1,759	20.10	0.01
Hours Worked (per week)	684	54.09	12.80	441	48.83	13.84	0.00
Age	684	36.12	4.98	441	35.29	4.92	0.01
Marriage	684	0.81	0.39	441	0.75	0.43	0.02
Children	684	1.22	1.24	441	0.82	0.91	0.00
White	684	0.83	0.38	441	0.75	0.43	0.00
Tenure (years)	684	5.18	2.49	441	5.26	2.44	0.59
Private Law Firm	684	0.92	0.27	441	0.93	0.26	0.57
Size of Workplace > 100	684	0.48	0.50	441	0.51	0.50	0.26
Law School Ranking	597	4.95	1.08	392	5.05	1.10	0.17
UG Uni Ranking	662	12.89	3.50	435	13.04	3.62	0.48
Judicial Clerk	684	0.02	0.15	441	0.03	0.17	0.44
Moot Court	684	0.32	0.47	441	0.35	0.48	0.31
General Journal	684	0.22	0.42	441	0.20	0.40	0.39
Specific Journal	684	0.20	0.40	441	0.25	0.44	0.05

Notes: *Total Earnings* are calculated as a sum of straight salary and bonus (expressed in U.S. dollars). *Hours Billed* (annual) is the number of hours billed last year (2006). *New Client Rev* is the approximate amount of new client revenue (expressed in U.S. dollars) generated last year (2006). *Target Hours to Bill* is the total number of hours the lawyer was expected to bill in the previous year (2006) by the law firm for which the lawyer worked, conditional on having a strictly positive number of target hours. *Marriage* takes the value one if the lawyer is married, remarried after divorce or in a domestic partnership and zero if single, divorced or separated, widowed, or other. *Children* refers to the lawyer's number of children. *White* takes the value one if the lawyer is Caucasian and zero if the lawyer is a member of a minority group (Black, Hispanic, Native American and Asian). *Tenure* is the number of years that the lawyer has been working for the current employer. *Private Law Firm* takes the value one if the lawyer works in a private law firm and zero if the lawyer works for another organization. *Size of Workplace > 100* takes the value one if the number of individuals employed in the organization is greater than 100 and zero otherwise. *Hours worked* (per week) is the number of hours spent working last week (at the office or away from the office). *Undergraduate Uni Ranking* and *Law School Ranking* are bracketed rankings based on the U.S News reports of 1996 and 2003 for undergraduate and law school studies, respectively. Both variables are redefined such that the higher the value, the more prestigious the educational institution. *Judicial Clerk* takes the value one if the lawyer has held a position as a judicial clerk in state or federal courts and zero otherwise. *Moot Court* takes the value one if the lawyer participated in simulated mock trials as a student and zero otherwise. *General (Specific) Journal* takes the value one if the lawyer participated in law journal editorial activities as a student and zero otherwise.

TABLE 2 – PERFORMANCE GAPS

	Hours Billed			New Client Rev.		
	[1]	[2]	[3]	[4]	[5]	[6]
Female	-0.153*** [0.0329]	-0.103*** [0.0315]	-0.0971*** [0.0319]	-0.299*** [0.0916]	-0.293*** [0.102]	-0.324*** [0.104]
Age		-0.0132*** [0.0032]	-0.0116*** [0.0033]		-0.0091 [0.0102]	-0.0118 [0.0109]
Married		0.0595 [0.0396]	0.0645 [0.0401]		0.242* [0.127]	0.243* [0.131]
1 Child		-0.0174 [0.0510]	0.0001 [0.0520]		0.0531 [0.164]	0.0927 [0.170]
2 Children		0.0016 [0.0501]	-0.0169 [0.0512]		-0.0357 [0.161]	-0.074 [0.168]
3+ Children		-0.0953 [0.0625]	-0.0785 [0.0635]		-0.107 [0.201]	-0.119 [0.208]
Child Aged <4		-0.0159 [0.0454]	-0.0164 [0.0462]		-0.147 [0.146]	-0.188 [0.151]
White		-0.0127 [0.0377]	-0.0277 [0.0389]		0.0319 [0.122]	0.0153 [0.127]
Tenure		0.0141** [0.0059]	0.0126** [0.006]		0.0388** [0.0190]	0.0413** [0.0197]
Full-Time		0.500*** [0.0623]	0.498*** [0.0629]		0.165 [0.200]	0.126 [0.206]
UG Uni Ranking			-0.00124 [0.0042]			-0.0113 [0.0138]
Law School Ranking			0.0097 [0.0156]			0.0461 [0.0511]
Judicial Clerk			0.114 [0.0889]			0.732** [0.291]
Moot Court			0.0098 [0.0301]			0.0737 [0.0986]
General Journal			0.0833** [0.0353]			-0.002 [0.116]
Specific Journal			0.0761** [0.0352]			-0.0026 [0.115]
Constant	1.842*** [0.0205]	0.683 [0.478]	0.584 [0.487]	0.527*** [0.0571]	0.168 [1.540]	0.311 [1.593]
Firm Controls	Yes	Yes	Yes	Yes	Yes	Yes
Region FE	No	Yes	Yes	No	Yes	Yes
Observations	1,039	1,014	974	1,039	1,014	974
R-squared	0.021	0.301	0.311	0.01	0.066	0.08

Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level. *Hours Billed* is the annual number of hours billed (expressed in 1000s of hours) last year (2006), and *New Client Rev* is the approximate amount of new client revenue (expressed in 100,000s of U.S. dollars) generated last year (2006). Firm controls include the type of organization (solo practice, private law firm, federal government, state or local government, legal services or public defender, public interest organization, educational institution, professional service firm, other Fortune 1000 industry/service, other business/industry, labor union, trade association, others) and the size of the organization, which are bracketed (0-5, 6-10, 11-25, 25-50, 51-100, 101-150, 151-200, 201-250, 251-500, 501-1000, 1000+). For definitions of other variables, see Table 1.

TABLE 3 – TARGET HOURS

	Target Hours	Target Hours Inc. Zero Target Hours	Prob.(Zero Target Hours)
	[1]	[2]	[3]
Female	-0.0277 [0.0245]	-0.050 [0.0473]	0.0191 [0.0258]
Age	-0.0057* [0.0031]	-0.0137*** [0.0051]	0.0057** [0.0027]
Married	-0.0041 [0.0313]	0.0232 [0.0596]	-0.0062 [0.0325]
1 Child	0.0594 [0.0409]	0.188** [0.0779]	-0.0896** [0.0425]
2 Children	0.0111 [0.0403]	0.118 [0.0765]	-0.0692* [0.0418]
3+ Children	0.0014 [0.0487]	0.192** [0.0931]	-0.127** [0.0508]
Child Aged <4	0.0005 [0.0357]	-0.139** [0.0692]	0.0811** [0.0378]
White	-0.0062 [0.0309]	-0.0062 [0.0597]	7.90E-05 [0.0326]
Tenure	0.0032 [0.0047]	-0.0088 [0.0091]	0.0068 [0.0049]
Full-Time	0.400*** [0.0495]	0.307*** [0.0940]	0.0157 [0.0513]
Constant	1.021*** [0.355]	1.799** [0.717]	-0.455 [0.391]
Firm Controls	Yes	Yes	Yes
Region FE	Yes	Yes	Yes
Education Controls	Yes	Yes	Yes
Observations	652	770	770
R-squared	0.308	0.343	0.244

Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level. *Target Hours* are the annual hours (expressed in 1000 hours) the lawyer was expected to bill last year (2006). *Zero Target Hours* refers to when the lawyer reports zero for the number of hours expected to bill last year. For definitions of other variables, see Table 1.



TABLE 4 – RATIO OF HOURS WORKED TO HOURS BILLED

	Hours Billed/Hours Worked
Female	0.0243 [0.0715]
Age	0.0037 [0.0075]
Married	0.0073 [0.0897]
1 Child	-0.122 [0.116]
2 Children	0.0463 [0.115]
3+ Children	-0.0504 [0.142]
Child Aged <4	0.0758 [0.103]
White	0.0449 [0.087]
Tenure	-0.0058 [0.0135]
Full-Time	-0.556*** [0.141]
Constant	-0.516 [1.090]
Firm Controls	Yes
Region Fixed Effects	Yes
Education Controls	Yes
Observations	970
R-squared	0.046

Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level. For definitions of variables, see Table 1. We calculate the annual hours of work, assuming a 50-week work year.

TABLE 5 – AREAS OF LAW

	Hours Billed [1]	New Client Revenue [2]
Female	-0.0815** [0.0321]	-0.330*** [0.108]
Age	-0.0094*** [0.0033]	-0.015 [0.0111]
Married	0.0641 [0.0394]	0.288** [0.132]
1 Child	0.0045 [0.0511]	0.0821 [0.172]
2 Children	0.0018 [0.0507]	-0.117 [0.170]
3+ Children	-0.054 [0.0625]	-0.162 [0.210]
Child Aged <4	-0.0212 [0.0455]	-0.17 [0.153]
White	-0.0306 [0.0381]	0.0127 [0.128]
Tenure	0.0134** [0.0059]	0.0409** [0.0199]
Full-Time	0.481*** [0.0622]	0.131 [0.209]
Constant	0.436 [0.472]	0.533 [1.586]
Firm Controls	Yes	Yes
Region Fixed Effects	Yes	Yes
Education Controls	Yes	Yes
Areas of Law	Yes	Yes
Observations	974	974
R-squared	0.373	0.116

Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level. For definitions of variables, see Table 1. Table A.4 presents all 27 areas of law separately. *Areas of Law* refers to the proportion of time devoted to each the following legal disciplines: General Practice, Antitrust, Bankruptcy, Civil Litigation, Civil Rights, Commercial Law, Criminal Law, Employment Law (Management), Employment Law (Unions), Environmental Law, Family Law, General Corporate Law, Immigration Law, Insurance, Intellectual Property, Municipal Law, Personal Injury (Plaintiff), Personal Injury (Defense), Probate (Wills and Trusts), Public utilities and Administrative Law, Real Estate (Commercial), Real Estate (Personal), Securities, Tax Law, Health Law, Workers' Compensation and 'Other' areas.

