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The connection between female business-owners and female lawyers and its impact on making partner

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University of Iowa

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THE CONNECTION BETWEEN FEMALE BUSINESS-OWNERS AND FEMALE
LAWYERS AND ITS IMPACT ON MAKING PARTNER

by

Gina Marie Messamer

A thesis submitted in partial fulfillment
of the requirements for the
Masters of Arts degree in Sociology
in the Graduate College of the University of Iowa

August 2013

Thesis Supervisor: Professor Anthony Paik

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CERTIFICATE OF APPROVAL

MASTER'S THESIS

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ABSTRACT

The success of firm lawyers depends largely upon their ability to develop a clientele. Naturally, access to potential clients and the relationships between lawyers and their clients and potential clients are exceedingly important for client development. Various factors likely play into relationships between lawyers and business leaders, two important factors being homophily and in-group preferences. Both homophily and in-group preferences mechanisms would predict that law firms are more likely to assign clients to associates who bear certain similarities to those clients. Accordingly, associates who are more similar to the business community they serve are more likely to be assigned clients and awarded responsibility. In this way, a lawyers' success depends in part on the composition of the business community in which they operate. In making partnership decisions, law firms value associates' aptitude for client relations, thus incorporating these effects into promotion evaluations. This study asks the question: at the state level, to what extent does the success of female-owned businesses correlate to the success of female lawyers who work at law firms? Using a national survey of lawyers seven years after admission to the bar, logistic regression demonstrates that it is not the percentage of businesses in a state that are female-owned that influences the likelihood of making partner for female associates. Rather, the results show that the percentage of sales generated by female-owned businesses is the influential variable: as women generate a greater percent of a state's economic activity, female lawyers are in turn more likely to achieve the status of partner.

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INTRODUCTION

This paper argues that there is a relationship between the success of female-owned business and the success of female lawyers. Personal interest drew me to this topic: as a law student at the University of Iowa, I was aware that female lawyers in Iowa fare comparatively poorly. Women compose only 28% of the bar—5% below the national average—and there are no women on Iowa’s supreme court (American Bar Association, 2012; Schulte, 2011). Iowa’s rankings in a recent study commissioned by American Express, which analyzed census data regarding female-owned businesses, also concerned me. The Des Moines Register reported, “Iowa ranked at the bottom or near it in all categories. The state beat only Alaska in growth in the number of firms. Only Rhode Island fared worse than Iowa in employment growth, and Iowa was the only state in the country that saw a decrease in overall revenue from female-owned businesses” (Santana, 2012). It seems natural that the plight of female lawyers is connected to the success (or lack thereof) of female business-owners.

But inequality between male and female lawyers is not an issue that is unique to Iowa; much research has demonstrated that, at a national level, female lawyers experience disparate career outcomes. To name a few disadvantages, female lawyers report receiving less mentorship (Kay, Hagan, & Parker, 2009), are less likely to be promoted to partnership within firms (American Bar Foundation, 2009; Kay and Hagan, 1998), and earn less money than their male counterparts (Dinovitzer et. al., 2009). The bulk of the scholarship on female lawyers’ disparate partnership outcomes has focused on internal labor markets and decision-making within firms.

This paper enriches this body of research by studying how social capital exchanges between lawyers, their firms, and their clients impact the success of firm lawyers. As Duberley and Cohen (2010) argue, social capital should be analyzed differently for each occupational field, as the meaning, expression, and availability of social capital depends upon the specific profession studied. The success of firm lawyers depends largely upon their ability to develop a clientele. Naturally, access to potential clients and the relationships between lawyers and their clients and potential clients are exceedingly important for client development (Heinz and Laumann, 1982). Various factors likely play into relationships between lawyers and business leaders, two important factors being homophily and in-group preferences. Both homophily and in-group preferences mechanisms would predict that law firms are more likely to assign clients to associates who bear certain similarities to those clients. Accordingly, associates who are more similar to the business community they serve are more likely to be assigned clients and awarded responsibility. Consequently, it logically follows that lawyers' success depends in part on the composition of the business community in which they operate.

In this vein, previous research has found that law firms who do business with female-led corporate clients increase the number of partners who are female attorneys (Beckman and Damon J. Phillips 2005). This paper builds upon this finding and examines a broader question: at the state level, to what extent does the success of female-owned businesses correlate to the success of female lawyers who work at law firms. Female lawyers' ability to develop a clientele (and thus succeed in their careers) likely varies with the make-up of a firm's clientele and potential clientele. However, this analysis demonstrates that it is not the percentage of businesses in a state that are female-

owned that influences career outcomes of female associates. Rather, the results show that the percentage of sales generated by female-owned businesses is the influential variable: as women generate a greater percent of a state's economic activity, female lawyers are in turn more likely to achieve the status of partner.

WOMEN IN LAW FIRMS

Law firms are generally structured with two main positions: associate and partner. Partners in a law firm possess an ownership stake, therefore sharing in the firm's profits, and also manage the business. The partners hire associates to work under them as employees of the firm and delegate work to the associates. Associates typically have more limited client interaction and less professional autonomy than do partners (Wallace and Kay, 2008). For an associate, mentorship from a successful partner is often key to career progression¹ (Kay, Hagan, & Parker, 2009). Naturally, as associates develop in a firm, they are granted increased responsibility, discretion, and autonomy.

Immediately upon their hire, associates embark on a "partnership track" that lasts anywhere from five to ten years and eventually leads to promotion to partnership for a select group of associates. Partnership tracks are commonly loosely defined by firms, with no guaranteed timelines or outcomes. In the "external market for clients," the ability to develop and capitalize upon contacts with individuals who need a significant volume of legal services is crucial for associates (Wilkins, 1999). Bringing new clients to the firm is a central way for associates to establish their qualifications for partnership: firms highly value the ability to develop, manage, and exploit client relationships (Wilkins, 1999; Kay and Hagan, 1999). The stakes are high in this quest for partnership: "Traditionally, large firms maintained an 'up-or-out' rule requiring the departure of associates who were 'passed over for partnership'" (Gorman, 2005). In this bifurcated firm structure, "[p]artnership is often viewed as a deferred bonus that motivates

¹ Mentorship is another process with gendered differences for lawyers, with female lawyers often finding themselves neglected (Kay, Hagan, & Parker, 2009).

associates to work hard and be highly committed to the firm” (Wallace and Kay, 2008: p. 1031).

A small percentage of women are promoted to law firm partnership despite a flood of women into the legal profession: “numerical representation is clearly not a sufficient condition for gender equality (Wallace and Kay, 2012). Women have composed more than 40% of law school classes since 1985 and have not dropped below 45% since 1997 (American Bar Association, 2011). The most recent report from the American Bar Association Commission on Women in the Profession reported that 45% of firm associates are women (American Bar Association, 2012). Yet Beckman and Phillips (2005) found that women accounted for only 16% of partners in their sample of large firms with Fortune-500 clients. The 2012 American Bar Association report similarly found women make up 20% of partners but only 15% of equity partners (American Bar Association, 2012). Worse yet, only 5% of managing partners at the 200 largest firms are women (American Bar Association, 2012).

