

THE UNIVERSITY OF CALGARY

A Study of Lawyers' Earnings:  
I Can't Believe It's Not Gender!

by

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## **ABSTRACT**

This study has two objectives. The first objective is to explain lawyers' earnings and the second is to explain if and why male and female lawyers are differentially rewarded. A model is proposed from drawing upon human capital theory and the occupational segmentation approach. The model is tested using secondary data analysis of a sample of lawyers from a Western Canadian metropolis. The findings suggest that while gender is not a predictor of earnings, women have less of those characteristics that determine lawyers' earnings. Women have less law experience and firm tenure, work fewer hours per week, have fewer preschool children, and have less autonomy at work than their male counterparts, and all of these factors have positive effects on income. It is suggested that while men and women are not differentially rewarded for their human capital investments, pay discrimination may exist in more subtle forms. Suggestions for improvements to the model and future research are made.

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## TABLE OF CONTENTS

|   | <i>Page</i> |
|---|-------------|
| APPROVAL PAGE .....                           | .ii         |
| ABSTRACT .....                                | .iii        |
| TABLE OF CONTENTS .....                       | .iv         |
| LIST OF TABLES .....                          | .vi         |
| CHAPTER ONE: INTRODUCTION .....               | 1           |
| CHAPTER TWO: A REVIEW OF THE LITERATURE ..... | 3           |
| Human Capital Theory .....                    | 4           |
| General Human Capital Investments .....       | 4           |
| Firm-Specific Human Capital Investments ..... | 7           |
| Family Status .....                           | 9           |
| Information Capital .....                     | 10          |
| Psychological Capital Indicators .....        | 12          |
| Occupational Segmentation .....               | 13          |
| Workplace Characteristics .....               | 14          |
| Job Characteristics .....                     | 16          |
| CHAPTER THREE: METHODS .....                  | 20          |
| Data .....                                    | 21          |
| Measures .....                                | 21          |
| Reliability and Validity .....                | 21          |
| Income .....                                  | 21          |
| Gender .....                                  | 23          |
| Human Capital Investments .....               | 23          |
| General Human Capital Investments .....       | 23          |
| Firm-Specific Human capital Investments ..... | 24          |
| Family Status .....                           | 24          |
| Information Capital .....                     | 25          |
| Psychological Capital Indicators .....        | 25          |
| Occupational Segmentation .....               | 26          |
| Workplace Characteristics .....               | 26          |
| Job characteristics .....                     | 27          |
| Statistical Procedures .....                  | 28          |
| Multicollinearity .....                       | 28          |

|  |    |
|--|----|
| Statistical Analyses .....                                     | 28 |
| One-tailed T-Tests for the Differences of Means .....          | 28 |
| Ordinary Least Squares Regression .....                        | 31 |
| Ordinary Least Squares Regression with Interaction Terms ..... | 31 |
| CHAPTER FOUR: RESULTS .....                                    | 33 |
| One-tailed T-Tests for the Differences of Means .....          | 33 |
| Income .....   | 33 |
| General Human Capital Investments .....                        | 33 |
| Firm-Specific Human Capital Investments .....                  | 33 |
| Family Status .....  | 35 |
| Information Capital .....                                      | 35 |
| Psychological Capital Indicators .....                         | 35 |
| Workplace Characteristics .....                                | 35 |
| Job Characteristics .....                                      | 36 |
| Model Assessment .....   | 36 |
| Ordinary Least Squares Regression .....                        | 37 |
| Gender .....   | 37 |
| General Human Capital Investments .....                        | 37 |
| Firm-Specific Human Capital Investments .....                  | 39 |
| Family Status .....  | 39 |
| Information Capital .....                                      | 39 |
| Psychological Capital Indicators .....                         | 39 |
| Summary .....  | 40 |
| Workplace Characteristics .....                                | 40 |
| Job Characteristics .....                                      | 40 |
| Summary .....  | 41 |
| CHAPTER FIVE: DISCUSSION AND CONCLUSIONS .....                 | 42 |
| Statistically Significant Determinants of Earnings .....       | 42 |
| Gender as a Determinant of Earnings .....                      | 45 |
| Unexpected Findings .....                                      | 47 |
| Conclusions .....  | 49 |
| REFERENCES .....   | 53 |
| APPENDIX A .....   | 61 |

## LIST OF TABLES

| <i>Table</i>  | <i>Page</i> |
|---|-------------|
| Table 1: Human Capital and Occupational Segmentation Predicted Differences between Male and Female Lawyers .....  | 19          |
| Table 2: Descriptive Statistics for the Income, Gender, Human Capital and Occupational Segmentation Variables .....   | 22          |
| Table 3: Regression Estimates of the Correlation Matrix of Variables in the Proposed Model .....  | 29          |
| Table 4: Mean Differences in Income, Human Capital Investments, and Occupational Segmentation Characteristics for Male (N=221) and Female (N=207) Lawyers ..... | 34          |
| Table 5: Unstandardized (b) and Standardized (B) Regression Results for the Log of Income for Male and Female Lawyers (N=428) .....                             | 38          |

## CHAPTER ONE: INTRODUCTION

Since its beginnings, sociology has focused considerable attention on issues of stratification. Clearly, one of the most obvious forms of stratification in society relates to earnings. For example, while Statistics Canada (1998) reported that, according to the 1996 census, the average Canadian earned \$25,196, the range of incomes for respondents ranged from almost zero to several million dollars. Earnings have important effects on many areas of a person's life and have been shown to be related to such things as overall health, participation in criminal activities, and infant mortality (Haralambos, 1980). It is therefore important for sociologists to study earnings in order to understand those factors that contribute to determining one's income.

The first objective of this study is to understand the determinants of earnings for a specific occupation, namely lawyers. To accomplish this goal, a theoretically-based model of earnings is developed. This model is used to predict lawyers' earnings and it has been derived from both human capital theory and the occupational segmentation literature.

Not only is society stratified by earnings, but recently, much attention has been paid to the observation that women earn considerably less than men in most, if not all occupations, including the legal profession (Phillips and Phillips, 1993). With women's enrolment in law school approaching equal proportions to male enrolment (Dixon and Seron, 1995), this study is particularly timely. The reality that women earn a fraction of what men earn must be considered in the model of lawyer's earnings proposed in this study. Thus, the second objective of this study is to examine if and why male and female lawyers are differentially rewarded. This objective will also be addressed using human capital theory and the occupational segmentation approach. This study is based on the secondary analysis of data from a sample of lawyers in a large Western Canadian metropolis.

The remainder of this thesis is organized as follows. Chapter 2 reviews the human capital and occupational segmentation literature. In this chapter, hypotheses that are based upon previous theoretical and empirical literature are proposed. Chapter 3 describes the data,



measures, and data analytic techniques used to test the hypotheses set forth in Chapter 2. In Chapter 4, the results of the statistical analyses are presented. Finally, in Chapter 5, the results are discussed in relation to human capital theory and the occupational segmentation approach. Conclusions and suggestions for future research are also offered.

## CHAPTER TWO: A REVIEW OF THE LITERATURE

In this section, two theoretical approaches that explain earnings are discussed. The first theory, human capital theory, suggests that there are investments that workers make in themselves that “pay off” in the job market. This theory has traditionally focused on the investments that workers make in their education and on-the-job training, which increase their value to their employing organization. The traditional human capital investments are comprised of general investments and firm-specific investments. General investments are transferable and increase a worker’s value to almost any employing organization, while firm-specific investments are valuable only to one’s current employing organization (Becker, 1964). Recently, this theory has been extended to include other types of personal investments. For example, family status characteristics have been interpreted as human capital investments (Mincer and Polacheck, 1984) and psychological traits have been conceptualized as signaling an employee’s worth (Goldsmith, Vuem, and Darity, 1997). As well, the informal networks that workers have in the workplace can also be thought of as a type of human capital investment that takes a considerable amount of time and effort to establish, and that may have a positive influence on work-related outcomes, such as earnings (Stigler, 1962). This study takes a broader approach to human capital theory and also examines these other less traditional employee investments in the proposed model of lawyers’ earnings.

The second theoretical approach addressed in this study is occupational segmentation. In contrast to human capital theory which focuses on *individual* characteristics, occupational segmentation concentrates on the *structural* characteristics of the job, workplace, and occupation that influence earnings. Baron and Beilby (1980) stress that such structural characteristics are often overlooked. By examining occupations in terms of their structural characteristics, a division between “core” and “peripheral” settings becomes apparent. This study includes structural characteristics of the job and workplace and conceptualizes the legal profession in terms of a “core” and a “periphery” in developing a model of lawyers’ earnings.

The review of the literature is organized as follows. First, human capital theory is discussed in terms of general investments, firm-specific investments, family status, information capital, and psychological capital indicators. Second, the occupational segmentation approach is discussed with regard to workplace and job characteristics. In each section, the literature is examined in terms of its general arguments, how the arguments apply to specifically to lawyers, whether men and women are expected to differ along these factors, and how these factors are hypothesized to affect earnings. The hypotheses regarding the predicted differences in male and female lawyers' human capital and occupational segmentation characteristics are presented in Table 1. The hypotheses regarding the predicted effects of the human capital and occupational segmentation variables in earnings are explicitly presented below.

### ***Human Capital Theory***

Human capital theory emerged in the late sixties as a neoclassical economic model largely used to explain the effect of education on workers' earnings. The human capital approach assumes that workers can manipulate their monetary remuneration in the labour market by investing in their education and on-the-job training for which they are rewarded (Becker, 1964). According to this theory, workers are free to increase the value of their human capital by making such investments.

***General human capital investments.*** General human capital refers to the skills and knowledge that workers may easily transfer from one workplace to another and which increase their earnings regardless of their employer (Becker, 1964). In studies testing the effect of general human capital on earnings, education and general work experience are often examined. Education is typically measured in terms of years of schooling or the highest degree completed and work experience in terms of the number of years a person has worked in a particular occupation (Becker, 1964). General human capital theory asserts that investments in general human capital are positively associated with earnings. Accordingly, any earnings gap observed between men and women may be due to gender differences in workers' general

human capital investments.

Research comparing men and women's general human capital investments yield inconclusive findings, however. For example, some findings support the argument that women, in general, have less work experience (Knoke and Oshio, 1998; Krahn and Lowe, 1988; Marini and Fan, 1997; Glass, 1990) and have lower levels of educational attainment than men (Krahn and Lowe, 1988; Tienda, Smith and Ortiz, 1987), while other research shows that men and women do not differ in terms of their education (Phelan, 1994; Glass, 1990) or work experience (Phelan, 1994).

With regard to lawyers, the three general human capital investments examined in this study are academic achievement, whether or not an elite law school was attended, and years of experience practicing law. Common ways of operationalizing lawyers' general human capital investments in their law school education include measuring their academic achievement (see, for example, Dixon and Seron, 1995; Wood et al., 1993) or whether or not they attended an elite law school (see, for example, Dixon and Seron, 1995; Hagan, 1990; Kay and Hagan, 1993). Lawyers' schooling is usually assessed by whether or not the law school they attended is considered elite because all lawyers generally have the same educational attainment (i.e., an LL.B.). Evidence suggests that male and female lawyers do not significantly differ in their law school performance or the prestige of the law schools they attend (Dixon and Seron, 1995; Fromm and Webb, 1985; Kay, 1997; Kay and Hagan, 1993; Wood et al., 1993). However, because women's entrance into the legal profession is fairly recent, female lawyers are expected to have less law experience than their male colleagues (Brockman, 1991; 1992a; Dixon and Seron, 1995; Kay and Hagan, 1993; Hagan, 1990; Liefland, 1986; Wood et al., 1993).