TABLE 6 – PERFORMANCE: DISCRIMINATION

	Hours Billed		New Client Rev.		Hours Billed		New Client Rev.	
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Female	-0.0929***	-0.0808**	-0.321***	-0.311***	-0.0969***	-0.0824**	-0.322***	-0.326***
	[0.0317]	[0.0347]	[0.105]	[0.111]	[0.0320]	[0.0335]	[0.104]	[0.110]
Not Enough Assignments	-0.146***	-0.120**	-0.117	-0.173				
	[0.0375]	[0.0483]	[0.123]	[0.154]				
Female*Not Enough Assig.		-0.0645		0.112				
		[0.0744]		[0.239]				
Partner Discount Hours					-0.0253	0.035	-0.153	-0.167
					[0.0495]	[0.0653]	[0.162]	[0.214]
Female*Partner Discount Hours						-0.139		0.0314
						[0.0981]		[0.321]
Constant	0.616	0.622	0.337	0.172	0.588	0.588	0.338	0.338
	[0.484]	[0.484]	[1.594]	[1.540]	[0.488]	[0.487]	[1.594]	[1.595]
Individual Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Education Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	974	974	974	1,014	974	974	974	974
R-squared	0.323	0.323	0.08	0.067	0.311	0.313	0.08	0.08

Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level. *Hours Billed* is expressed in 1000s of hours. *New Client Revenue* is expressed in 100,000s of U.S. dollars. *Not Enough Assignments* takes the value one if the lawyer reports that not enough assignments are the reason for why he or she had difficulty meeting billables and zero otherwise. *Partner Discounted Hours* takes the value one if the lawyer reports that partner-discounted hours (or lack of full credit) is the reason why he or she had difficulty meeting billables and zero otherwise. The summary statistics for these variables can be found in Table A.2. For definitions of other variables, see Table 1.

TABLE 7 – PERFORMANCE: DISCRIMINATION  
(GENDER DIFFERENCES IN CONSTRAINT THRESHOLD)

	Constrained	
	[1]	[2]
Female	0.0001 [0.0276]	0.0011 [0.0569]
1600<Hours Billed<1800	0.0483 [0.0402]	0.0523 [0.0551]
1800<Hours Billed<2100	-0.122*** [0.0388]	-0.120** [0.0509]
2100<Hours Billed<3000	-0.245*** [0.0442]	-0.250*** [0.0562]
Female*(1600<Hours Billed<1800)		-0.0093 [0.0778]
Female*(1800<Hours Billed<2100)		-0.0068 [0.0699]
Female*(2100<Hours Billed<3000)		0.0182 [0.0827]
Constant	0.269 [0.415]	0.267 [0.416]
Individual Controls	Yes	Yes
Firm Controls	Yes	Yes
Region Fixed Effects	Yes	Yes
Education Controls	Yes	Yes
Observations	974	974
R-squared	0.122	0.122

Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level. The dependent variable, *Constrained*, takes the value 1 if the individual responds that she does not have enough assignments. *Hours Billed* is expressed in 1000s of hours. The omitted category of  $800 \leq \text{Hours Billed} \leq 1600$ , where 800 is the lowest number of hours billed in our sample. Each category represents quartiles in the hours-billed distribution. For definitions of other variables, see Table 1.

TABLE 8 – PERFORMANCE: OTHER DISCRIMINATION CHANNELS

	Hours Billed	New Client Rev.	Hours Billed	New Client Rev.	Hours Billed	New Client Rev.
	[1]	[2]	[3]	[4]	[5]	[6]
Female	-0.0992***	-0.329***	-0.105***	-0.368***	-0.0980***	-0.326***
	[0.0323]	[0.106]	[0.0322]	[0.105]	[0.0330]	[0.110]
Senior Mentor	0.00665	0.0141				
	[0.0529]	[0.173]				
Male Mentor	-0.119**	-0.0486				
	[0.0589]	[0.193]				
Senior M*Male M	0.122	0.00651				
	[0.0748]	[0.245]				
Task (Keep Client Updated)			0.012	0.0617*		
			[0.0105]	[0.0342]		
Task (Formulate Strategy)			0.00981	0.021		
			[0.0101]	[0.0327]		
Task (Traveling to Court/Clients)			0.0164	-0.0291		
			[0.0112]	[0.0364]		
Task (Client Meeting)			0.000438	0.108***		
			[0.0120]	[0.0391]		
PD (Demeaning Comments)					-0.038	-0.0407
					[0.0537]	[0.178]
PD (Missed Desirable Assignment)					0.0324	0.0604
					[0.0636]	[0.211]
PD (Client Request another)					-0.0774	0.209
					[0.0555]	[0.184]
PD (Ask Someone else)					0.00949	-0.194
					[0.0766]	[0.254]
PD (Other)					0.00552	-0.0877
					[0.0691]	[0.229]
Constant	0.719	0.356	0.555	0.181	0.554	0.31
	[0.491]	[1.609]	[0.486]	[1.581]	[0.485]	[1.610]
Individual Controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm Controls	Yes	Yes	Yes	Yes	Yes	Yes
Education Controls	Yes	Yes	Yes	Yes	Yes	Yes
Region Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	974	974	974	974	974	974
R-squared	0.315	0.08	0.318	0.099	0.321	0.083

Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level. *Senior Mentor* refers to whether the lawyer's mentor is a law firm partner. *Male Mentor* refers to whether the lawyer's mentor is male. *PD* (...) refers to the perceived discrimination question regarding experiencing demeaning comments, missing out on a desirable assignment, client requests that someone else handle a matter, or other form of discrimination. *Task* (...) refer to tasks carried out by the lawyer responsible for keeping the client updated, being involved in formulating strategy, traveling to make court appearances or to meet clients, or holding face-to-face meetings with clients. The summary statistics for these variables can be found in Table A.2. For definitions of other variables, see Table 1.

TABLE 9 – PERFORMANCE: CHILDBREARING

	Hours Billed		New Client Rev.	
	[1]	[2]	[3]	[4]
Female	-0.0971***	-0.0569	-0.324***	-0.342**
	[0.0319]	[0.0449]	[0.104]	[0.148]
1 Child	0.00014	-0.0305	0.0927	0.184
	[0.0520]	[0.0681]	[0.170]	[0.224]
2 Children	-0.0169	-0.0643	-0.074	-0.0436
	[0.0512]	[0.0625]	[0.168]	[0.205]
3+ Children	-0.0785	-0.0996	-0.119	-0.141
	[0.0635]	[0.0731]	[0.208]	[0.240]
Children aged < 4	-0.0164	0.069	-0.188	-0.255
	[0.0462]	[0.0558]	[0.151]	[0.183]
Female*1 Child		0.0945		-0.221
		[0.101]		[0.331]
Female*2 Children		0.142		-0.088
		[0.0995]		[0.327]
Female*3+ Children		0.0022		0.249
		[0.140]		[0.459]
Female*Children aged < 4		-0.256***		0.197
		[0.0896]		[0.294]
Constant	0.584	0.635	0.311	0.318
	[0.487]	[0.487]	[1.593]	[1.600]
Individual Controls	Yes	Yes	Yes	Yes
Firm Controls	Yes	Yes	Yes	Yes
Region Fixed Effects	Yes	Yes	Yes	Yes
Education Controls	Yes	Yes	Yes	Yes
Observations	974	974	974	974
R-squared	0.311	0.32	0.08	0.081

Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level. *Children aged < 4* takes the value 1 if the lawyer has a child of 3 years of age or younger. For definitions of the variables, see Table 1.

TABLE 10 – PERFORMANCE: CAREER ASPIRATIONS

	Hours Billed		New Client Revenue	
	[1]	[2]	[3]	[4]
Female	-0.0848**	-0.133*	-0.146	-0.0803
	[0.0344]	[0.0722]	[0.129]	[0.272]
Aspirations	0.0224***	0.0188***	0.0662***	0.0711***
	[0.00504]	[0.0069]	[0.0190]	[0.0260]
Female*Aspirations		0.0075		-0.0103
		[0.0098]		[0.0371]
Constant	0.509	0.539	-0.927	-0.968
	[0.500]	[0.501]	[1.883]	[1.891]
Individual Controls	Yes	Yes	Yes	Yes
Firm Controls	Yes	Yes	Yes	Yes
Education Controls	Yes	Yes	Yes	Yes
Region Fixed Effects	Yes	Yes	Yes	Yes
Observations	617	617	617	617
R-squared	0.31	0.311	0.075	0.075

Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level. *Hours Billed* is expressed in 1000s of hours. *New Client Revenue* is expressed in 100,000s of U.S. dollars. *Aspirations* refer to how strongly the lawyer aspires to obtain an equity partnership. The variable takes values from 1 to 10, where 1 represents not at all and 10 represents very high. For definitions of the variables, see Table 1.