Regardless of firm size, women are not promoted to partner at the same rate as men (American Bar Foundation, 2009). In fact, men are upwards of 50% more likely to be promoted to partner (Kay and Hagan, 1998). Even controlling for GPA, race, years of experience, months part-time, months nonworking, marital status, number of children, mentorship, and job satisfaction, women are less likely than men to be promoted to partner (Noonan & Cocoran, 2004). Kay and Hagan found that “men are valued for traditional corporate family images, [while] women are rewarded for breaking convention in giving priority to work outside the home, bringing in corporate clients, and endorsing the goals of the law-firm culture.” (1998: p. 741). This led them to conclude that “women

associates are required to embody standards that are an exaggerated form of a partnership ideal, and these standards are imposed uniquely on women” (Id).

Instead of being promoted to partner, women are clustered in low-status, non-partnership-track positions such as staff attorney and counsel (National Association of Female lawyers, 2012). For instance, women constitute 70% of staff attorneys within law firms (National Association of Female lawyers, 2012). Research has confirmed that the female mobility disadvantage increases at higher organizational levels, at least for female lawyers following internal promotion tracks (Gorman and Kmec, 2009). Moreover, at the 200 largest firms, women equity partners earn 86% of their male counterparts’ compensation (American Bar Association, 2012). Even accounting for credentials, work profiles, opportunity paths and structures, and legal markets, female attorneys in firms earn 5% less than their male counterparts very early in their careers (Dinovitzer et. al., 2009).

Several stages of stratification emerge for female attorneys in private law firms, amounting to what Noonan and Cocoran (2004) call a pattern of cumulating disadvantages. To begin with, women are less likely to enter law firms and more likely to take public sector jobs (Mattessich and Heilman, 1990; Dinovitzer et. al, 2004). Next, attrition from firms is higher for women; women are more likely to leave firms before reaching the ranks of partner (Noonan, Corcoran and Courant, 2008). Finally, women are not promoted to partner at the same rates as men. Kay and Hagan (1998) identified sex-specific models for attaining partnership and found that women, as compared to men, “must demonstrate extraordinary work commitment to improve their chances of partnership” (p. 741). As becoming a partner is an especially important marker of success

in the legal field—bringing significantly higher earnings, opening up further career opportunities, and leading to membership in “the professional elite”—these patterns are cause for concern (Beckman & Phillips, 2005: p. 680; Kay & Hagan, 1998: p. 728).

Researchers have pointed to various mechanisms for gender stratification in the legal field, broadly organized within three main theoretical umbrellas: human capital explanations, statistical discrimination explanations, and structural explanations (Noonan, Corcoran and Courant, 2008). The human capital model explains the shortage of women partners by looking to women lawyers’ choices at various stages of their careers. According to the statistical discrimination explanation, employers use sex as a proxy to predict future work commitment. Structural explanations look to institutional barriers to explain differences between men and women’s career success. Thus, human capital theory focuses on the supply side of firm/employee relations, while statistical discrimination and structural theories are considered demand-side concepts (Beckman & Phillips, 2005; Kay & Hagan, 1998).

In examining the connection between female lawyers and female business-owners, structural explanations are of primary interest for this paper. There is a long list of structural mechanisms that theorists have suggested disadvantage women, and many of these mechanisms are unique to the type of profession. Noonan, Corcoran, and Courant (2008) summarize a host of structural mechanisms that affect female lawyers: “hostile work environments, less mentoring, disproportionate assignments of ‘pro bono’ work, and attitudes about appropriate gender roles that are embodied in firms’ evaluation and promotion practices, as well as overt discrimination, reduce women’s promotion chances by limiting their opportunities to develop social capital within law firms” (Noonan,

Corcoran and Courant, 2008: p. 159). I expand on this list by arguing that limited levels of female-owned business serve as an institutional impediment to the success of female firm lawyers.

SOCIAL CAPITAL MECHANISMS

I am interested in how social capital—homophily and in-group mechanisms specifically—creates structural barriers for female lawyers. In this vein of structural explanations, social capital has been tied to “access to employment, mobility through occupational ladders, and entrepreneurial success” (Portes, 1998, p. 12). Male-dominated social networks may impede women’s success by preventing women from gaining access to information and advancement opportunities (Portes, 1998). Moreover, “scholars have suggested that social capital is more important than human capital for women to advance to higher management levels and that the converse applies to lower levels” (Metz, 2001, p. 313). Law firm partners and business owners both operate at what would be considered a “higher management level,” where social capital would play a more important role.

As mentioned, an associate’s ability to develop social networks and convert them into clients is very important in a firm’s evaluation for partnership. Epstein’s early surveys of female lawyers, which found that female lawyers were denied access to clients and excluded from essential social networks, confirm the operation of social capital mechanisms (Epstein, [1981] 1993). Moreover, Kay and Hagan (1998) demonstrated that the beneficial effects of social capital are gendered for lawyers in their pursuit of partnership. They found that women were more likely to make partner when they bring in clients and participate in more professional activities but that these measures of social capital do not significantly impact men’s chances of making partner. Conversely, men benefitted from having an increased number of associational memberships, while women did not.

For the purposes of this analysis, I conceptualize social capital as an individual resource, one that an attorney can draw upon to advance his or her career. Burt's definition of social capital aligns with my conception of how social capital would operate between female attorney and their clients: social capital is "friends, colleagues, and more general contacts through whom you receive opportunities to use your financial and human capital" (Burt, 1992: p. 9). Coleman's explanation of social capital captures this same principle: "social capital inheres in the structure of relations between actors" and "facilitate[s] certain actions of actors" (Coleman, 1988: p. S98). Conversely, the lack of social capital can frustrate certain actions. This conception of social capital reflects the general idea that female lawyers are affected by the social structure in which they practice.

Homophily theory predicts that individuals who share certain status characteristics will also share common interests that allow them to communicate with greater ease: "similarity breeds connection" (McPherson, Smith-Lovin, and Cook, 2001: p. 415). On the flip side, "[w]omen find it more difficult than men to fit in at [predominantly male] senior management levels because . . . [i]n such environments, men find it difficult to feel comfortable with the presence of women" (Metz and Tharehou, 2001: p. 316).

Relatedly, in-group favoritism is another important structural mechanism by which women are disadvantaged, especially in professions that are historically male-dominated. Individuals show an automatic proclivity to favor others in their "in-groups" over those in "out-groups. The impact of in-group preferences is similar to that of

homophily. “In particular, people feel more comfortable with in-group members [and] more readily offer them trust and cooperation” (Gorman, 2005: p. 707).