Research demonstrates that education and general work experience have positive effects on workers' earnings (see, for example, Becker, 1964; Bellas, 1994; Kilbourne, Farkas, Beron, Weir, and England, 1994; Lorence, 1987a; Phelan, 1994). Similarly, with respect to the legal profession, whether or not lawyers attend certain elite law schools has been found to be positively associated with their later earnings (Adam and Baer, 1984; Hagan,

1990; White, 1967). As well, academic achievement has also been found to predict later earnings for law school graduates (Adam and Lahey, 1981), while in other occupations. school performance has little, if any impact on earnings. Lawyers are rewarded for their academic achievement and whether or not they attended an elite law school because they signal their potential productivity to their employers. Finally, in studies of workers in various jobs, years of experience working in an occupation has been found to be positively associated with earnings (Melamed, 1995; Lorence, 1987a; Ornstein and Stewart, 1996). Similarly, in the legal profession, years of law experience has also been found to have a positive effect on lawyers' earnings (Dixon and Seron, 1995; Kay and Hagan, 1993; Laband and Lentz, 1995; Wood et. al, 1993).

**Hypothesis 1a: General human capital investments will have a positive effect on earnings.**

Recent research suggests that men and women are differentially rewarded for their general human capital investments. That is, certain general human capital investments appear to be associated with earnings for members of one sex while having no effect on the earnings of the other sex. For instance, Melamed (1995) found that education was a significant determinant of earnings for women, but had no effect for men. Research on the legal profession also suggests that male and female lawyers receive differential returns on their general human capital investments. For instance, Hagan (1990) and Dixon and Seron (1995) found that having an elite law school education was a significant determinant of earnings only for male lawyers. As well, academic achievement in law school has been found to be a significant predictor of earnings for male lawyers while having no effect on female lawyers' earnings (Adam and Baer, 1984). Previous studies on lawyers' earnings have not examined a potential interaction effect between law experience and gender. Because it has been suggested above that males and females are differentially rewarded for their human capital investments, this argument will be extended to lawyers and examined empirically in this study.

**Hypothesis 1b: General human capital investments will have a stronger positive effect on earnings for men compared to women.**

***Firm-specific human capital investments.*** Firm-specific human capital refers to the knowledge and on-the-job training that are of little or less value outside the present workplace (Becker, 1964). On-the-job training at a particular workplace allows employees to acquire skills that are valuable to their present employer and which are closely tied to the tasks and procedures of that particular organization and are expected to enhance their productivity (Becker, 1964; Bills and Tate, 1991). According to human capital theory, firm-specific human capital investments are positively associated with earnings.

Research shows that organizational tenure, an indirect measure of on-the-job training, is positively associated earnings (Bellas, 1994). Bird (1993) found hours worked per week, another way of tapping firm-specific investments, is also positively associated with earnings for the three professional occupations she examined, veterinarians, physicians, and dentists. As well, many studies examining the relationship between mentoring and career outcomes have found a positive association between having ever been mentored and earnings (see, for example, Chao, Walz and Gardner, 1992; Dreher and Ash, 1990; Orpen, 1995). The concept of having had a mentor can be thought of as a firm-specific investment because mentors typically work in the same organization as their protégés and provide protégé with skills and knowledge that are of primary utility within the current employing organization.

In terms of lawyers, three firm-specific human capital variables are examined in this study, namely firm tenure, hours worked per week, and protégé status. Firm-specific investments can be tapped through firm tenure because it is assumed that the longer a lawyer has worked at a specific organization, the more firm-specific investments he or she has made. As well, hours worked per week is a type of firm-specific investment that lawyers make towards their careers in an organization. The more they invest, the bigger their returns should be.

Research suggests that male and female lawyers do differ in their firm-specific human

capital investments, where for example, female lawyers tend to work fewer hours per week than their male counterparts (Fromm and Webb, 1985; Kay and Hagan, 1993; Law Society of Upper Canada, 1991). It should be noted that previous studies tend to measure overall law experience (as discussed above) but not firm-specific tenure. Because male lawyers have been found to have more law experience than female lawyers, logic dictates that males would also have more firm tenure than their female colleagues. Research also suggests that women workers are less likely to have a mentor but that they benefit more from these relationships than their male colleagues (Noe, 1988). Research on lawyers has shown that male and female lawyers are equally likely to have had a mentor, however (Mobley, Jaret, Marsh and Lim, 1994).

Studies of lawyers' earnings show that hours worked per week has a positive effect on earnings (Kay and Hagan, 1993), while firm tenure has been largely ignored as a predictor of lawyers' earnings.<sup>1</sup> In an examination of the relationship between receiving mentorship and subsequent earnings in the legal profession, Laband and Lentz (1995) found that protégés received lower hourly earnings than unmentored individuals. Laband and Lentz (1995) explain these findings in terms of human capital theory, suggesting that lawyers who received mentoring report an earnings loss due to the lost productivity they experienced because of the disproportionate amount of time invested in acquiring firm-specific human capital. Over time, however, the result of having had a mentor should have an overall positive effect on earnings (Laband and Lentz, 1995). Therefore, it is hypothesized that *ever* having had a mentor will be positively associated with earnings.

#### **Hypothesis 2a: Firm-specific investments will have a positive effect on earnings.**

As argued above, male and female workers have been found to be differentially rewarded for their general human capital investments. A similar relationship is hypothesized to exist with regard to lawyers' firm-specific human capital investments as well and is

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<sup>1</sup>This is due to the high collinearity of firm tenure with years of work experience, which is discussed in the methods section.

therefore included in the model for exploratory analysis.

**Hypothesis 2b: Firm-specific investments will have a stronger effect on earnings for men compared to women.**

***Family status.*** The family status component of human capital theory is based upon the reality that women are responsible for a disproportionate amount of childcare and domestic duties. Because of the time invested in these domestic tasks, women are penalized in the workplace in a variety of ways. First, domestic responsibilities may interfere with women obtaining the same amount of experience and training as their male counterparts, which may negatively affect their earnings (Marini and Fan, 1997; Mincer and Polachek, 1984). Second, women may have to work part time or leave the labour force for some period of time to rear children, which clearly translates into less earnings for women (Chambers, 1989; Liefeland, 1986; Rhode, 1989; Wood et al., 1995). Third, being married has been found to be negatively associated with the earnings of women, while it is positively associated with the earnings of men (Marini and Fan, 1997; Melamed, 1995). Finally, having children has been found to be negatively associated with the earnings of women, while it has consistently been found to be positively associated with the earnings of men (Marini and Fan, 1997). The first two factors directly effect the amount of general and firm-specific human capital investments women may make in terms of their overall labour market experience and organizational tenure, which have already been discussed above. The latter two family status investments are examined in this study in terms of lawyers' marital status and the presence of preschool children.

Research on lawyers has shown that female lawyers are less likely to be married and less likely to have children than their male counterparts (Brockman, 1991, 1992a; 1992b; Kay, 1997) It has also been found that if women practicing law do have children, they are usually the principal care-givers of their children (Adam and Baer, 1984; Chambers, 1989; Pollock and Ramirez, 1995), even when their husbands are also lawyers (Liefeland, 1986). In terms of marital status, married female lawyers earn less than single female lawyers and all



male lawyers (Adam and Baer, 1984). Married men are regarded as more productive, committed, and responsible than single men by their employers and are therefore viewed as more valuable workers (Marini and Fan, 1997). In contrast, married women are regarded as less committed and less productive because it is assumed that they will leave the organization to bear and raise children. Additionally, the assumption that a woman's husband is the primary breadwinner also makes it less "necessary" to reward her the same as a married man (Marini and Fan, 1997).

Consistent with the findings for workers in other occupations, research shows that having children is positively associated with earnings for male lawyers, whereas female lawyers' earnings suffer if they have children (Dixon and Seron, 1995). Presence of preschool-aged children enhances a male's earnings because an employer regards a father as breadwinner and a responsible and more committed employee (Marini and Fan, 1997). However, the presence of preschool children reduces a female's earnings because women, more so than men, are expected to stay home to tend to sick children and participate in other child-rearing activities. Consistent with the findings reported of the workforce at large, the "mommy-track" has also been found within the legal profession, in that working part time to rear children is not only associated with lower earnings, but also a decrease in perceived prestige within the profession (Pollock and Ramirez, 1995).

**Hypothesis 3: Family status variables will have a positive effect on earnings for men and a negative effect on earnings for women.**

*Information capital.* According to Stigler (1962) "The information a man [sic] possesses on the labour market is capital. It was produced at the cost of search and it yields a higher wage rate than on average would be received in its absence" (p. 94). Research comparing male and female workers' networks shows that men generally have more developed informal networks than their female colleagues (Barlett and Miller, 1985, 1988; Cannings and Montmarguette, 1991; Marini, 1989). The concept of information capital is usually tapped through the number of social clubs the worker belongs to (Barlett and Miller,

1985, 1988; Brass, 1985). With regard to lawyers, the information capital variable examined in this model is coworker ties, which taps the extent to which a lawyer has friends among his or her colleagues in the workplace. Research on lawyers has not examined the role of information capital for their earnings. It is expected that much like other workers, male lawyers will report higher levels of informal networks in the male-dominated occupation of law than their female counterparts.

Research on informal networks as providing access to job-related information and their subsequent effects on earnings has consistently shown that these networks can have a positive effect on income. Granovetter (1974) demonstrated that workers who used personal contacts as a job-finding method reported substantially higher income than those who relied on more conventional methods, such as formal job applications. As well, Bartlett and Miller (1985) found executives' use of job-related information through informal channels to be positively associated with earnings. Additionally, Cannings and Montmarguette (1991) found informal networks to be tied to earnings in their sample of managers. Although access to information capital has been found to be positively associated with earnings in previous studies, this concept has not been included in previous studies of lawyers' earnings.

#### **H4a: Information capital investments will have a positive effect on earnings.**

Due to women's relatively recent entry into the legal profession, female lawyers are typically minorities in most law settings. According to Kanter (1977), women in male-dominated professions are often regarded as "tokens" who fail to fit into the organization's dominant culture. Because of this token status and lack of acceptance from male peers, female lawyers' information networks may be less developed than those of their male colleagues (Epstein, 1981).

Cannings and Montmarguette (1991) found a significant gender difference in the use of informal networks. For male managers, the informal network replaced the formal procedure of bidding for promotions, while women relied more on formal procedures and meritocracy. Additionally, Brass (1988) found that women's earnings did not benefit from

informal interactions to the extent that their male colleagues' did as information capital had a positive effect on career advancement for men only. Therefore, it is hypothesized that information capital will have a stronger effect on male lawyers' earnings as well.

**H4b: Information capital investments will have a stronger positive effect on earnings for men compared to women.**

*Psychological capital indicators.* According to Goldsmith, Veum and Darity (1997), there are features of an individual's personality that may be interpreted by employers as indicating his or her productivity. Goldsmith, Veum, and Darity (1997) coined the term "psychological capital" to describe those personality traits that are considered to be associated with productivity and that are expected to be positively associated with earnings. These traits include, for example, self-esteem and locus of control (Goldsmith et al., 1997).