TABLE 11 – PERFORMANCE: MULTIVARIATE ANALYSIS

	Hours Billed [1]	New Client Rev. [2]	Hours Billed [3]	New Client Rev. [4]	Hours Billed [5]	New Client Rev. [6]
Female	-0.122*** [0.0345]	-0.288** [0.135]	-0.0848** [0.0344]	-0.146 [0.129]	-0.0847** [0.0352]	-0.199 [0.139]
Aspirations			0.0224*** [0.00504]	0.0662*** [0.0190]	0.0218*** [0.00537]	0.0520** [0.0212]
Not Enough Assignments	-0.154*** [0.0363]	-0.0691 [0.142]			-0.133*** [0.0362]	-0.0186 [0.143]
Partner Discount Hours	-0.00535 [0.0481]	0.0172 [0.188]			0.0125 [0.0476]	0.0598 [0.188]
Senior Mentor	-0.0132 [0.0554]	0.187 [0.216]			-0.0443 [0.0552]	0.113 [0.218]
Male Mentor	-0.069 [0.0684]	-0.0147 [0.267]			-0.0694 [0.0674]	-0.0156 [0.266]
Senior M*Male M	0.0936 [0.0835]	-0.106 [0.326]			0.0999 [0.0823]	-0.0913 [0.324]
PD (Demeaning Comments)	-0.0838 [0.0545]	-0.0178 [0.213]			-0.0846 [0.0538]	-0.0199 [0.212]
PD (Missed Desirable Assig.)	0.0352 [0.0631]	-0.0584 [0.246]			0.0351 [0.0622]	-0.0587 [0.245]
PD (Client Request another)	-0.0551 [0.0567]	0.331 [0.221]			-0.0663 [0.0559]	0.304 [0.221]
PD (Ask Someone else)	0.0355 [0.0767]	-0.116 [0.299]			0.0437 [0.0756]	-0.0965 [0.298]
PD (Other)	0.0767 [0.0882]	-0.0813 [0.345]			0.106 [0.0873]	-0.0116 [0.344]
Task (Keep Client Updated)	0.0133 [0.0161]	0.145** [0.0628]			0.0108 [0.0159]	0.139** [0.0626]
Task (Formulate Strategy)	0.0169 [0.0155]	0.00277 [0.0604]			0.0145 [0.0153]	-0.00299 [0.0602]
Task (Travel Court/Clients)	0.0112 [0.0146]	-0.0839 [0.0570]			0.00987 [0.0144]	-0.0871 [0.0567]
Task (Client Meeting)	0.0042 [0.0169]	0.113* [0.0661]			-0.00485 [0.0168]	0.0915 [0.0664]
Constant	0.944* [0.507]	-0.913 [1.981]	0.509 [0.500]	-0.927 [1.883]	1.713*** [0.427]	-1.114 [1.684]
Individual Controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm Controls	Yes	Yes	Yes	Yes	Yes	Yes
Education Controls	Yes	Yes	Yes	Yes	Yes	Yes
Region Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	617	617	617	617	617	617

Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level. *Hours Billed* is expressed in 1000s of hours. *New Client Revenue* is expressed in 100,000s of U.S. dollars. See Tables 1, 6, 8 and 10 for definitions of all variables.



TABLE 12 – PERFORMANCE: PREDICTED CAREER ASPIRATIONS

	Hours Billed		New Client Revenue		Hours Billed		New Client Revenue	
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Female	-0.0848**	-0.0847**	-0.146	-0.199	-0.0731**	-0.0676*	-0.0271	-0.0719
	[0.0344]	[0.0352]	[0.129]	[0.139]	[0.0365]	[0.0383]	[0.140]	[0.153]
Aspirations	0.0224***	0.0218***	0.0662***	0.0520**				
	[0.00504]	[0.00537]	[0.0190]	[0.0212]				
Predicted Aspirations					0.0292***	0.0329***	0.135***	0.127***
					[0.00895]	[0.0105]	[0.0343]	[0.0421]
Constant	0.509	1.713***	-0.927	-1.114	0.382	0.539	-1.819	-2.247
	[0.500]	[0.427]	[1.883]	[1.684]	[0.507]	[0.511]	[1.940]	[2.047]
Individual Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Education Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls from Table 11	No	Yes	No	Yes	No	Yes	No	Yes
Observations	617	617	617	617	617	617	617	617

Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level. *Hours Billed* is expressed in 1000s of hours. *New Client Revenue* is expressed in 100,000s of U.S. dollars. *Aspirations* refer to how strongly the lawyer aspires to obtain an equity partnership. The variable takes values from 1 to 10, where 1 represents not at all and 10 represents very high. *Predicted Aspirations* refers to aspirations as predicted by: (1) how important were prospects for advancement when accepting the position? (2) How satisfied are you with your decision to become a lawyer? (3) How much longer would you like to stay with your current employer? All questions were asked in the first wave (2002). See Tables 1, 6, 8 and 10 for definitions of all variables.