Applying in-group preferences theory to lawyers, Gorman and Kmec (2009) theorize that in-group favoritism is one of the three processes that can lead decision makers to prefer men lawyers over equally-qualified female lawyers. Gorman and Kmec also suggest that in-group preferences are heightened in situations where high-status positions—such as firm partnership—are involved, due to a greater incentive to maintain control. However, research linking in-group favoritism to gender disparities in real workplace outcomes is limited (Gorman, 2005). This study aims to provide additional evidence connecting social capital theories with gendered career disparities.

It has been theorized that homophily and in-group preferences are two of the mechanisms by which “women may pull other women into and up through organizational hierarchies” (Cohen, Broschak, and Haveman, 1998: p. 714). Relying on in-group preference and homophily theories, among others, Gorman (2005) found that law firms with more female hiring partners filled a higher proportion of positions with women. Outside of the law firm context, Cohen et. al. (1998) examined the savings and loan industry to show that women are more likely to be hired into positions when there is a substantial minority of women at higher levels of the organization.² Likewise, Chambliss and Uggen (2000) found that increased female and minority representation of partners is associated with gains in female and minority representation of associates, though they did not identify the exact mechanism at work. Accordingly, this research is also an answer to

² However, they find that women are not more likely to be hired when women constitute the majority of higher-level positions. This highlights how “redistributive effects” differ by industry. (For a review of this research, see Chambliss and Uggen, 2000).

their appeal to “better identify the specific mechanisms by which redistributive effects occur” (Chambliss and Uggan, 2000: p. 63).

RESOURCE DEPENDENCY THEORY

Resource dependency theory or, as Beckman and Phillips (2005) have dubbed it, interorganizational effects theory, falls within the structural umbrella and relies on social capital mechanisms to explain relationships between institutions, as it expects that the social structure in which a business operates influences the decisions of the business. “Interorganizational theory draws on the rich tradition of research on interorganizational relationships, resource dependence, and institutional theory where it is argued that firms attend to the actions of their more powerful exchange partners” (Beckman & Phillips, 2005: p. 680). For law firms, resource dependency theory predicts that law firms are influenced by their “exchange partners,” namely, their clients. As it pertains to female attorneys, resource dependency theory would anticipate that the social structure in which female attorneys practice would impact the success of those female attorneys.

Beckman and Phillips (2005) applied “interorganizational effects” theory to examine the success of women in law firms, looking specifically at the outcome of making partner. To do so, they examined the exchange relationships between a focal law firm and its constituents—its constituents being the Fortune 500 businesses the focal firm served. They used a fixed effects time-series regression to examine these exchange relationships over time and determine whether the percentage of female partners increased pursuant to obtaining a female-led client.

In this context, Beckman and Phillips found that doing business with companies that have women in power—as CEO or legal counsel—prompted law firms to promote more female partners. Their results were consistent with both of the mechanisms they hypothesized increase the success of female lawyers when a firm has more female-led

clients. First, that female clients explicitly exercise their bargaining power to boost the careers of the female lawyers with whom they interact by requesting that law firms promote more women. Second, that homophily preferences female clients have for interacting with similar others propel female attorneys' success. Moreover, they found that the impact of a female CEO on female associate's promotion rates increased when the law firm has fewer clients, demonstrating that a business has more influence over a law firm when the law firm is more dependent upon that client. Beckman and Phillips did not find evidence for alternative mechanisms—that increases in female partners were due to a law firm's pre-existing commitment to diversity or that female-led clients increased law firms' general commitment to diversity. Only female associates benefitted when law firms did business with female-led clients; there was no benefit to minority associates.

HYPOTHESIS

To test the resource dependency theory more broadly, this paper examines the extent to which the success of women and men lawyers in firms is tied to the success of female business-owners. This analysis goes beyond looking at established relationships between firms and their identified clients and delves into the importance of the demographic composition of a state's economy more generally. Like Beckman and Phillips, who focused on women CEOs, I focus on business-owners because they occupy an important role—in the majority of cases the *most* important role—in the power relationship between law firms and clients. The owner of a business is the most visible individual in the organization and, especially for organizations not large enough to have an in-house counsel, is likely the party interacting with the business' law firm.

I hypothesize that the success of female lawyers depends, in part, on the percentage of female-owned business in a state and the percentage of sales generated by those businesses and, conversely, that these variables will not influence partnership attainment for men. This research question comports with Reskin's call to move beyond describing inequality across ascriptive groups, and to instead examine the mechanisms that lead to gendered differences in outcomes (Reskin, 2003). Studying the relationship between female-owned businesses and female lawyers seeks to determine *how* women and men become stratified on the path to partnership. Though the current study cannot pinpoint the mechanisms driving any connection between female business-owners and female lawyers, this research does direct attention to the importance of clients and sets the theoretical stage for further research on the topic.

The percentage of female-owned firms and the percentage of sales by female-owned firms by state are the two independent variables of the most interest to me because they are measures of the influence of female business-owners. I expect that the percentage of female-owned businesses is important because each female-owned business is a potential client for a law firm. I expect the percentage of sales generated by female-owned businesses is important because the more sales that female-owned businesses produce, the more legal assistance they are likely to need and the more resources the businesses will be able to spend on legal assistance. In contrast, I do not expect the number of people that female-owned businesses employ to predict the success of female lawyers because this measure does not closely relate to a business's need for legal services.

Burt and Coleman's definitions of social capital highlight how social structures can constrain individuals' opportunities, which is the crux of how I expect resource dependency theory to operate in regards to female attorneys. Like Beckman and Phillips, I hypothesize that female lawyers will be more successful in states where there is a higher percentage of female business-owners and a higher percentage of sales generated by those businesses because of homophily and in-group preference effects.

This hypothesis is in line with research that finds organizational decision-makers favor applicants of their own sex. In law firms, clients are an important decision-maker. Of course, clients exercise a great deal of control through their ability to take their business to another firm if dissatisfied. Clients also have control over the objectives of representation and influence over the means used to achieve their objectives (Model

Rules, 2013: Rule 1.2(a)). Drawing a parallel to within-organization hiring and promotion decisions, clients, as decision-makers, are likely to favor lawyers of their own sex.

However, I do not believe that clients generally request associates who are of the same gender, though this may occur in some instances. Rather, I hypothesize that law firms automatically assign female associates to female clients, in response to homophily and in-group preference influences. Recognizing that a client is the ultimate decision-maker, the law firm seeks to please the client and one way of accomplishing this is by pairing the client with associates with whom the client will be comfortable. I expect that female business-owners would be more likely to prefer working with female lawyers, making firms more inclined to assign female associates to these female-led clients. By doing so, firms communicate “that they are attuned to their woman-led corporate client and are themselves champions of gender equity” (Beckman & Phillips, 2005: p. 681).