Research comparing men and women shows that women possess lower levels of work motivation and organizational commitment than men (Wallace, forthcoming). It is a common belief that women are less attached to their jobs and place more importance on their family responsibilities than work when compared to men, although empirical support of this notion is inconclusive. For example, Lorence (1987b) found that women were more involved in their jobs than men, while Rowe and Snizek (1995) report no significant differences in work values between the sexes. Other research suggests that women are in fact less involved with their jobs because of their greater commitment to family and domestic responsibilities (Dodd-McClue and Wright, 1996; Lobel, 1991).

With regard to lawyers, the three personality traits that are examined in this study are internal locus of control, organizational commitment, and work motivation. Internal locus of control refers to the degree to which individuals believe that rewards and outcomes are controlled by their own actions (Bandura, 1977; Spector, 1982). Those with a high internal locus of control perform better on the job because they believe that such effort will lead to good performance and good performance to better rewards (Dunifon and Duncan, 1998; Spector, 1982). Organizational commitment refers to a worker's loyalty to the employing

organization. The more committed employees are to their employer, the more they will be rewarded because it is assumed that this trait is also linked to productivity (Bartlett and Miller, 1988; Cannings and Montmarguette, 1991). Work motivation refers to the extent to which work is a focal point of one's life (Wallace, 1997). Much like the two aforementioned personality traits, work motivation is a characteristic that employers regard as desirable and, because highly motivated persons are expected to contribute to the success of the organization, they are rewarded accordingly for possession of this trait (Dunifon and Duncan 1998). Evidence suggests that male and female lawyers do not differ in their levels of internal locus of control (Wallace and Hewitt, 1998), organizational commitment (Kay, 1997), or work motivation (Wallace and Hewitt, 1998).

Personality traits have been absent from models predicting lawyers' earnings. Because these traits have been found to be associated with earnings in samples of the broader working population (Barlett and Miller, 1985; Cannings and Montmarguette, 1991; Dunifon and Duncan, 1998; Goldsmith et al., 1997), they are hypothesized to be positively associated with earnings for lawyers as well. It is arguable that personality traits may play an even larger role in the some occupations, such as the legal profession, where a great deal of lawyers' time is devoted to interacting with colleagues and clients.

**Hypothesis 5: Psychological capital indicators will have a positive effect on earnings.**

### ***Occupational Segmentation***

Research has clearly established that occupational segregation is also responsible for differences in earnings among members of the same occupation. According to the occupational segmentation approach, characteristics of both the workplace and the job contribute to an employee's earnings. Dual labour market theory asserts that occupations are divided into core and peripheral labor markets, or "upper" and "lower" tiers (Miller, 1982; Piore, 1975; Reich, Gordon and Edwards, 1973). Jobs that are located in the core are characterized by "relatively high wages, good working conditions, chances of advancement, equity and due process in administration of work rules, and above all, employment stability"

(Poire, 1975:125). In contrast, jobs in the periphery are “low-paying, with poorer working conditions and little chance of advancement” (Piore, 1975: 126). Thus, workers’ earnings are affected by whether or not they are located in the core or peripheral labor market of their occupation.

***Workplace characteristics.*** Workplace characteristics can be used as indicators of whether or not workers are employed in core or periphery firms. Core firms are characterized by having a large scale of operation, a high degree of vertical integration, a high degree of skill level, an internal labour market, high capital intensity and a predominantly male sex composition (Baron and Bielby, 1980). For instance, Smith (1983) found the existence of core and periphery labour markets within the occupation of collegiate sports coaches, with workers in the core having more job stability and opportunity for advancement. He later suggests that this segmentation exists in most, if not all occupations. As well, in a study of medical professionals, Bird (1993) found that professionals who owned private practices earned more than professionals who were hired employees of organizations, indicating that within these professions, the “core” is located within private practice. Bird (1993) also found that men and women in these professions differed significantly in their levels of practice ownership. Men had higher levels of ownership while women had significantly higher levels of employee-status in these professions. These findings are consistent with Baron and Bielby (1980) who suggest that males tend to dominate the “core” of occupations while women are disproportionately represented in the periphery.

With regard to lawyers, the two workplace characteristics that are examined in this study are work setting and percentage of male colleagues. Previous research has shown that female lawyers are more likely to work in settings other than private practice (i.e., peripheral settings) that are associated with lower pay, such as legal services and government offices (Huxter and Parker, 1998; Kanter, 1978; Kay and Hagan, 1993; Liefland, 1986; Wood et al., 1993). Therefore it is expected that significant differences will exist between male and female lawyers, with female lawyers under-represented in large core firms. Previous studies on lawyers have not examined male and female differences in percentage of male colleagues in the workplace. It is, however, expected that in most work settings female lawyers will be

under-represented, given their token status in the profession as a whole.

In terms of the relationship between work setting and earnings within the medical, dental, and veterinary professions, the highest earnings were received by professionals who were part or solo owners of practices and the lowest earnings were associated with being employed by organizations (Bird, 1993). By virtue of working in a certain setting, the professional gains a certain degree of status in the occupation, as some work settings pay more than others. These higher paying settings are associated with the core of the occupation, while the lower paying settings characterize the periphery. In addition to workplace setting, the degree of feminization in a workplace is negatively associated with earnings (England, Herbert, Kilbourne, Reid and Megdal, 1994; Phillips and Phillips, 1993; Tomaskovic-Devey, 1993). Specifically, the higher the percentage of female employees in an organization, the lower the average pay for both men and women working in that organization. One explanation of this phenomenon, the theory of compensating differentials, states that women get more interpersonal rewards (e.g., recognition and thanks from others) from their jobs than men, which is why female-dominated jobs pay less than those dominated by men (Ross and Mirowsky, 1996). It has also been suggested that female-dominated workplaces pay less due to outright discrimination (Ross and Mirowsky, 1996). Furthermore, workplaces that are female-dominated are often in the periphery, which is associated with lower pay, in contrast to workplaces that are male-dominated, which are in the core and associated with higher pay (Baron and Bielby, 1980).

Within the legal profession, there is much stratification in terms of earnings, which prompted Abel to ask "In what other profession do some members earn fifty times more than others?" (1989: 207). Core firms, which take the form of law firms (particularly large law firms) have consistently been found to offer the highest salaries compared to any other setting in which lawyers may practice law (Abel, 1989; Adam and Baer, 1984; Adam and Lahey, 1981; Dixon and Seron, 1995; Erlanger, 1980; Laumann and Heinz, 1977; Wood et al., 1995). Explanations for the high salaries associated with large law firms are that only the best and mostly highly-qualified lawyers are assumed to be employed by these firms and the work done by lawyers in these large firms is more complex and prestigious than work done in other

types of practices. Thus, lawyers in private practice are considered to be the “core” of the profession, lawyers employed by legal services and the government are considered to be in the periphery (Abel, 1989).

As mentioned above, the percentage of women in an organization has been found to be negatively associated with earnings in many occupations (Bellas, 1994; Langton, 1994; Phillips and Phillips, 1993). Hagan (1990) did not find a related concept, proportion of females in a law sector, to be an important predictor of earnings for either male or female lawyers. The concept included in this model, however, is the percentage of male colleagues in a lawyer’s workplace. This approach better conceptualizes the occupational segregation arguments made in the literature cited here because it more directly measures the extent to which the immediate *work setting* is male-dominated. It is, after all, the workplace that is ultimately responsible for determining workers’ pay (Baron and Bielby, 1980). The literature does not suggest that the workplace characteristic variables have different effects for men and women’s earnings.

**H6: Working in a core firm or a male-dominated work setting will have a positive effect on earnings.**

***Job characteristics.*** As argued above, dual labor market theory suggests that occupations can be divided into core and peripheral labour markets. As well as the core and periphery differing in terms of workplace characteristics, they can also be distinguished by particular job characteristics such as occupational specialization, client type, and degree of autonomy. For instance, Bird (1993) illustrated that female physicians, dentists, and veterinarians were concentrated in specialties that were associated with lower pay (e.g., general practice, pediatrics, and small animals, respectively). Phillips and Phillips (1993) also demonstrate that women are clustered in occupational specializations that are associated with lower pay. For instance, female academics tend to be lower in rank than males and are concentrated in disciplines where wages tend to be among the lowest. Therefore, these lower-paying specializations are characteristic of the periphery of the occupation’s labour

market. Consistent with dualist theory, these periphery specializations are female-dominated. In addition to being segregated by occupational specialization, women have also been found to have less workplace autonomy than males (Ross and Mirowsky, 1995), which is also consistent with the core-periphery distinction.

With regard to lawyers, the three job characteristics examined in this study are area of specialization, percentage of corporate clients, and degree of autonomy. Researchers have found that female lawyers tend to work in fields of law that are associated with lower earnings, such as family law and divorce law (Fromm and Webb, 1985; Kay and Hagan, 1993; Pollock and Ramirez, 1995; Stager and Foot, 1989), which are characterized as the more emotional-nurturant areas of the profession (Kanter, 1978). These areas of law generally do not involve working with corporate clients and are also characterized by less prestige and lower economic returns. It is therefore expected that female lawyers will work in less prestigious specializations, have fewer corporate clients, and less autonomy than their male colleagues. In other words, female lawyers' jobs will reflect their position in the periphery of the legal profession.

In a study of the medical, dental, veterinary professions, Bird (1993) found that there are certain areas of practice or specialization associated with higher earnings. For instance, within the medical profession, specialization in prosthodontics yields a much higher income than specialization in pediatrics. Another job characteristic that has been found to be a predictor of earnings is autonomy, or the extent to which employees are able to exercise their own decision-making power in doing their jobs. Workers with considerable autonomy in the workplace are rewarded for their greater decision-making and authoritative responsibilities in the organization (Ross and Mirowsky, 1995).

In the legal professional, those specialties that can be characterized as "big business law" (Laumann and Heinz, 1977) garnish the highest earnings such as corporate, commercial, taxation, and securities law (Adam and Baer, 1984; Hagan, 1990; Kay and Hagan, 1993; Laumann and Heinz, 1977). These specialties are considered to be the "core" of the profession. At the other end of the spectrum are the specialized services that are characteristically provided to individuals, such as family law and divorce law (Laumann and



Heinz, 1977), which are located at the periphery of the profession. Laumann and Heinz (1977) also suggest that these lowest earning specializations are not only derogated due to client type, but also because of the distasteful nature of the work. For instance, family and divorce lawyers often deal with emotionally distraught clients and their children, and “the low prestige of these specialties may be seen as analogous to the derogation of refuse collectors, coal miners, and others whose work involves unpleasant tasks” (Laumann and Heinz, 1977: 177). According to Heinz and Laumann (1982), there are two “hemispheres” of law that are dictated by the type of clients lawyers serve. Major corporations and wealthy individuals are usually represented by large law firms, and thus represent one hemisphere, whereas the other hemisphere is devoted to small business and medium-to-low income individuals and is usually handled by smaller firms or solo practitioners (Erlanger, 1980; Heinz and Laumann, 1982). Therefore, client type is also another important determinant of lawyers’ earnings.

With reference to autonomy, this job characteristic *per se* has not been included in previous models of lawyers’ earnings, despite evidence of its importance in determining earnings for other samples of workers. Hagan (1990), however, did use the concept of autonomy in creating matrices of professional power using the criteria of degree of autonomy, as well as participation in decision-making, levels of subordinates, and task authority. Those lawyers who had more of these characteristics also had the highest incomes, giving indirect support to the hypothesis that autonomy is a significant predictor of lawyers’ earnings. Previous research does not suggest that these job characteristics have different effects on earnings for males and females.