TABLE 13 – PERFORMANCE: OVERBILLING, NETWORKING, WEEKENDS

	Hours Billed		New Client Rev.		Hours Billed		New Client Rev.		Hours Billed		New Client Rev.	
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
Female	-0.0898***	-0.0990***	-0.315***	-0.337***	-0.0905***	-0.127***	-0.370***	-0.326**	-0.0930***	-0.130***	-0.312***	-0.270**
	[0.0320]	[0.0348]	[0.105]	[0.114]	[0.0342]	[0.0392]	[0.110]	[0.126]	[0.0326]	[0.0400]	[0.109]	[0.133]
Less than Others	-0.103**	-0.128**	-0.128	-0.189								
	[0.0405]	[0.0552]	[0.133]	[0.181]								
Female*Less Other		0.0543		0.131								
		[0.0806]		[0.264]								
Network Time					0.0017	-0.0025	0.0319**	0.0370**				
					[0.0039]	[0.0045]	[0.0126]	[0.0145]				
Female*Network						0.0169*		-0.0205				
						[0.00887]		[0.0286]				
Weekend Time									0.0143***	0.0108**	0.0260**	0.0300**
									[0.00370]	[0.0043]	[0.0123]	[0.0144]
Female*Weekend										0.0132		-0.0149
										[0.0083]		[0.0276]
Constant	0.587	0.59	0.316	0.322	1.350***	1.369***	0.611	0.589	0.573	0.575	0.412	0.411
	[0.486]	[0.486]	[1.594]	[1.594]	[0.495]	[0.494]	[1.591]	[1.592]	[0.490]	[0.490]	[1.633]	[1.634]
Individual Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Education Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	974	974	974	974	903	903	903	903	930	930	930	930

Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level. *Hours Billed* is expressed in 1000s of hours. *New Client Revenue* is expressed in 100,000s of U.S. dollars. *Less than Others* takes the value one if the lawyer responds that he or she is less likely to bill for actual hours worked compared to colleagues as a reason for the difficulty in meeting billables and zero otherwise. *Network Time* is the amount of time a lawyer spends attending networking functions and/or participating in recreational activities (e.g., golf) for networking purposes with other lawyers or clients. *Weekend Time* is the amount of time a lawyer spends working away from the office or firm on weekends.

TABLE 14 – EARNINGS: OVERALL

	Log(annual earnings)				
	[1]	[2]	[3]	[4]	[5]
Female	-0.181*** [0.0343]	-0.0997*** [0.0359]	-0.119*** [0.0342]	-0.100*** [0.0307]	-0.100*** [0.0313]
Age		-0.0151*** [0.00351]	-0.0136*** [0.00346]	-0.00415 [0.00310]	-0.00229 [0.00327]
Married		0.0262 [0.0452]	0.0189 [0.0445]	-0.00761 [0.0386]	0.00424 [0.0393]
1 Child		-0.00473 [0.0583]	-0.0281 [0.0574]	0.00669 [0.0497]	0.0251 [0.0509]
2 Children		0.00345 [0.0570]	-0.0197 [0.0559]	0.039 [0.0488]	0.0302 [0.0502]
3+ Children		0.107 [0.0712]	0.129* [0.0701]	0.0825 [0.0609]	0.0961 [0.0622]
Child Aged <4		0.0121 [0.0517]	7.88E-03 [0.0508]	0.00191 [0.0443]	-0.017 [0.0453]
White		0.0597 [0.0427]	0.0808* [0.0421]	0.0297 [0.0368]	0.0313 [0.0381]
Tenure		0.0414*** [0.00660]	0.0385*** [0.00650]	0.0195*** [0.00575]	0.0175*** [0.00591]
Full-Time		0.519*** [0.0697]		0.488*** [0.0607]	0.504*** [0.0616]
Hours			0.0114*** [0.00122]		
Constant	11.81*** [0.0214]	11.53*** [0.156]	11.39*** [0.154]	11.59*** [0.466]	11.31*** [0.477]
Region FE	Yes	Yes	Yes	Yes	Yes
Firm Controls	No	No	No	Yes	Yes
Education Controls	No	No	No	No	Yes
Observations	1,039	1,014	1,014	1,014	974
R-squared	0.027	0.131	0.158	0.388	0.403

Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level. For definitions of the variables, see Table 1.

TABLE 15 – EARNINGS: INCLUDING PERFORMANCE MEASURES

	Log (annual earnings)				
	[1]	[2]	[3]	[4]	[5]
Female	-0.100*** [0.0313]	-0.0581* [0.0297]	-0.0387 [0.0292]	-0.0365 [0.0292]	-0.0396 [0.0294]
Hours Billed		0.303*** [0.0305]	0.318*** [0.0305]	0.485*** [0.0939]	0.639*** [0.209]
New Client Rev		0.0400*** [0.00934]	0.0352*** [0.00909]	0.0801*** [0.0187]	0.0669** [0.0286]
Hours Billed (sq.)				-0.0563* [0.0294]	-0.175 [0.148]
New Client Rev. (sq.)				-0.0029*** [0.00110]	-0.0002 [0.0046]
Hours Billed (cubic)					0.0255 [0.0310]
New Client Rev. (cubic)					-0.0001 [0.0002]
Constant	11.31*** [0.477]	11.12*** [0.449]	11.32*** [0.430]	11.29*** [0.428]	11.28*** [0.428]
Individual Controls	Yes	Yes	Yes	Yes	Yes
Firm Controls	Yes	Yes	Yes	Yes	Yes
Region Fixed Effects	Yes	Yes	Yes	Yes	Yes
Education Controls	Yes	Yes	Yes	Yes	Yes
Areas of Law	No	No	Yes	Yes	Yes
Observations	974	974	974	974	974
R-squared	0.403	0.472	0.534	0.54	0.54