Because firms are likely to assign female lawyers to female-led accounts, the more female-owned businesses there are, the more business female lawyers will be given, and the more successful they will be. The gender composition of a law firm’s client pool will thus indirectly affect partnership decisions. Through this chain, law firms are likely to promote more female associates when female-owned businesses compose a greater share of the firm’s client pool. Restating the causal chain I envision, the more female business-owners there are in a state, the more clients and responsibility a law firm assigns female associates, the easier it is for female associates to develop a clientele, and the more likely firms will be to promote female associates to partner. Likewise, the more sales generated by female-owned businesses, the more influential those female business-owners’ homophily and in-group preferences will be. In other words, when women-

owned businesses are more economically successful, women have a better shot at achieving the rank of partner within law firms.

To illustrate, one of the reasons suggested for the lack of female business-owners in Iowa is that “the state’s largest industries are highly concentrated in male-dominated areas such as finance, manufacturing and farming” (Santana, 2012). I expect that male businessmen in these fields generally prefer to conduct their legal business with other men and that law firms pair male business-owners up with male lawyers. Thus, in this type of traditionally male-dominated environment, female lawyers would have a more difficult time bringing in business and gaining success within their law firms.

Though I focus on homophily and in-group preferences as the driving mechanism between a connection between the success of female-owned businesses and female firm lawyers, additional mechanisms may operate to improve female associates’ chance of making partner when female business-owners are more successful. Female business-owners could explicitly advocate for the promotion of female associates, as theorized by Beckman and Phillips. Or, more subtly, the success of female business-owners could signal to law firms “the potential and legitimate role of women in the upper echelons of the firm” (Beckman & Phillips, 2005: p. 681).

Hypothesis 1a: Female associates will be more likely to make partner in states with a higher percentage of female-owned businesses.

Hypothesis 1b: Female associates will be more likely to make partner in states with a higher percentage of sales that are generated by female-owned businesses.

One benefit of using the dataset I use is that my analysis is more generalizable than previous research, although more distal. Beckman and Phillips examined Fortune 500 companies and the law firms with which they do business. Using information reported by publically traded firms, Beckman and Phillips created a database that included of 187 law firms and 4,376 of their corporate clients. My analysis expands from Beckman and Phillips's study in that my dataset provides individual-level data and includes lawyers who work for firms without Fortune 500 clients.

In comparison to Beckman and Phillips's study, I anticipate the hypothesized effect will be especially strong when including all firms, rather than only examining firms that serve Fortune 500 companies, because the more-inclusive sample will provide more diverse female data-points to draw upon. This more-inclusive sample will capture the significant percentage of law firms who serve smaller business, which likely include female-owned businesses that target women, specifically, or serve traditionally female-dominated industries. Top sectors for female-owned businesses include health care and social assistance (including doctors and dentists, residential care facilities and child care providers) and personal care services such as beauty salons and pet-sitting (American Express OPEN, 2012). Lawyer-client homophily is likely to be an especially important mechanism when the client is a female-focused business, but the majority of such

businesses would be excluded from an analysis examining only Fortune 500 companies. Because my sample will include firms that serve these smaller, female-focused businesses, it is more likely to capture a homophily effect.

In line with Kay and Hagan's findings that men and women are evaluated on different criteria in their quest for partnership, I hypothesize that the success of female-owned businesses will not impact men's partnership chances despite impacting women's chances. I expect that the success of female-owned businesses will not change the success of men because of their dominant position within firms and within business owners: men compose 72% of business-owners in a state and at least 57% of firm lawyers. Male lawyers and male business-owners are the status quo and it is unlikely that firms would actively avoid placing male associates on female-led accounts. Therefore, I expect that the increased influence of female business-owners will neither benefit nor disadvantage male lawyers.

DATA AND METHODS

The After the JD database is a survey of a cohort of almost 5,000 lawyers who were admitted to the bar in 2000. A national longitudinal study, After the JD has surveyed a cohort of lawyers at three points: Wave I surveyed the cohort in 2002, Wave II surveyed the cohort seven years after they were admitted to the bar, in 2007, and Wave III surveyed the cohort in 2010. Comparisons with external data indicate that the After the JD sample is representative of the general population, with a comparable racial composition and employment-type distribution (Dinovitzer, Ronit, Nancy Reichman, and Joyce Sterling, 2009). A large benefit of analyzing the single cohort of lawyers represented in the After the JD dataset is that confounding issues related to seniority are avoided.

This research uses data from Wave II of the After the JD dataset, when the cohort had been practicing for seven years. Of the 3,260 total respondents, 1,508 (46%) worked for a law firm in 2007. Because this research is limited to lawyers who were practicing in a firm setting in 2007, all respondents who did not work in a firm at that point were dropped from the analysis. Respondents who did not indicate the size of their organization or whether they brought in clients were also dropped, resulting in a total analytical sample size of 1,356.³ Many respondents did not answer questions relating to billable hours, specializing, or the percent of men in their workplaces but these missing data were recoded as a categorical variable in order to avoid dropping a significant number of respondents.

³ A total of 148 respondents were dropped due to missing data.

Dependent Measure

The main dependent variable I am interested in is whether an attorney working in a firm has been promoted to partner. This is a dichotomous variable; a lawyer either has or has not been promoted to partner. For the sake of my analysis, I assume that all lawyers working in a firm who have not yet been promoted to partner are striving to become partner. I am unable to control for whether any given associate endeavors to become a partner, but promotion to partner is typically the end goal for those working in firms. I thus conceptualize this variable as a promotional decision made by the partners, not one controlled by the associate.

One limitation for my study is the relatively small number of women who achieved the rank of partner by Wave II.⁴ In 2002, the first time the cohort was surveyed, 49% of respondents were employed by firms and this number decreased slightly to 46% by Wave II.⁵ In Wave II, 1,508 attorneys in my sample worked for private firms. Seven years after passing the bar, only 171 respondents in my sample—11% of those working in firms—had achieved the status of partner. Of these 171, 117 (68%) were men and 54 (32%) were women.

However, these 171 individuals represent lawyers who have, in all likelihood, directly embarked on the “partner track” upon graduating law school. Partnership tracks typically range from five to ten years and law firms generally begin to evaluate

⁴ Relatedly, another limitation is the fact that fifteen states did not have female respondents who worked in a law firm and, therefore, were not included in the female-specific analysis: Alabama, Alaska, Arizona, Delaware, Hawaii, Kansas, Louisiana, Mississippi, New Mexico, Rhode Island, South Carolina, Wyoming, Idaho, Nebraska, and Vermont. Only six states did not have male respondents who worked in law firms: Alaska, Delaware, Louisiana, Mississippi, Rhode Island, and Wyoming.