**H7: Working in the most prestigious and powerful areas of specialization will have a positive effect on earnings.**

**Table 1: Human Capital and Occupational Segmentation Predicted Differences between Male and Female Lawyers**

| Variable                             | Male Lawyers                | Female Lawyers              |
|--------------------------------------|-----------------------------|-----------------------------|
| Income                               | higher income               | lower income                |
| Human Capital                        |                             |                             |
| General Investments                  |                             |                             |
| Education (elite)                    | similar levels              | similar levels              |
| Academic Achievement                 | similar levels              | similar levels              |
| Other Law Experience                 | more experience             | less experience             |
| Firm-Specific Investments            |                             |                             |
| Firm Tenure                          | more tenure                 | less tenure                 |
| Hours Worked                         | more hours worked           | less hours worked           |
| Protégé Status (protégé)             | similar levels              | similar levels              |
| Family Status                        |                             |                             |
| Marital Status (married)             | more likely married         | less likely married         |
| Preschool Children (present)         | more likely present         | less likely present         |
| Information Capital                  |                             |                             |
| Coworker Ties                        | more coworker ties          | less coworker ties          |
| Psychological Capital                |                             |                             |
| Internal Locus of Control            | similar levels              | similar levels              |
| Organizational Commitment            | similar levels              | similar levels              |
| Work Motivation                      | similar levels              | similar levels              |
| Occupational Segmentation            |                             |                             |
| Workplace Characteristics            |                             |                             |
| Setting (large firm)                 | more likely large firm      | less likely large firm      |
| Percentage Male                      | higher levels               | lower levels                |
| Job Characteristics                  |                             |                             |
| Area of Specialization (prestigious) | more likely prestigious     | less likely prestigious     |
| Time Spent with Corporate clients    | more with corporate clients | less with corporate clients |
| Autonomy                             | more autonomy               | less autonomy               |

### CHAPTER THREE: METHODS

The purpose of this chapter is to describe the data, measures, and statistical procedures that were used to test the human capital and occupational segregation hypotheses stated above. This chapter begins by describing the sample used in the analyses, which is followed by a discussion of the measures used to tap the various concepts that were set forth in the literature review. Finally, the data analytic techniques that were used in this study are introduced.

#### *Data*

This study is based on the secondary analysis of data that were originally collected in a 1994 mail survey of 1,300 active members of the legal profession in a large western Canadian city. A stratified systematic sample was selected using the local 1994 Legal Directory in order to obtain equal numbers of male and female practitioners, as the legal profession is male-dominated. In total, 512 usable surveys were returned, yielding a response rate of 39%. The gender breakdown for the completed surveys was 51% (N=261) male and 49% (N=251) female.

Comparing the sample data with the population data (N=2,808) made available by the local Law Society indicates that the sample is representative of the local population of lawyers, despite the low response rate. For instance, the work settings of both male and female lawyers in the local population are very similar in the sample of male and female lawyers. For male lawyers in the population, 69% worked in law firms, 15% in solo practice, 14% in corporations, and 2% in government. The sample statistics are 65%, 14%, 15%, and 2%, respectively. Similarly, for female lawyers in the population, 56% worked in firms, 16% were in solo practice, 22% were employed by corporations, and 5% worked for the government. In the sample these statistics are 50%, 21%, 20%, and 6%, respectively.

The analyses in this study were restricted to lawyers who worked in law firms, solo practice, corporations, or government, which represents 96% of the total sample. After list-wise deletion, the sample consisted of 52% males (N=221) and 48% females (N=207). Excluded

from the analysis are unemployed lawyers and lawyers who did not report their income.

### ***Measures***

This section discusses the conceptualization and operationalization of the variables that are examined in this study. The first variable that is discussed is income, the dependent variable. Next, a brief discussion of the gender variable follows. This is followed by a discussion of the human capital and occupational segmentation measures. Many of the measures used here are well-established and commonly used in the study of work and work-related issues. In most cases, the respondents were asked to choose from Likert responses of Strongly Agree (coded 5); Agree (coded 4); Neither Agree Nor Disagree (coded 3); Disagree (coded 2); Strongly Disagree (coded 1), unless otherwise specified. The character “(R)”, which appears at the end of some questions, is used to indicate that the item was reverse coded. The reliability of multiple-item measures and validity of the variables used in this study are also discussed in this section. Descriptive statistics for the variables examined in this study are found in Table 2.

### ***Reliability and Validity***

According to Carmines and Zeller, “reliability concerns the extent to which an experiment, test, or any measuring procedures yields the same results on repeated trials” (1979: 11). The reliability of multiple-item measures can be assessed by measuring the internal consistency among the items by using Cronbach’s alpha. In general, all multiple-item measures used in this study display acceptable reliability coefficients (see below).

A measure is valid if it measures what it is intended to measure (Carmines and Zeller, 1979). The only variable that has questionable face validity is the measure of information capital, coworker ties. This variable measures the extent to which a lawyers has friends in the workplace and is used as a proxy for how well a lawyer is integrated into informal networks.

### ***Income***

The measure of **income (log)** is based on the single item “What was your total

**Table 2: Descriptive Statistics for the Income, Gender, Human Capital, and Occupational Segmentation Variables**

| Variable Name (items)                   | Mean   | S.D.   | Range      | Alpha* |
|---|--------|--------|------------|--------|
| <b>Log of Income</b>                    | 11.242 | .740   | 8.42-13.46 | n/a    |
| <b>Gender (male)</b>                    | .516   | .500   | 0-1        | n/a    |
| <b>General Human Capital</b>            |        |        |            |        |
| Academic Achievement (1)                | 2.124  | .535   | 1-3        | n/a    |
| Education (1=elite)                     | .065   | .248   | 0-1        | n/a    |
| Other Law Experience (1)                | 4.185  | 6.075  | 0-36       | n/a    |
| <b>Firm Specific Human Capital</b>      |        |        |            |        |
| Firm Tenure (1)                         | 7.008  | 5.950  | 0-47       | n/a    |
| Hours Worked Per Week                   | 49.236 | 10.228 | 0-85       | n/a    |
| Protégé Status (1=protégé)              | .699   | .459   | 0-1        | n/a    |
| <b>Family Status</b>                    |        |        |            |        |
| Marital Status (1=married)              | .785   | .411   | 0-1        | n/a    |
| Preschool Children (1=present)          | .273   | .446   | 0-1        | n/a    |
| <b>Information Capital</b>              |        |        |            |        |
| Coworker Ties (3)                       | 3.271  | .973   | 1-5        | .804   |
| <b>Psychological Capital Indicators</b> |        |        |            |        |
| Internal Locus of Control (2)           | 3.778  | .851   | 1-5        | .754   |
| Organizational Commitment (3)           | 4.126  | .787   | 1-5        | .773   |
| Work Motivation (3)                     | 3.297  | .751   | 1-5        | .616   |
| <b>Workplace Characteristics</b>        |        |        |            |        |
| Large Firm (1)                          | .253   | .435   | 0-1        | n/a    |
| Medium Firm (1)                         | .182   | .386   | 0-1        | n/a    |
| Small Firm (1)                          | .182   | .386   | 0-1        | n/a    |
| Solo Practitioner (1)                   | .187   | .390   | 0-1        | n/a    |
| Non-Firm (1)                            | .208   | .406   | 0-1        | n/a    |
| Percentage Male Colleagues              | 70.725 | 24.652 | 0-100      | n/a    |
| <b>Job Characteristics</b>              |        |        |            |        |
| Specialization (prestigious)            | .505   | .501   | 0-1        | n/a    |
| Corporate Client Time (1)               | 58.259 | 37.290 | 0-100      | n/a    |
| Autonomy (3)                            | 3.931  | .770   | 0-5        | .752   |

\*not estimated for single item measures

annual earnings from the practice of law for the 1993 tax year, before taxes and other deductions were made?" The respondent was able to select from 24 mutually exclusive and exhaustive categories that ranged from "Under \$15,000" (category 1) to "\$500,000 or more" (category 24). The data were transformed from 24 categories (that ranged from the values of 1 to 24) into the actual midpoint values of the categories in dollars. For example, category "2" represented respondents' income between \$15,000 to \$19,999 and was transformed into the value of \$17,500, category "3" represented respondents' income between \$20,000 to \$24,999 and was transformed into the value of \$22,500. Using a Pareto curve, Category 24 ("\$500,000 or more") was transformed into the value of \$703,985 which is an estimate of this category's midpoint. The first category ("Under \$15,000") was transformed simply into \$7,500. After the above alterations, the natural logarithm of income was taken in order to reduce the extreme positive skewness (skewness=2.219) of income (Fox, 1991) and reduce the impact of outliers (Hauser, 1980). After the transformation of income, the skewness of the logged value was well within acceptable levels (skewness=-.354) and the distribution of the logged value of income resembled the normal curve.

### ***Gender***

Respondents were asked the question "What is your sex?" which was dummy coded 1 for males and 0 for females.

### ***Human Capital Investments***

As discussed in the literature review, five components of human capital investments are considered in this study, all of which are expected to be determinants of lawyers' income: (1) general human capital investments, (2) firm-specific human capital investments, (3) family status, (4) information capital, and (5) psychological capital indicators.

***General human capital investments.*** Lawyers' general human capital investments are examined in terms of three variables: whether or not they attended an elite law school, academic achievement, and other law experience. **Education (elite)** taps whether or not a lawyer

obtained an elite education and was measured by their response to the open-ended question “From which law school did you graduate?” The elite law schools in Canada are considered to be Osgoode Hall and the University of Toronto (Kay and Hagan, 1993; Hagan, 1990), which were dummy-coded 1, while all others were coded 0. **Academic achievement** taps a lawyer’s performance in law school and was measured by the question “What was your approximate overall academic performance in law school?” from which the respondent could select “A” (coded 3), “B” (coded 2), or “C” (coded 1). **Other law experience** was calculated by subtracting the year the lawyer was called to the bar (“In what year were you called to the bar?”) from the year that a lawyer began working at his or her current organization (“In what year did you start working at this organization?”). This measure therefore taps the law experience the lawyer has that is *separate* from his or her experience in a current workplace. This measure is used in favor of “total years of law experience” because of potential collinearity problems with the variable **firm tenure**.<sup>2</sup>

**Firm-specific human capital investments.** Firm-specific human capital investments are examined by three variables: firm tenure, hours worked per week, and protégé status. **Firm tenure** was calculated by subtracting the year the respondent joined his or her current firm (“In what year did you start working at this organization?”) from the survey year (i.e., 1994). Adding together a lawyer’s firm tenure and “other law experience” yields a lawyer’s total years of law experience. Firm tenure taps the extent to which lawyers have invested in a specific firm while “other law experience”, as explained above, taps lawyers’ general work experience and investments. **Hours worked per week** was measured by responses to the open-ended question “How many hours a week do you work on average?” **Protégé status (protégé)**, or whether or not a lawyer ever had a mentor, was tapped through responses to the question “At any point in your legal career, have you had a mentor, that is, someone in a position of power that looks out for you, or gives you advice?” which had the response categories of “yes” (coded 1) and “no” (coded 0).

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<sup>2</sup> The zero-order correlation between total law experience and firm tenure is .65, whereas the zero-order correlation between other law experience and firm tenure is -.15.