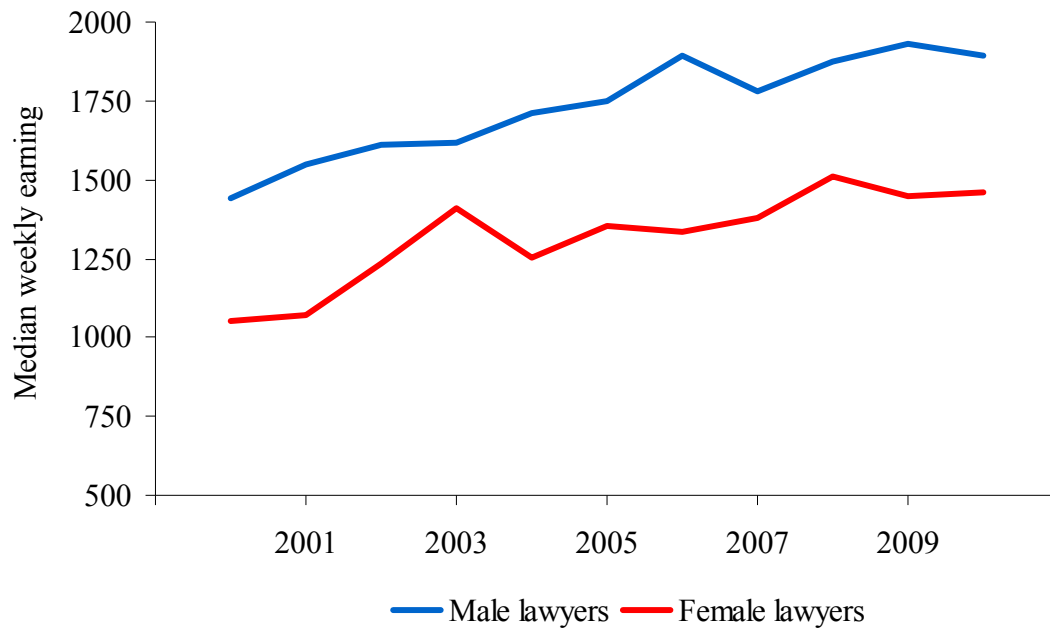
Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level. For definitions of the variables, see Table 1.

TABLE 16 – EARNINGS: RETURNS TO PERFORMANCE

	Annual Earnings	Ln(annual earnings)
	[1]	[2]
Female	-26.09** [13.17]	-0.574*** [0.101]
Hours Billed	26.78*** [4.811]	0.185*** [0.0369]
Female*Hours Billed	9.153 [7.014]	0.280*** [0.0538]
New Client Rev.	5.616*** [1.260]	0.0348*** [0.00967]
Female*New Client Rev	5.017 [4.208]	0.0473 [0.0323]
Constant	27.82 [28.49]	10.91*** [0.219]
Individual Controls	Yes	Yes
Firm Controls	Yes	Yes
Region Fixed Effects	Yes	Yes
Education Controls	Yes	Yes
Observations	974	974
R-squared	0.415	0.48