⁵ Previous researchers, such as Noonan, Corcoran and Courant, 2008, have delved into the attrition of women from firms as a mechanism that leads to employment discrepancies between male and female lawyers. My hypotheses concern only those lawyers who are employed within firms and so those who quit firms prior to 2007 are not captured in my analysis.

associates' partnership prospects around the fourth year of employment (Gorman and Kmec, 2009; Wallace and Kay, 2008). Achieving the status of partner in seven years is a fairly impressive accomplishment, as evidenced by the fact that only 11% of firm lawyers had reached this marker, and thus these 171 individuals have been recognized as high-achievers by their firms. The After the JD Wave III dataset, wherein this same cohort is surveyed ten years after graduation, would have a larger number of individuals who have reached the rank of partner, but the career path to partner would be less clear. In ten years, there is time for a lawyer to switch firms, switch from public to private work, take time off to raise a family, ect. Using Wave II captures a more homogeneous population, allowing for more accurate comparisons between men and women.

Independent Variables

Wave II of the After the JD study surveyed respondents in 2007, and consequently I use the 2007 measures relating to female business-owners. For my independent variables of interest, I combined the After the JD dataset with two state-level entrepreneurship metrics collected for an American Express study from the year 2007: the percentage of businesses owned by women and the percentage of sales generated by female-owned firms. The data used in the American Express study came from the U.S. Census. I connected this state-level data with the individual cases from the After the JD data based upon where the respondents indicated they practiced law.

Underlying the use of the percentage-owned variables is the assumption that every business-owner represents an opportunity for a lawyer to develop social capital and that each female business-owner represents an in-group tie with heightened homophily preferences for a female lawyer. For the sales-generated variable, I assume that the in-

group tie will be more influential as the amount of business controlled by the tie increases. The correlation between these two variables is only 3.97%.

More specific measures of social capital, such as memberships, personal ties, and reciprocity (Dinovitzer, 2006) or professional activities and number of associational memberships (Kay and Hagan, 1998) are not included in this analysis. Because I am primarily interested in how the gender makeup of the respondent's client pool impacts the respondent's likelihood of making partner, variables that do not capture the sex of a respondent's social capital tie are not helpful.

Controls

As Kay and Hagan (1998) established, the path to partnership is a gendered one, with differential benefits accruing to male and female lawyers for various behaviors. In light of the gendered partnership evaluation criteria demonstrated by this research and others, I include several additional controls. However, I expect the positive correlation between female business-owning and the likelihood of promotion to partner for female associates to remain, even after controlling for a host of variables that have previously been shown to have differential impacts for male and female lawyers' chances of promotion to partner.

In recognition of Dinovitzer, Ronit, Nancy Reichman, and Joyce Sterling's argument that introducing legal markets into analyses will improve models and provide a "potentially important mechanism in understanding the gender gap" (2009: p. 824), in Table 4, Model 2, I included a logged measure of GDP and two organizational-level variables: the number of lawyers in the respondent's organization and the percentage of men in the respondent's organization. Logged variables for firm size and state GDP

account for the size of the local labor economy. I included the logged measure of state GDP to control for the size of a state's economy, as states with larger economies generally have more competitive legal markets. In the same vein, the firm size variable captures the most micro-legal market, again with the understanding that larger firms have more competitive partnership tracks. I expect that GDP size and firm size will both be negatively correlated with making partner due to this increased competition. However, prior studies have found that large firms, as compared to small, provide more promotional opportunities or, at least, more perceived promotional opportunities. (Wallace and Kay, 2009).⁶

Finally, in the Model 2 analysis I also included a control for the percentage of men in the respondent's workplace. This variable can be understood as a social capital control, as the gender composition of a law firm impacts the odds of promotion for women (Kay & Hagan, 1998). Prior research has demonstrated that firms with female hiring partners hire more women, though this effect diminishes as the composition of higher organizational ranks becomes more balanced (Gorman, 2005). Conversely, as the gender balance of partnership positions approaches 100% men, entry-level positions are increasingly filled with men (Gorman, 2005). Thus, assuming that the percentage of men in the respondent's organization is also representative of the percentage of male decision-makers, I expect higher levels of "men in organization" to increase partnership odds for men and decrease partnership odds for women. The missing data from this variable has

⁶ This is in addition to a range of other career outcomes, including more lucrative salaries and enhanced benefits. (Wallace and Kay, 2009). Indeed, firm size is one of the strongest predictors of salary, with larger firms paying out larger salaries. (Dinovitzer, Ronit, Nancy Reichman, and Joyce Sterling, 2009).

been recoded as a fourth categorical variable in order to avoid dropping the 237 individuals who did not respond.⁷

In Model 3 I added an additional control for marital status and whether the respondents live with minor or young adult children for a significant part of the year, both dichotomous variables. Kay and Hagan (1995) found that lawyers with children are 63% more likely than those without to be partners. However, prior research has found that differential benefits accrue to men and women based upon marital status and having children. Much research has demonstrated a “motherhood penalty” (Correll, Benard and Paik, 2007). Not only are mothers compensated more poorly, net of human capital and occupational factors, they are also perceived as less competent, less authoritative, and less dependable (Correll, Benard and Paik, 2007). Regarding lawyers specifically, Dinovitzer, Ronit, Reichman, and Sterling (2009), found that female lawyers are significantly less likely than men to have children or be married. Looking to partnership outcomes, “[m]en's partner-ship prospects increase simply by having children, while women's partnership prospects increase if they have taken a parental leave” and then returned to work (Kay & Hagan, 1998: p. 737). Contrary to these findings, Noonan and Corcoran (2004) found no evidence of a marriage or parenthood penalty for women. Instead, they found both marriage and parenthood to be positively correlated with the probability of becoming partner and parenthood to be neutral.

The additional controls I introduced in Model 4 reflect various aspects of an individual's performance. Previous research has found that “[p]artnership decisions appear to involve a more demanding assessment of female than male associates” and

⁷ For any variable with a significant amount of missing data, I coded the missing as a categorical variable. Because I have only 54 women in my sample who had reached the rank of partner, I did not want to drop data and lose variation on my dependent variable.

similarly results are expected in the current analysis (Kay and Hagan, 1999: p. 543). Law school GPA provides a rough measure of the respondent's merit and I expect that respondents with a lower GPA are less likely to become partner. The analysis splits GPA into three categories: High (4.0 to 3.5), Mid (3.5 to 3.0), and Low (below 3.0). Additionally, the missing data from the GPA variable has been recoded as a fourth categorical variable in order to avoid dropping the large number of respondents who did not provide their law school GPA.⁸

Next, a control for hours billed in 2006 captures the time a lawyer invests at work. The number of hours an associate bills is closely monitored by decision-makers at firms, as the number of hours billed determines the associates economic value to the firm. This control also helps to separate any effect of working fewer hours, which women may do more so than men due to family commitments (Noonan et. al., 2005; Dinovitzer et. al. 2009). Kay and Hagan (1999) found that the return on billable hours was not as great for women as for men in the competition for partnership. The billable hours variable is separated into three brackets, with a fourth to capture the missing data.⁹ Firms generally expect their attorneys to bill between 1,800 and 2,000 hours (Kay & Hagan: p. 730, 1998 citing Mossman 1988). Lawyers billing 1,800 hours yearly work close to a 40-hour work-week, while working 2,000 hours yearly would equate to approximately a 45-hour work-week. Attorneys billing more than 2,100 are therefore operating at the high end of the spectrum, closer to a 50-hour work-week. Accordingly, the billable hours variable is split

⁸ Seven-hundred and sixteen respondents did not provide their GPA. I expect that those who did not report their GPA were likely not in the top of their classes.