**Family status.** Family status is measured by two variables: marital status and presence of preschool children. **Marital status (married)** is tapped through response to the question “Which of the following terms best describes your current living arrangement?” The response categories were “single (never married),” “married (including cohabitation),” “separated/divorced,” “widowed.” The responses were dummy coded “married (including cohabitation)” into 1 and all others coded 0. **Preschool school children (present)** was measured by response to the question “How many children are currently living at home with you: (1) under 6 years of age? (2) 6 to 12 years of age? (3) 13 to 18 years of age? (4) over 18 years of age?” for which the respondent was able to enter a numerical value in a space provided after each age set. If the respondent indicated that he or she had any children under six years of age (category 1), the response was dummy coded 1 and all other responses were coded 0.<sup>3</sup>

**Information capital.** Information capital investments were tapped through the multiple-item measure **coworker ties**, which taps the extent to which a lawyer has friendships with his or her coworkers. The variable consists of the following three items: “I consider at least one of my coworkers to be a close friend,” “I regularly get together socially with some of my coworkers outside of work,” and “Some of my close friends work here.” The alpha coefficient for this measure is .80. Previous studies that examine the effect of networking on income favor using a respondent’s membership to social clubs (Barlett and Miller, 1985, 1988; Brass, 1985) as an indicator of the extent to which a worker is tied into informal networks. The extent to which a lawyer has friends among his or her colleagues in the workplace also taps the lawyer’s informal network of friends and colleagues, however. Although a more direct measure of informal networks would be preferable, this is a limitation of using secondary data.

**Psychological capital indicators.** Psychological capital is examined in terms of three variables: internal locus control, organizational commitment, and work motivation. **Internal**

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<sup>3</sup> Consistent with other studies (Aryee, 1992; Elman and Gilbert, 1984; Greenhaus and Kopelman, 1981; Moen and Dempster-McClain, 1987; Voydanoff, 1988). The presence of children is examined specifically in terms of the presence of preschool-aged children under six. The rationale is that younger children require more time and attention than older children who are attending school.



**locus of control** taps the extent to which workers believe that rewards and outcomes are the result of their own actions. Persons with high internal locus of control believe that their actions will lead to specific outcomes, while those with low locus of control believe that outcomes are based upon forces external to them. Internal locus of control is measured by a dual-item construct which is an adaptation of a measure developed by Levenson (1973). The items are “My life is determined by my own actions,” and “I can pretty much determine what will happen in my life,” which have an alpha coefficient of .75. **Organizational commitment** taps a lawyer’s degree of loyalty to the employing organization. The concept was measured by three items adapted from Porter, Steers, Mowday and Boulian (1974) which consist of “I do not care about the fate of this organization (R),” “I feel very little loyalty to this organization (R),” and “I am proud to be a part of this organization.” The internal consistency of this measure is .77. **Work motivation** taps the extent to which work is a central part of one’s life (Wallace, 1997) and was measured by a multiple-item indicator adapted from Kanungo (1982) consisting of the following three items: “Some of the best things that happen in my life involve my work,” “My work is central to my very existence,” and “I am highly motivated to do my work well.” The alpha coefficient for this measure is .62.

### ***Occupational Segmentation***

As discussed in the literature review, two aspects of occupational segmentation that are expected to influence earnings are examined in this study: (1) characteristics of the workplace, and (2) characteristics of the job.

***Workplace characteristics.*** Workplace characteristics that are examined in this study are work setting and the percentage of male colleagues in the workplace. **Work setting** was calculated from responses to two questions: “Including yourself, how many lawyers work in your office? (That is, at one physical location)” and “What is your present position?” The first question had an open-ended response and the second had the response categories of: (1) articling student, (2) employee or associate of law firm, (3) partner of law firm, (4) sole practitioner, (5) employee of government, (6) employee of corporation, (7) employed in private

industry, (8) not engaged in private practice, and (9) other (please specify). Law firms were identified by a respondent indicating that he or she was an employee/associate or partner of a law firm. Using this criteria, “large law firms” are those that employ over 50 lawyers. “medium law firms” are those which employ 11 to 50 lawyers, and “small law firms” are those which employ 2 to 10 lawyers. These size distinctions are consistent with measures used in previous studies (see Wood et al., 1995). “Solo practitioners” are those who selected the fourth response category in the above question. “Non-firm lawyers” are those who work in government and corporate settings, and who selected the fifth, sixth, and seventh response categories in the above question, as well as those whose written answers in the “other” category identified them as non-firm lawyers. These five settings variables were dummy-coded with “large law firms” used as the reference category. **Percentage male colleagues** taps the extent to which a workplace is male-dominated and was calculated from responses to the two questions “Including yourself, how many lawyers work in your office?” and “Of these [lawyers], how many are female lawyers?” This measure was computed by dividing the number of female lawyers in a respondent’s office into the total number of lawyers in a respondent’s office. The proportion was multiplied by 100 to give the percentage of female colleagues. This number was then subtracted from 100 to equal the percentage of male colleagues.

**Job characteristics.** The job characteristics examined in this study are lawyers’ area of specialization, percentage of time spent with corporate clients, and autonomy. **Area of specialization (prestigious)** taps whether or not a lawyer specializes in a prestigious area of law. Respondents were asked “In what areas of law do you mainly practice (circle as many as applicable and rank the top 3 in terms of time required with ‘1’ indicating the most time.)” Lawyers who stated that they primarily specialized in corporate and commercial, civil litigation, taxation, or securities were considered to be specializing in a prestigious area and coded 1 while all other areas were coded 0. **Time spent with corporate clients** taps the extent to which a lawyer deals with corporate clients and was measured by the open-ended question “During the past year, what proportion of your time was spent involving corporate clients?” The measure reflects the actual percentage of time reported by the respondents. **Autonomy** taps the extent

to which a lawyer is able to exercise his or her own judgement in the workplace. This multiple-item measure was adapted from Hall (1968) and consists of the following three items: "I make my own decisions in regards to how I do my work," "I am my own boss in almost every work-related situation," and "Most of my decisions are reviewed by other people (R)." The alpha coefficient for this measure is .75 .

## **STATISTICAL PROCEDURES**

This section discusses the statistical procedures that were performed in this study. First, the problems of multicollinearity are discussed, followed by a presentation of a correlation matrix of the variables examined in this study. Second, the statistical tests and analyses that were used to test the hypotheses are described.

### ***Multicollinearity***

Multicollinearity refers to the existence of high intercorrelations among exogenous variables. The presence of highly collinear variables may cause problems with estimation and interpretation of statistical models (Pedhazur, 1982). Examination of the zero-order correlations among the exogenous variables is a common method of checking for possible collinearity problems. The zero-order correlation matrix for the variables examined in this study is presented in Table 3. Following Asher (1983) and Berry and Feldman (1985), because none of the zero-order correlations approach .80, multicollinearity does not appear to be a problem.

### ***Statistical Analyses***

There are three statistical procedures that were used in this study: (1) one-tailed t-tests for the difference of means, (2) ordinary least squares regression, and (3) ordinary least squares regression with interaction terms.

***One-tailed t-tests for the differences of means.*** In order to test the assumptions that male and female lawyers differ on various human capital investments and occupational

**Table 3: Regression Estimates of the Correlation Matrix of Variables in the Proposed Model (N=428)**

|                                  | 1      | 2      | 3      | 4      | 5      | 6      | 7      | 8      | 9      | 10     | 11     | 12     |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1. Log of Income                 | 1.000  |        |        |        |        |        |        |        |        |        |        |        |
| 2. Gender (male)                 | .245*  | 1.000  |        |        |        |        |        |        |        |        |        |        |
| 3. Academic Achievement          | .159*  | .041   | 1.000  |        |        |        |        |        |        |        |        |        |
| 4. Education (elite)             | .099*  | -.028  | -.097* | 1.000  |        |        |        |        |        |        |        |        |
| 5. Other Law Experience          | .197*  | .155*  | .022   | .000   | 1.000  |        |        |        |        |        |        |        |
| 6. Firm Tenure                   | .433*  | .204*  | .093*  | -.029  | -.137* | 1.000  |        |        |        |        |        |        |
| 7. Hours Worked Per Week         | .199*  | .137*  | .005   | .117*  | -.170* | -.066  | 1.000  |        |        |        |        |        |
| 8. Protégé Status (protégé)      | .025   | -.035  | -.011  | .066   | -.199* | -.113* | .088*  | 1.000  |        |        |        |        |
| 9. Marital Status (married)      | .145*  | .085*  | .046   | .068   | .099*  | .101*  | -.085* | -.059  | 1.000  |        |        |        |
| 10. Preschool Children (present) | .062   | .111*  | .071   | .005   | -.110* | -.029  | -.088* | .071   | .321*  | 1.000  |        |        |
| 11. Coworker Ties                | .149*  | -.029  | -.023  | .089*  | -.185* | .052   | .177*  | .199*  | -.044  | .071*  | 1.000  |        |
| 12. Internal Locus of Control    | .056   | .028   | .019   | -.091* | .009   | .039   | -.002  | .053   | -.019  | -.000  | .071   | 1.000  |
| 13. Organizational Commitment    | .149*  | .057   | .022   | .018   | -.067  | .081*  | .113*  | .133*  | .004   | .006   | .228*  | .271*  |
| 14. Work Motivation              | .294*  | .041   | .017   | .000   | .032   | .272*  | .177*  | .000   | -.010  | -.110* | .167*  | .286*  |
| 15. Large Firm                   | .151*  | .059   | .182*  | -.012  | -.247* | -.001  | .263*  | .218*  | -.047  | .083*  | .310*  | -.061  |
| 16. Medium Firm                  | .135*  | .021   | .095*  | .049   | -.122* | .135*  | .127*  | .072   | -.085* | .023   | .032   | -.076  |
| 17. Small Firm                   | -.004  | .106*  | -.027  | -.053  | .114*  | -.059  | -.123* | -.032  | -.047  | -.018  | .032   | -.076  |
| 18. Solo Practitioner            | -.300* | .020   | -.054  | -.145* | .141*  | -.069  | -.123  | -.077  | .015   | .076   | -.196* | .185*  |
| 19. Non-Firm                     | .012   | -.207* | .004   | -.032  | .002*  | -.008  | -.144* | -.165* | -.054  | -.095* | -.099* | -.151* |
| 20. % Male Colleagues            | .198*  | .471*  | .002   | -.009  | -.016  | .136*  | .131*  | .075   | .046   | .108*  | .053   | -.011  |
| 21. Area (prestigious)           | .198*  | .154*  | .035   | .107*  | -.050  | -.019  | .196*  | .215*  | -.007  | .062   | .143*  | -.135* |
| 22. Time with Corporate          | .271*  | .048   | .021   | .240*  | .037   | .024   | .153*  | .021   | -.039  | -.022  | .048   | -.188* |
| 23. Autonomy                     | .197*  | .124*  | .032   | -.082* | .196*  | .176*  | -.079* | -.063  | .165*  | .086*  | -.037  | .409*  |