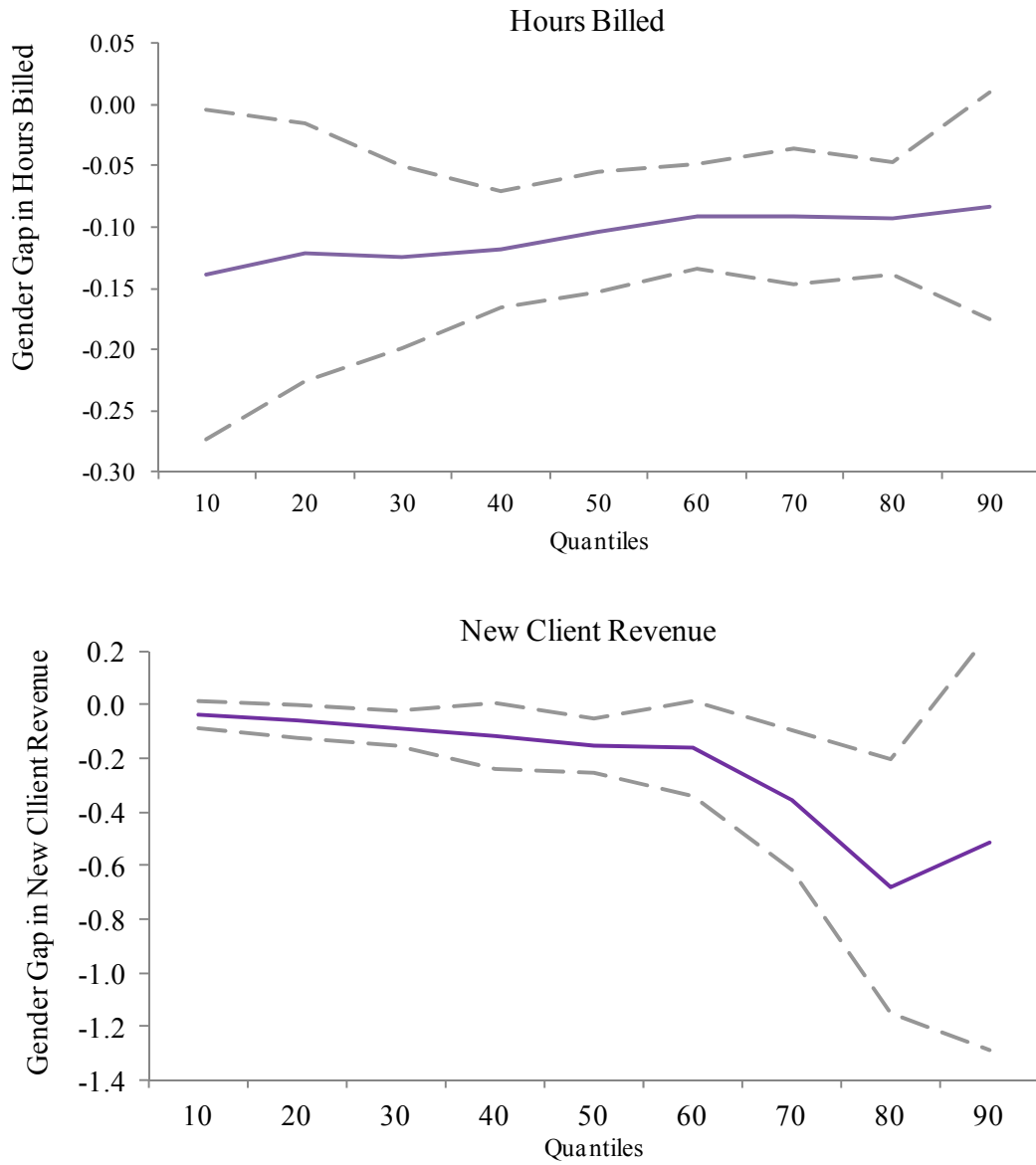
Notes: \* denotes significance at the 10% level, \*\* denotes significance at the 5% level, and \*\*\* denotes significance at the 1% level.

FIGURE 1 – EVOLUTION OF LAWYERS’ GENDER GAP IN EARNINGS, 2000-2010



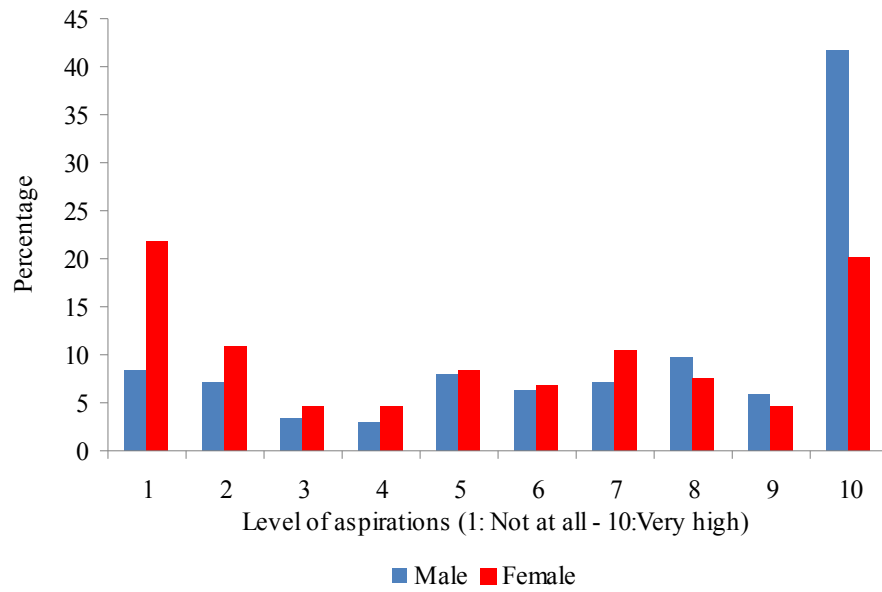
Notes: Median weekly earnings for lawyers in the period from 2000 to 2010. Current Population Survey’s Household Data, detailed by occupation (Bureau of Labor Statistics, U.S.).

FIGURE 2 – QUANTILES OF THE GENDER GAPS



Notes: This figure provides the quantile distribution of the different gender gaps in hours billed (expressed in 1000s of hours) and new client revenue (expressed in 100,000s of U.S. dollars) greater than zero, after controlling for individual, education and firm characteristics, as well as region fixed effects. Confidence intervals (dashed line in gray) are at the 5% confidence level.

FIGURE 3 – ASPIRATIONS TO BECOME AN EQUITY PARTNER



Note: Percentage of responses by gender to the question: “How strongly do you aspire to attain an Equity Partner position within your firm?” with possible answers ranging from 1: Not at all to 10: Very high (*After the JD* study, 2007).