⁹ One-hundred seventy-seven individuals did not respond to this question.

between those working less than 1,800 hours a year (essentially part-time employees), those working between 1,800 and 2,100, and those working more than 2,100.

One caveat to the billable hours control is that lawyers may cut down on their hours worked after reaching the goal of becoming partner, dampening the effect. Because the data does not reflect exactly when a respondent became a partner, I am unable to parse out the exact causal effect of working increased hours. However, the positive correlation between billable hours and likelihood of making partner should remain despite this limitation. The questionnaire asked respondents how many hours they billed in 2006, and it is likely that many of those who were promoted to partner were promoted during the 2006 calendar year.¹⁰ Therefore, their response to the question should reflect their pre-partnership hours, to a large extent.

Similarly to hours billed, a lawyer's ability to bring in new business should correlate to partnership success. Respondents answered yes or no to the question "Did you personally bring in any new clients to your law firm or practice last year, 2006?" This variable is also a social capital control in the sense that it represents a respondent's ability to mobilize social capital into a tangible benefit (See Bourdieu, 1986). Kay and Hagan (1998) found the effect of bringing in clients to be a strongly significant predictor for women's likelihood of making partner but not significant for men and I expect similar results in my analysis. The same caveat discussed regarding billable hours is true of whether an individual brought in clients, although in the opposite direction. Once an individual becomes a partner, they are likely placed in situations that create opportunities for obtaining new clients, whereas an associate at a firm may have less exposure to

¹⁰ This is because, as previously mentioned, partnership tracks are generally five to seven years long. Consequently, it is likely that many of the lawyers who had been promoted to partner by 2007 were promoted to partner at some point in their sixth year of work, 2006.

potential clients. Accordingly, this should amplify the effect of bringing in clients on the likelihood of making partner. Again, the causal connection is muddled but I expect the effect to exist regardless of any amplification.

Regarding specialization, Leahey and Hunter (2012) examined the role that specialization plays in determining lawyer's income. They found that the extent to which a lawyer specializes—more so than the prestige of a lawyer's practice area—positively predicts income. Though not the focus of their paper, the authors also noted that women are significantly less specialized than men. On the other hand, research from Noonan, Corcoran and Courant (2008) found that female attorneys did not have different legal specialties or work activities than men. However, any conflict between these two studies may be explained by the fact that Noonan, Corcoran, and Courant did not capture the extent of specialization, but merely the type of specialization. I include a dichotomous yes/no specialization variable in order to add to this research. Respondents were asked yes or no, “[w]hether or not you are certified as a specialist by your state, do you consider yourself a specialist?” The 210 individuals who did not respond to this question were coded into a third categorical variable.

Description of Key Variables

The descriptive data displayed in Table 1 confirms previous gender stratification findings. Fewer women practice in firms than do men: 42.54% of women compared to 49.46% men. Men accounted for 57.43% of these private firm lawyers and women the other 43.57%. In contrast, 19.75% of women are employed in the public sector, as compared to 16.28% of men. Women also are more likely to work in public interest than

men, at 8.22% to 3.54%, respectively. Looking to partnership outcomes, only 3.58% of women have been promoted to partner, versus 6.68% of men.

Table 1. Employment Type

Variable	Men (N = 1,751)	Women (N = 1,509)
Private Law Firm	49.46%	42.54%
Work in Firm but Not Partner	42.66%	38.83%
Partner in Firm	6.68%	3.58%
Do Not Work in Firm	50.66%	57.59%
Solo Practice	9.42%	7.55%
Government	16.28%	19.75%
Public Interest	3.54%	8.22%
Business	18.68%	16.90%
Other	2.63%	5.04%

The descriptive data displayed in Table 2 also validates previous research. Earlier studies have found that women delay child-rearing and marriage, and this data confirms those findings and also suggests that more women may be opting out of these life experiences completely, as compared to men. Even seven years after joining the bar, when the average respondent is thirty-five years old, only 75.51% of women are married, as compared to 82.38% of men. Likewise, only 53.25% of women who work in firms report living with minor or young adult children, while 61.92% of men responded affirmatively to this question. And even though only 57.43% of this cohort's firm lawyers are men, 43.52% of this sample reports that their workplace is between 66-100% male. This reflects that previous generations of firm lawyers are much more male-dominated,

so that even though current cohorts are more gender balanced, workplaces generally still skew heavily male.

Table 2. Description of Key Variables for Those Working within Firms

	Men (N = 772)	Women (N = 584)
<i>Individual-level variables</i>	Mean or %	Mean or %
Number of Lawyers in Firm (logged)	3.88 (SD = 2.11)	3.88 (SD = 2.07)
% Men in Organization		
0-33%	2.72%	5.99%
33-66%	30.96%	37.50%
66-100%	47.02%	41.44%
Missing	19.30%	15.07%
Married	82.38%	75.51%
Live with Children	61.92%	53.25%
Law School GPA		
High (3.5-4.0)	13.73%	15.24%
Mid (3.0-3.5)	22.93%	24.32%
Low (below 3.0)	10.10%	8.22%
Missing	53.24%	52.23%
Number of Hours Billed/Year		
0 -1,800	27.98%	42.98%
1,800-2,100	36.14%	25.17%
2,100+	25.52%	15.24%
Missing	10.36%	16.61%
Brought in New Clients	60.88%	49.14%
Specialist		
Yes	47.80%	43.84%
No	34.33%	43.84%
Missing	17.88%	12.33%
<i>State-level Variables</i>	Mean	Range
% of Businesses that Are Female-Owned	27.75%	23.5% -34.5%
% of Sales Generated by Female-Owned Businesses	3.91%	2.0% -5.1%
2007 GDP (millions)	\$236,276	\$20,829-\$1,539,444