\*p&lt;.05, one-tailed test

**Table 3 (cont'd): Regression Estimates of the Correlation Matrix of Variables in the Proposed Model (N=428)**

|                               | 13     | 14    | 15     | 16     | 17     | 18     | 19     | 20    | 21     | 22     | 23    |
|-------------------------------|--------|-------|--------|--------|--------|--------|--------|-------|--------|--------|-------|
| 13. Organizational Commitment | 1.000  |       |        |        |        |        |        |       |        |        |       |
| 14. Work Motivation           | .422*  | 1.000 |        |        |        |        |        |       |        |        |       |
| 15. Large Firm                | -.014  | .046  | 1.000  |        |        |        |        |       |        |        |       |
| 16. Medium Firm               | -.047  | -.054 | -.261* | 1.000  |        |        |        |       |        |        |       |
| 17. Small Firm                | .153*  | .043  | -.261* | -.229* | 1.000  |        |        |       |        |        |       |
| 18. Solo Practitioner         | .055   | .042  | -.265* | -.226* | -.226* | 1.000  |        |       |        |        |       |
| 19. Non-Firm                  | -.133* | -.064 | -.283* | -.242* | -.242* | -.245* | 1.000  |       |        |        |       |
| 20. % Male Colleagues         | -.053  | .011  | .191*  | .105*  | .048   | -.110* | -.259* | 1.000 |        |        |       |
| 21. Area (prestigious)        | .092*  | .063  | .238*  | .165*  | -.041  | -.256* | -.114  | .157* | 1.000  |        |       |
| 22. Time with Corporate       | -.102* | .008  | .285*  | .109*  | -.269* | -.461* | .292*  | .139* | .330*  | 1.000  |       |
| 23. Autonomy                  | .300*  | .255* | -.249* | -.071  | .149*  | .347*  | -.159* | -.023 | -.139* | -.351* | 1.000 |

\*p<.05, one-tailed test

segmentation characteristics (Table 1) , it was necessary to examine whether male and female lawyers' mean values on these variables are significantly different from each other. The t-test for the difference of means determines whether a difference between the means of the two groups (males and females) signals a true difference in their populations (Lee and Maykovich, 1995). One-tailed t-tests were used in this analysis, as anticipated differences are presented in Table 1.

***Ordinary least squares regression.*** Ordinary least squares (OLS) regression was used to test Hypotheses 1a, 2a, 4a, 5, 6, and 7, all of which hypothesize that certain variables will effect the dependent variable, earnings. Multiple regression allows multiple independent variables to be entered into a regression equation simultaneously and determines the unique contribution of each variable while controlling for the effects of the others in the equation (Lee and Maykovich, 1995). The R-squared statistic produced by OLS regression represents the proportion of variance that the independent variables are able to explain in the dependent variable. The higher the R-squared, the better the independent variables “fit” the model. This is necessary to determine how well the human capital and occupational segmentation variables proposed in the model explain the variance in the dependent variable, income. Each multiple regression coefficient is also examined to determine the direction and size of the effect of each independent variable on the dependent variable. Hypotheses 1a, 2a, 4a, 5, 6, and 7 all predict that the determinants will have significant positive effects on income. This will be determined by examining whether the Beta coefficients (B) that correspond to the relevant variables are statistically significant and in a positive direction. In this study, a cumulative model will be used: first income will be regression on gender; second, the human capital and occupational segmentation variables will be added; and third the interaction terms (discussed below) will be added to the equation.

***Ordinary least squares regression with interaction terms.*** Interaction terms were created and added to the multiple regression equation (described above) in order to test hypotheses 1b, 2b, 3, and 4b, all of which predict that certain human capital variables (general human capital investments, firm-specific investments, family status variables, and information

capital) will have differential effects on earnings for men and women. Testing for interactions assumes that the relationship between the independent and dependent variable changes as the result of an interacting (or moderating) variable, in this case gender (Baron and Kenny, 1986). In order to test these hypotheses, it is necessary to create interaction terms, which are computed by multiplying each determinant by the dichotomous gender variable. For example, the variable education is multiplied by the variable gender to produce an interaction term for education and gender (education\*gender). These interaction terms were then added to the multiple regression equation in separate blocks after the main effect variables. This technique was used in order to allow the interaction terms the greatest likelihood of achieving statistical significance, given the small sample size. For instance, the interaction terms for the general human capital investments were added to the main effects model. Then, the interaction terms for firm-specific investments were added separately to the main effects model (excluding the general human capital interactions). In each step, the *individual* interaction terms were examined for statistical significance even if addition of the whole block did not significantly improve the fit of the model. If a significant  $F$  change occurs ( $F \geq 1.645$ ,  $p \leq .05$ ), the addition of at least one of the interaction terms is statistically significant. If this occurs, the model is run separately for men and women in order to observe the different effects the variables have for each gender.

## CHAPTER FOUR: RESULTS

The results are presented in three sections. First, the results of the tests for mean differences are presented. Second, before analyzing the regression results, the best fitting model must be determined. The second section describes which statistical model will be analyzed when reporting the results. Third, the regression results are discussed with reference to each set of variables and their corresponding hypotheses. Table 4 presents results for the mean difference tests comparing income, human capital investments and occupational segmentation characteristics for male and female lawyers. Table 5 presents three equations for the regression of income on gender, human capital, and occupational segmentation variables.

### *One-Tailed T-Tests for the Differences of Means*

**Income.** Table 4 illustrates that, on average, female lawyers earn significantly less than their male counterparts. In actual dollars, female lawyers earn an average of \$73, 515 while male lawyers earn \$118, 131, which represents a difference of \$44, 616. In other words, on average, female lawyers earn 62% of what male lawyers earn.

**General human capital investments.** There is no gender difference in the attendance of elite law schools, as approximately 7% of lawyers surveyed attended an elite Canadian law school. Male and female lawyers also had similar levels of academic achievement, both with approximately B averages. These two findings are consistent with the predictions made in Table 1 which suggested that there would be no significant gender differences in education and academic achievement. Also consistent with predictions made in Table 1 is the finding that women have significantly less law experience acquired outside their current employer than their male counterparts. While men average slightly over 5 years of other law experience, women have about 3 and a half years of other law experience.

**Firm-specific human capital investments.** Consistent with the prediction made above, women have significantly less firm tenure than men. Female lawyers have worked, on average between 5 and 6 years at their current place of employment, compared to male lawyers who



**Table 4: Mean Differences in Income, Human Capital Investments, and Occupational Segmentation Characteristics for Male (N=221) and Female (N=207) Lawyers**

|                              | Male Lawyers |          | Female Lawyers |             |
|------------------------------|--------------|----------|----------------|-------------|
|                              | Mean         | (S.D.)   | Mean           | (S.D.)      |
| Log of Income                | 11.401       | (.793)   | 11.004         | (.686)***   |
| Education (elite)            | .067         | (.250)   | .074           | (.263)      |
| Academic Achievement         | 2.143        | (.557)   | 2.092          | (.518)      |
| Other Law Experience         | 5.143        | (7.338)  | 3.414          | (4.336)**   |
| Firm Tenure                  | 8.484        | (7.488)  | 5.645          | (4.330)***  |
| Hours Worked Per Week        | 50.208       | (9.763)  | 46.948         | (11.352)*** |
| Protégé Status (protégé)     | .647         | (.479)   | .681           | (.467)      |
| Marital Status (married)     | .825         | (.381)   | .747           | (.436)*     |
| Preschool Children (present) | .304         | (.461)   | .231           | (.423)*     |
| Coworker Ties                | 3.253        | (.993)   | 3.283          | (.960)      |
| Internal Locus of Control    | 3.805        | (.888)   | 3.283          | (.960)      |
| Organizational Commitment    | 4.175        | (.767)   | 4.087          | (.795)      |
| Work Motivation              | 3.304        | (.763)   | 3.255          | (.736)      |
| Large Firm                   | .246         | (.431)   | .192           | (.395)      |
| Medium Firm                  | .183         | (.388)   | .157           | (.365)      |
| Small Firm                   | .217         | (.413)   | .131           | (.338)*     |
| Solo Practitioner            | .217         | (.413)   | .214           | (.411)      |
| Non-Firm                     | .121         | (.327)   | .214           | (.411)***   |
| Percentage Male Colleagues   | 82.702       | (15.453) | 56.854         | (28.528)*   |
| Specialization (prestigious) | .558         | (.498)   | .397           | (.490)***   |
| Time with Corporate Clients  | 58.949       | (35.219) | 54.923         | (39.725)    |
| Autonomy                     | 4.037        | (.711)   | 3.857          | (.812)**    |

\*p<.05; \*\*p<.01; \*\*\*p<.001, one-tailed test

have worked between 8 and 9 years. As predicted, female lawyers also work significantly fewer hours than their male colleagues, with women working an average of 47 hours per week and men working an average of 50 hours per week. Male and female lawyers did not differ significantly in their protégé statuses, as 65% of male lawyers and 68% of female lawyers reported having been mentored at sometime during their law careers. This finding is also consistent with the prediction made in Table 1.

***Family status.*** Almost 83% of male lawyers were married, compared to just under 75% of female lawyers. As well, 30% of male lawyers reported having preschool children, compared to 23% of female lawyers. Both of these differences are statistically significant and both findings are consistent with the predictions made in Table 1, which suggested that female lawyers would be less likely to be married and have preschool children than male lawyers.

***Information capital.*** Although it was predicted that male lawyers would have more coworker ties than female lawyers, the mean values of coworker ties for men (mean=3.25) and women (mean=3.28) were not significantly different. That is, male and female lawyers report that they have the same degree of friendships in the workplace.

***Psychological capital indicators.*** With regard to the psychological capital variables, it was predicted that there would be no differences between male and female lawyers. This prediction was supported, as male and female lawyers reported similar levels of internal locus of control (men=3.81, women= 3.77), organizational commitment (men=4.18, women=4.09), and work motivation (men=3.30, women=3.26).

***Workplace characteristics.*** There was no significant difference between the proportions of male and female lawyers in working large firms. Almost 25% of male lawyers worked in large firms, compared to approximately 19% of females lawyers. There was also no significant gender difference for medium firms, with approximately 17% of the sample working in this setting. Female lawyers, however, were significantly less likely to work in small firms, as 22% of male lawyers worked in this setting, compared to only 13% of female lawyers. There was no difference between the percentage male and female solo practitioners, as approximately 21% of both sexes worked in this particular setting. Perhaps the most striking difference between

male and female lawyers is the latter's over-representation in non-firm settings, as almost 28% of women worked in this setting, compared to only 12% of men. Male lawyers were significantly more likely to work in male-dominated settings than their female colleagues, which is consistent with the prediction made above. Male lawyers reported that 83% of the lawyers in their work settings were male, compared to 57% for female lawyers.

***Job characteristics.*** Male lawyers were found to work in more prestigious areas of law than female lawyers, as 56% of male lawyers reported specializing in prestigious areas compared to 40% of female lawyers. This finding supports the prediction made above. The prediction that male lawyers would spend significantly more time working for corporate clients than their female colleagues was not supported, however. Male lawyers reported spending, on average, 58% of their time working for corporate clients, while females reported spending about 53% of their time working for corporate clients. Finally, the prediction that female lawyers would report significantly less autonomy than male lawyers was supported. Men averaged 4.04 on the five-point autonomy measure, whereas women averaged 3.86.

***Summary.*** To summarize, male lawyers have more general and firm-specific experience, work longer hours, have more family capital, are less likely to work in non-firm settings, are more likely to work in male-dominated settings, are more likely to work in prestigious areas of law, and have more autonomy than their female counterparts, all of which are hypothesized to increase lawyers' earnings.