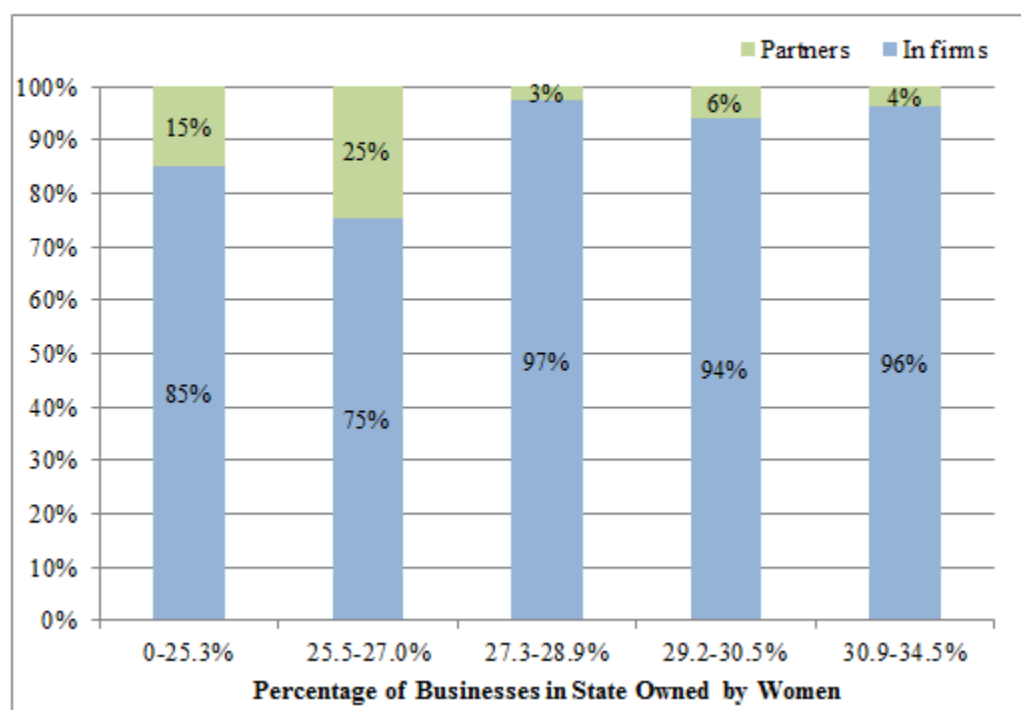
While women report having received better law school grades than do men, women lag in the law-firm specific merit measures. Considerably more women billed less than 1,800 hours in 2006 while considerably more men billed more than 2,100 hours. Men also outstripped women in bringing in new clients and slightly more men reporting being a specialist.

RESULTS

Descriptive

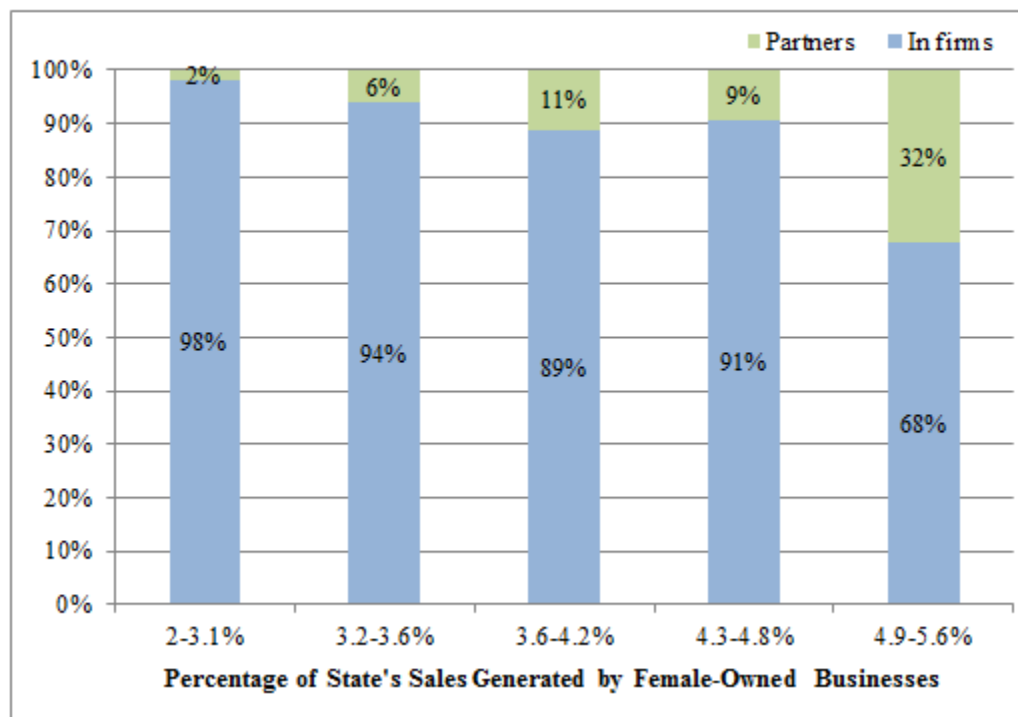
No clear pattern is discernible from Figure 1: as the percentage of businesses owned by women increases, more women do not correspondingly report holding the rank of partner. As Figure 1 indicates, 34.5% is the highest percentage of state businesses owned by women, with Washington D.C. the leader. At the low end is Idaho, with 23.5% women, followed by Arkansas with 24.5% female-owned businesses. The average percentage of female-owned businesses in a state is 27.75%.

Figure 1. Percentage Female Lawyers by Partner/Not and Percentage of Businesses Owned by Women



The range for the sales-generated variable is much more compressed. In Delaware, the lowest state, 2.0% of total state sales are generated by female-owned businesses, while in Nevada, the highest state, the figure is 5.6%—for a total range of 3.6 percentage points on this variable. The average for this variable is 3.91%. However, even with this small range, Figure 2 does comport with the hypothesis: As the percentage of state sales generated by female-owned business increases, the percentage of women partners also tends to increase.

Figure 2. Percentage Female Lawyers by Partner/Not and Percentage Sales Generated by Female-Owned Businesses



Regression Results

I present the regression results separately by male and female in order to more clearly display the gender differences for each variable. Not only do I anticipate differential results based upon gender for my independent variables, I also expect differential benefits for the control variables based upon previous research demonstrating that women are held to a higher standard in partnership evaluations. Providing separate analyses by gender allows for an easier comparison to this previous research.

The parameter estimate in Tables 3 and 4 indicates the odds of making partnership. Confirming hypotheses 1b, the percentage of sales generated by female-owned businesses significantly increases the odds that a female lawyer will be promoted to partner, while it does not reach significance for male lawyers. Indeed, the sales-generated variable has one of the largest effects on a female lawyer's odds of promotion to partner, after bringing in new clients and number of billable hours. The sales-generated effect only increases in size as the full range of controls are added to the model.