### ***Model Assessment***

Equation 3 (Table 5) is the model that will be referred to when discussing the regression results for the above hypotheses. The models including interaction terms are presented in Appendix A. With reference to Equation 1 (Appendix A), when the three general human capital interaction terms were added to the main effects model, the R-squared increased by .002 ( $F=.631$ ,  $p=.595$ ), which was not statistically significant. As well, none of the three interaction terms were significant at the .05 level (one-tailed test). When the firm-specific human capital interaction terms were added (Equation 2, Appendix A), the R-squared increased by .001

( $F=.186$ ,  $p=.906$ ), which was also not statistically significant. None of the three individual interaction terms were significant at the .05 level (one-tailed test). As well, the addition of the family status interaction terms failed to increase the fit of the model (Equation 3, Appendix A), increasing the R-squared by only .001 ( $F=.260$ ,  $p=.771$ ) with neither of the individual terms approaching statistical significance at the .05 level (one-tailed test). Lastly, the gender interaction term for the information capital hypothesis was added to the main effects model (Equation 4, Appendix A). The increment in R-squared ( $\Delta R^2=.005$ ) was statistically significant ( $F=4.084$ ,  $p=.044$ ). The gender interaction term for coworker ties ( $B=.26$ ) was statistically significant at the .05 level (one-tailed test). Upon examination of the separate effects of coworker ties for men and women, the results showed that neither was statistically significant. That is, while coworker ties had a positive effect on earnings for men ( $b=.068$ ) and a negative effect for women ( $b=-.011$ ), neither were statistically significant at the .05 level. Given these latter results, it is concluded that the best fitting model is the main effects model reported in Equation 3, Table 5.

### ***Ordinary Least Squares Regression***

In Table 5, gender is the only variable in Equation 1, while the human capital and occupational segmentation variables are added in Equation 2 and Equation 3, respectively. The results presented in Table 5 show that the addition of the human capital variables ( $\Delta R^2=.34$ ,  $F=19.75$ ) and the occupational segmentation variables ( $\Delta R^2=.11$ ,  $F=11.42$ ) are statistically significant. Equation 3, then, is the best fitting model and will be referred to in following discussion of the regression results.

**Gender.** Although gender ( $B=.25$ ) is a statistically significant determinant of earnings in Equation 1 (Table 5), its effects are diminished upon the addition of the human capital variables in Equation 2 ( $B=.05$ ) and it is no longer statistically significant. With the addition of the occupational segmentation variables in Equation 3 (Table 5), the effects of gender are further diminished (.03). Therefore, gender is not an important determinant of lawyers' earnings after taking into account their human capital investments and the occupational segmentation c

**Table 5: Unstandardized (b) and Standardized (B) Regression Results for the Log of Income for Male and Female Lawyers (N=428)**

| Determinants                         | Equation 1 |         | Equation 2 |         | Equation 3 |           |
|--------------------------------------|------------|---------|------------|---------|------------|-----------|
|                                      | b          | B       | b          | B       | b          | B         |
| Gender (male)                        | .362       | .245*** | .080       | .054    | .045       | .030      |
| Education (elite)                    |            |         | .153       | .051    | .071       | .024      |
| Academic Achievement                 |            |         | .134       | .097**  | .065       | .047      |
| Other Law Experience                 |            |         | .040       | .329*** | .038       | .316***   |
| Firm Tenure                          |            |         | .055       | .446*** | .048       | .385***   |
| Hours Worked Per Week                |            |         | .017       | .232*** | .013       | .180***   |
| Protégé Status (protégé)             |            |         | .142       | .088*   | .101       | .062*     |
| Marital Status (married)             |            |         | .081       | .075    | .089       | .049      |
| Preschool Children (present)         |            |         | .185       | .111**  | .144       | .087*     |
| Coworker Ties                        |            |         | .077       | .101**  | .031       | .043      |
| Internal Locus of Control            |            |         | -.003      | -.003   | .009       | .010      |
| Organizational Commitment            |            |         | .012       | .012    | .017       | .018      |
| Work Motivation                      |            |         | .107       | .109**  | .095       | .097**    |
| Medium Firm                          |            |         |            |         | -.048      | -.025     |
| Small Firm                           |            |         |            |         | -.169      | -.088*    |
| Solo                                 |            |         |            |         | -.626      | -.330***  |
| Nonfirm                              |            |         |            |         | -.079      | -.043     |
| Percentage Male Colleagues           |            |         |            |         | .001       | .038      |
| Area of Specialization (prestigious) |            |         |            |         | .064       | .043      |
| Time with Corporate Clients          |            |         |            |         | .002       | .102*     |
| Autonomy                             |            |         |            |         | .190       | .198***   |
| $R^2$                                | .060       |         | .402       |         |            | .512      |
| $F(d.f.)$                            | 27.283***  |         | 21.433***  |         |            | 20.291*** |
| $\Delta R^2$                         | .060       |         | .342       |         |            | .110      |
| $\Delta F$                           | 27.283***  |         | 19.745***  |         |            | 11.421*** |

\*\*\*p<.001; \*\*p<.01; \*p<.05, one-tailed test

characteristics.

**General human capital investments.** Hypothesis 1a, which states that general human capital investments will have a positive effect on income, is partially supported. In Table 5, Equation 3 illustrates that only other law experience ( $B=.32$ ) has a statistically significant effect on income, while academic achievement ( $B=.05$ ) and elite education ( $B=.02$ ) fail to have any significant impact. That is, the more general law experience a lawyer has previously acquired outside his or her current firm, the more he or she is paid. Recall from Table 4 that male lawyers had significantly more general law experience than female lawyers.

**Firm-specific human capital investments.** Hypothesis 2a states that firm-specific investments will have a positive effect on earnings. This hypothesis was supported in Equation 3, as firm tenure ( $B=.39$ ), hours worked per week ( $B=.18$ ), and protégé status ( $B=.06$ ) are all significant determinants of income. Firm tenure is the most important determinant of income of all the variables included in the model. The longer lawyers have worked in a firm and the more hours they worked per week, the more they earned. This latter finding is particularly striking, as lawyers are not paid by the hour. Recall from Table 4 that male lawyers had significantly more firm tenure and worked more hours per week than female lawyers. Having had a mentor at some point in a lawyer's law career also had a positive effect on earnings. The findings from Table 4 indicate that male and female lawyers did not differ in their likelihood of having been mentored.

**Family status.** No main effects were hypothesized for the family status variables. Presence of preschool children was found to have a positive effect on income, however ( $B=.09$ ) whereas marital status ( $B=.05$ ) was not a significant predictor of income. Regardless of a lawyer's gender, those who have children will earn more than lawyers who do not. Recall from Table 4 that male lawyers were more likely to be married (and have preschool children) than female lawyers.

**Information capital.** Hypothesis 4a states the information capital variable will have a positive effect on earnings, which is not supported in Table 5. Equation 3 shows that coworker ties ( $B=.04$ ) does not have a significant effect on earnings.

***Psychological capital indicators.*** Hypothesis 5 states that the psychological capital variables will have positive effects on earnings. This hypothesis was only partially supported, as Table 5 (Equation 3) shows that work motivation ( $B=.10$ ) was a significant predictor of lawyers' earnings, whereas internal locus of control ( $B=.01$ ) and organizational commitment ( $B=.02$ ) were not. Therefore, the more highly motivated a lawyer is, the more he or she will earn. Recall from Table 4 that male and female lawyers did not differ in their work motivation.

***Summary.*** To summarize, six of the twelve human capital investment variables included in the model had statistically significant positive effects on lawyers' earnings. These include other law experience, firm tenure, hours worked per week, protégé status, presence of preschool children, and work motivation. As well, of the six statistically significant human capital determinants, male lawyers had higher mean levels for four (as reported in Table 4). Only in the case of protégé status and work motivation did men and women report similar levels. Taken together with gender, the human capital investments explained 40% of the variance in lawyers' earnings.

***Workplace characteristics.*** Hypothesis 6 predicts that working in core firms or in a male-dominated work setting will have a positive effect on earnings. This hypothesis was only partially supported, as only solo practitioners ( $B=-.33$ ) and lawyers in small firms ( $B=-.09$ ) earned significantly less than lawyers in large firms, controlling for the other variables in the equation. Recall from Table 4 that there was no difference between the numbers of male and female lawyers working as solo practitioners, while significantly more men than women worked in small firms. Percentage of male colleagues in the workplace ( $B=.04$ ) was not a significant predictor of earnings.

***Job characteristics.*** Hypothesis 7 states that working in the most prestigious and powerful areas of law will have a positive effect on earnings. The results presented in Table 4 partially support this hypothesis. Time spent with corporate clients ( $B=.10$ ) and autonomy ( $B=.20$ ) were significant predictors of earnings. That is, the more time lawyers spend working for corporate clients and the more autonomy lawyers have, the more they earn. Recall from Table 4 that although male and female lawyers do not differ in the amount of time they spend

with corporate clients, male lawyers have significantly more autonomy than female lawyers. The third job characteristic, area of specialization ( $B=.04$ ), was not a significant predictor of lawyers' earnings.

**Summary.** Of the eight occupational segmentation variables included in the model, four were statistically significant determinants of lawyers' earnings. Of these four, Table 4 indicates that males and females had different means level on two variables, namely working in small firms and autonomy. Males reported more autonomy in their jobs and a higher likelihood of working in small firms. The addition of the occupational segmentation variables to the model increased the fit of the model by 11%, yielding an overall R-squared of 51%.



## CHAPTER FIVE: DISCUSSION AND CONCLUSIONS

This chapter is divided into four sections. The first section discusses how the findings relate to the first objective of this study in terms of the determinants that were found to be statistically significant predictors of lawyers' earnings. The next section addresses the second objective in terms of the issue of gender as a predictor of lawyers' earnings. Although it was shown that gender is not a significant determinant of earnings, women were found to be disadvantaged in that they had less of many of the predictors that were found to significantly increase lawyers' earnings. The third section discusses the unexpected findings of this study and offers explanations for the variables that failed to predict earnings. Finally, the conclusion will address the most striking findings of this study and their implications for the legal profession and future research in this area.

### *Statistically Significant Determinants of Earnings*

As mentioned above, the first objective of this study was to explain lawyers' earnings. Predictors were derived from both human capital theory and the occupational segmentation literature to construct the model of lawyers' earnings that was tested in this study. The significant predictors of lawyers' earnings were other law experience, firm tenure, hours worked per week, protégé status, work motivation, work setting, time spent with corporate clients, and autonomy. These predictors explained 51% of the variance in lawyers' earnings.

After controlling for gender, the human capital investments explained 40% of the variance in lawyers' earnings, while the occupational segmentation variables added another 11% to the overall R-squared. Of the human capital variables, firm tenure and other law experience had the strongest impact on earnings. According to human capital theory, lawyers are rewarded for their years of other law experience because it is assumed that the longer they have practiced law, the more they have invested in skill acquisition. Similarly, firm tenure has a positive effect on earnings because it is assumed that lawyers with longer tenure have developed more firm-specific skills that are valuable to the employing organization. In addition to firm tenure, the

other two firm-specific investments, hours worked per week and protégé status were also statistically significant predictors of lawyers' earnings. Because all of the firm-specific investments reached statistical significance, it is suggested that these are clearly important predictors of earnings for lawyers. Consistent with human capital theory, it appears as though it is those nontransferable skills that are acquired in the present employing organization that are the most important determinants of earnings for lawyers.