Table 3. Logistic Models of Career Outcomes for Male Lawyers (Odds Ratios)

Men (n=772)	<u>Model 1</u>	<u>Model 2</u>	<u>Model 3</u>	<u>Model 4</u>
% of Businesses that Are Female-Owned	0.95	1.10 †	1.11 *	1.15 *
% of Sales Generated by Female-Owned Businesses	1.22	1.22	1.23	1.34
2007 GDP \$ (logged)		0.55 **	0.57 **	0.52 **
Number of Lawyers in Firm (logged)		0.52 **	0.51 **	0.48 **
% Men in Organization (0-33% Reference)				
33-66%		1.83	1.88	1.34
66-100%		1.99	2.04	1.30
Missing		0.05 *	0.04 *	0.15
Married			1.37	1.63
Live with children			1.47	1.16
Law School GPA (High Reference)				
Mid				1.72
Low				0.74
Missing				0.90
Number of Hours Billed/Year (0-1,800 Reference)				
1,800-2,100				1.21
2,100+				2.70 *
Missing				1.15
Brought in New Clients				4.88 **
Specialist (N Reference)				1.26
Y				0.15
Missing				
Constant	0.33	39.71 †	11.98	3.94
Log likelihood	-316.39	-230.90	-228.63	-209.22

† p < .10 * p < .05 ** p < .01 (two-tailed t-tests)

Table 4. Logistic Models of Career Outcomes for Female Lawyers (Odds Ratios)

Women (n=584)	Model 1	Model 2	Model 3	Model 4
% of Businesses that Are Female-Owned	0.76 **	0.95	0.96	1.00
% of Sales Generated by Female-Owned Businesses	2.65 **	2.38 **	2.38 **	3.06 **
2007 GDP \$ (logged)		0.71	0.69	0.69
Number of Lawyers in Firm (logged)		0.50 **	0.50 **	0.44 **
% Men in Organization (0-33% Reference)				
33-66%		0.55	0.56	0.52
66-100%		0.33 *	0.33 *	0.34 †
Missing		0.05 **	0.05 **	0.18
Married			1.15	0.99
Live with children			1.43	1.70
Law School GPA (High Reference)				
Mid				0.25 *
Low				0.12 **
Missing				0.29 *
Number of Hours Billed/Year (0-1,800 Reference)				
1,800-2,100				0.53
2,100+				3.20 †
Missing				0.35 *
Brought in New Clients				4.13 **
Specialist (N Reference)				
Y				1.32
Missing				0.18
Constant	4.34	20.52	12.91	2.23
Log likelihood	-165.67	-128.08	-127.34	-110.55

† p < .10 * p < .05 ** p < .01 (two-tailed t-tests)

However, the analysis does not confirm hypothesis 1a but is actually in reverse of the results expected. The percentage of businesses that are female-owned significantly increases the odds that a male lawyer will be promoted to partner, but does not reach significance for female lawyers. Though insignificant, the analysis shows that the percentage of businesses owned by women has no impact on a woman's promotion to partnership. Taken together with the significant effect of sales-generated, it is logical that

women's partnership chances are linked to economic value rather than just percentage of businesses. Many female-owned businesses are likely small shops that don't require much legal work, so they are not significant drivers of partnership success for women in firms. I am unsure as to why increased percentages of female-owned businesses would positively impact men's partnership odds. I would hypothesize that this relationship could be explained by additional economic controls because the percentage of businesses that are female-owned could be a proxy for a state's economic health or business development efforts.

Looking to the other controls included in the analysis, three notable differences between men and women appear. First, the size of a state's GDP does not predict women's partnership odds, though it does for men. Next, as predicted, the percentage of men in the respondent's organization has differing effects for men and women. Increased levels of male colleagues positively impact a male associate's odds of making partner (though the control does not reach significance), but women are significantly less likely to make partner when they work in organizations that are predominantly (66-100%) men. Assuming that the percentage of men in an organization is indicative of the percentage of men who are in decision-making positions, this finding confirms prior research. (Gorman, 2005). It indicates that male decision-makers are more likely to promote men than to promote women.

Finally, earning a mid-to-low GPA does not significantly change a male attorney's odds of becoming partner, but earning less than a "high" GPA does significantly and largely decrease a female attorney's odds. These results comport with Kay and Hagan's findings that partnership evaluations are sex-specific. Women are

heavily penalized in promotion-to-partnership decisions for receiving less-than-excellent law school grades, with even middling grades reducing the odds ratio of partnership promotion to .25. In sharp contrast, grades do not factor into men's partnership chances. In fact, though not significant, the analysis shows that men who receive middling grades are *more* likely to be made partner than those men who receive high grades.

In addition, three controls predict partnership success for men and women in the same direction. Though previous research has found that promotional opportunities and perceived promotional opportunities are positively correlated with firm size (Wallace and Kay, 2009), I find that larger firm size is negatively correlated with chances for making partner and that this effect is true for both men and women. Second, in contrast to Kay and Hagan's findings, the number of hours billed is significant for both men and women who bill over 2,100 hours (Kay and Hagan, 1999). Lastly, bringing in new clients has a large and statistically significant positive effect on the likelihood of making partner.

DISCUSSION AND CONCLUSION

I hope to have illustrated through this research one way in which different professions can impact one another: that improvements in gender representation (or the failure to improve gender representation) in any given field have ramifications for women in other fields. This research provides an additional piece in the cumulative disadvantage puzzle of disparate career outcomes for women lawyers. Because it finds that the current negligible female business presence has repercussions for women in other fields, this research highlights the importance of encouraging female business development. This research also has implications for female lawyers. A female associate with the knowledge that working with large female clients may boost her career may wish to more actively seek to associate herself with such clients. Alternatively, female associates may wish to develop interests and skills that maximize homophily and in-group preferences with male clients. Finally, this research demonstrates again that firm decision-makers do not evaluate male and female candidates for partnership on the same basis. Developing evaluative processes to eliminate a bias towards male associates remains an important objective.

For further research efforts, I would like to run this same analysis on Wave III data to see if results are consistent at different points in lawyers' career paths. Using Wave III data would also help to overcome the limitation of having a small number of individuals who have made partner. A longitudinal study would also help to parse out the causal effects of increases in the percentage of female-owned businesses or the sales generated by these businesses. Of course, this study is unable to determine with certainty the mechanisms that drive the relationship between female businesses and partners,

necessitating further study to verify the accuracy of the underlying theory. The inability to identify the exact mechanisms at work is a key limitation to this work, and further research would hopefully demonstrate that the connection between female partners and female business-owners is not spurious.

Additional research could also examine if the success of female-owned businesses impacts female attrition rates from firms, which would provide a more complete account of female lawyers' decision-making and career outcomes, accounting for another "glass ceiling" (Noonan and Corcoran, 2004). Looking beyond law firms, how the make-up of a business community impacts solo practitioners is another interesting question. Solo practitioners are more likely to serve individuals and small business needs and less likely to serve large businesses. Accordingly, because their business comes from a wide range of small clients, solo practitioners are less likely have key exchange partners that exert influence over them. In light of this business structure, the hypotheses relating to the percentage of female-owned businesses may hold true in a solo practitioner-specific analysis while the hypotheses regarding the amount of sales generated by female-owned businesses would likely not hold true. Finally, further research is necessary to investigate the extent to which these findings are transferrable to other service-based professions. It may be true that professional women, in general, benefit as female-owned businesses become a more significant economic force.

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