As mentioned above, human capital theory suggests that firm-specific skills are nontransferable. That is, they have little value outside the current employing organization. In order to encourage employees to invest in skills that have little marketable value elsewhere, employers offer higher earnings in return for employees' firm-specific skills. Both employers and employees benefit from this strategy, as employees are paid more to invest in these non-transferable skills and employers are better able to retain their more highly valued employees.

These findings, however, beg the following question "What does it mean that lawyers get paid more because they have more general and/or firm-specific experience practicing law?" Using these two proxies of human capital investments (other law experience and firm tenure) is based on the assumption that these measures indirectly tap the actual accumulation of skills that lawyers have acquired. The statistical significance of hours worked per week brings with it similar problems in interpretation. As salaried employees, what does it mean when the hours they work per week is positively associated with their earnings? This is also the case with the statistical significance of protégé status. According to human capital theory, having a mentor is a firm-specific investment because mentors typically work in the same organization as their protégés and provide their protégés with skills and knowledge that are of primary utility within the current employing organization (Laband and Lentz, 1995). Again, the reason why having had a mentor is positively associated with earnings is not clear in terms of *exactly* how it makes an employee more valuable to the employing firm.

In order to more fully understand what these particular findings mean, human capital investments need to be examined more directly, rather than through the use of proxies. Bills and Tate (1991) have suggested that because work experience is not "self-evidently valid as an

indicator of human capital” (1991:7) more direct measures of skill value, acquisition, and transferability are required in order to more fully understand the relationship between the acquisition of different types of firm and occupation-specific skills and subsequent monetary rewards.

Work motivation was the only psychological capital indicator that had a positive effect on earnings. This finding is consistent with the psychological capital argument presented by Goldsmith et al. (1997) who suggested that there are certain personality traits that are associated with productivity and that are expected to have a positive effect on income. Work motivation focuses on the extent to which work is a focal point of one’s life. If employees are highly motivated, they tend to perform their work well, have a more positive outlook on their jobs, and feel more loyal to their employing organization (Hall, 1970; Kanungo, 1982). Thus, it is not surprising that lawyers are rewarded for possessing such traits. Similar traits that are beneficial to the employing organization and are likewise rewarded by employers should be examined in future research.

The occupational segmentation approach suggested that workers in the core areas of the profession would work in the most prestigious settings and areas of specialization, serve more powerful clients, have the most autonomy, and earn the highest wages. As predicted, lawyers working in small firms and as solo practitioners earn less than lawyers working in large firms. It was argued that lawyers who work in large firms earn the most because of the “core” status of large firms in the legal profession. As well, it was argued that spending time with corporate clients would have a positive effect on earnings. This prediction was also supported. Furthermore, the pattern of results presented in the zero-order correlation matrix show that lawyers who work in core firms are more likely to deal with corporate clients and specialize in prestigious areas of law. In contrast, lawyers in solo practice and small firm settings are less likely to spend time working for corporate clients. These findings also lend support to the general occupation segmentation literature as well as the specific arguments in the literature on the legal profession that there are “two hemispheres” of law (Heinz and Laumann 1977).

Autonomy was also found to be a fairly strong predictor of earnings. Autonomy taps the degree of control lawyers have over their immediate work tasks. As stated in the literature review, although there is much evidence that autonomy is an important determinant of earnings for other samples of workers because it is associated with greater job difficulty and responsibility (Glass, 1990), this job characteristic has not been included in many previous models of lawyers' earnings. This statistically significant finding suggests that lawyers are indeed segregated by differences in autonomy which has an impact on earnings. This aspect of segregation may be examined more fully in future research in terms of different aspects of employees' authority, power, or control in the workplace.

### ***Gender as a Determinant of Earnings***

Earlier it was shown that female lawyers, on average, earn 62% of what male lawyers earn. The regression equation, however, demonstrated that gender was not a statistically significant determinant of earnings after controlling for the human capital and occupational segmentation variables. As well, the failure of the gender interactions to achieve statistical significance indicates that male and female lawyers were not differentially rewarded for their human capital investments. Although gender may initially appear insignificant, it is important to note that for five of the ten statistically significant determinants of earnings, men had higher means than women. Specifically, men had more other law experience and firm tenure, they worked more hours per week, they were more likely to have preschool children, and they reported greater autonomy in their jobs compared to women. Of the remaining five determinants, men and women differed on only one determinant where men were more likely to work in small firms compared to women and this had a negative effect on earnings. Therefore, although gender *per se* does not appear to determine earnings, gender appears to be related to these other determinants that are important predictors of earnings.

Of the human capital variables, recall that other law experience and firm tenure have the strongest impact on earnings. Male lawyers also have significantly more general and firm-specific experience than female lawyers. This difference in overall law experience is undoubtedly

due to women's relatively recent entry into the law profession. Thus, it can be deduced that a significant portion of the wage difference between male and female lawyers is likely due to men's seniority in the profession. As women gain more experience in the profession, this difference between the genders may dissipate.

When assessing the remainder of the significant predictors of earnings that disadvantage female lawyers, it is important to consider whether these gender differences are a product of women's choices or external constraints. This issue cannot be resolved using the data examined here, however, attention to the subtle and more hidden forms of discrimination must be considered. For example, do female lawyers choose to work fewer hours or do their employers limit the number of hours that they work? It initially appears obvious that if female lawyers want to earn as much as their male colleagues, one strategy is that they simply work more hours. Previous literature suggests, however, that the answer may not be so simple. Research shows that female lawyers are often given less desirable work assignments than their male counterparts (Kanter, 1978; Liefland, 1986; Pollock and Ramirez, 1995). That is, female lawyers are given smaller, less significant, and less complex files than their male colleagues. Such assignments may limit women's participation in their work setting and negatively influence the progress of their law careers. The finding that female lawyers work in less prestigious areas of law than men offers indirect support for this argument.

The finding that the presence of preschool children has a positive effect on income suggests that, contrary to popular belief, lawyers do not have to sacrifice a family life in order to be financially successful. This finding contradicts previous research on the legal profession, which paints motherhood as detrimental to women's legal careers (Liefland, 1986; Pollock and Ramirez, 1995). Recall that it was hypothesized that men were more likely to have preschool children than women and that having preschool children would have a positive effect on earnings for men and a negative effect on earnings for women. Instead, both men and women appear to benefit financially from having preschool-aged children. Again, it must be questioned whether female lawyers are having fewer children by choice or by constraint. Although the findings of this study suggest that parenthood may have a positive effect on income,

consideration must be given to more subtle social processes that are the data used in this study are not able to capture. For instance, if women bear the brunt of child rearing responsibilities, juggling a legal career and a family may not seem desirable (or possible) to some women. Research suggests that female lawyers who have children are more likely to be the primary care givers, even if their husbands are lawyers (Liefland, 1986; Pollock and Ramirez, 1995). Additionally, some of those who do choose to have children may sacrifice their legal careers by working fewer hours or leaving the legal profession either temporarily or permanently (Kay, 1997).

As discussed by Kanter (1978), women are still minorities, or “tokens” in the legal profession. As such, they feel they must overachieve in order to be recognized for their competence, rather than their gender. Therefore, female lawyers may be constrained in their child-bearing decisions if they feel having children could prevent them from outperforming their male colleagues. As well, having children may lead others to perceive that lawyers who are also mothers cannot match their male colleagues’ commitment and productivity. In addition, like many women in male-dominated professions, female lawyers lack same-sex role models who are both successful in their family and career lives (Marsden, 1994). As such factors were not measured in this study, future research may examine the extent to which the decision to have children is influenced by personal preferences (i.e., preferring a career over family) or the need to overachieve as a token (i.e., employer constraints).

The final significant predictor of lawyers’ earnings for which women appear disadvantaged is autonomy. Because autonomy is significantly correlated with both other law experience and tenure ( $r=.20$  and  $r=.15$ , respectively for men and  $r=.18$  and  $r=.18$  respectively for women), it can be deduced that as women gain more experience in the legal profession, they will also be granted more autonomy. Autonomy is generally granted to senior members of staff and it is therefore not surprising that female lawyers have not yet achieved as much as their more experienced male colleagues.

### ***Unexpected Findings***

In this section, the unexpected findings of this study are addressed. The variables that did not have their hypothesized effects are discussed, beginning with the five human capital variables and concluding with the two occupational segmentation variables.

The finding that whether or not a lawyer attended an elite law school and a lawyer's academic achievement failed to predict earnings was surprising, since earlier research on lawyers' earnings has consistently found these two factors to be statistically significant determinants. These general investments may be more relevant predictors of earnings at the onset of a lawyer's career, where the impact of these factors diminishes over time. While it is possible to examine these investments' diminishing returns with cross-sectional data, ideally future research should examine the effect of the law school attended and academic achievement on earnings over time using longitudinal data.

Lawyers' coworker ties did not have a positive effect on earnings. This may be because this variable does not directly tap the concept for which it was meant. Coworker ties was used as a proxy for lawyers' informal networks. That is, it was used as a measure of the extent to which lawyers have casual relationships with their colleagues that may give them access to important career-related information. Coworker ties, however, measures the extent to which a lawyer has close friends in the workplace. While coworker ties and informal networks are clearly related, they do not tap the exact same concept. As mentioned above, previous studies have tapped informal networks by measuring a respondent's membership to social clubs, which was not available in this data set. Because the information capital argument was tested by a single indicator with questionable validity, interpretations of the statistical insignificance of this predictor and its implications for informational capital theory must be done with caution.

While one psychological indicator, work motivation, had a positive effect on earnings as hypothesized, internal locus of control and organizational commitment did not. In a review of the impact of locus of control on earnings, Dunifon and Duncan (1998) state that previous findings have been inconsistent. Both internal locus of control and organizational commitment were included in the model largely as exploratory variables and their failure to achieve statistical

significance indicates that they may not be predictors of income. Lawyers may be rewarded for their work motivation because this trait is observable by employers. Highly motivated employees can be recognized by their employers because they work hard and perform their work well. Consequently, employers may observe this trait in employees and associate it with higher productivity. In contrast, it may be difficult for an employer to assess their workers' organizational commitment or internal locus of control. Future studies should include personality traits that are both observable by employers and clearly associated with higher productivity.

Two of the occupational segmentation variables were not important predictors of lawyers' earnings, namely the percentage of male colleagues in the workplace and area of specialization. The reason that percentage of male colleagues was not an important predictor of lawyers' earnings may simply be that because the legal profession is still so male-dominated that the vast majority of work settings are male-dominated as well. For example, although the average percentage of male colleagues for women is 57%, a frequency distribution illustrates that 74% of the women in the sample work in male-dominated settings where more than half of their colleagues are male. Similarly, almost 100% of the men work in male-dominated settings. Therefore, for this particular occupation, the percentage of male colleagues in a workplace may not be the best indicator of occupational segmentation. With regard to area of specialization, the correlation matrix reveals that this variable is significantly correlated with percentage of time spent with corporate clients ( $r=.33$ ). Percentage of time spent with corporate clients may better tap the prestige of a lawyer's work and therefore yield a more valid test of the occupational segmentation argument.

### ***Conclusions***

This final section first discusses the most noteworthy findings of this study. Secondly, improvements to the model are suggested. Finally, the limitations of this study are addressed.

Perhaps the most important finding of this study is that while gender does not have an effect on earnings, women are disadvantaged in terms of those characteristics that are positively



associated with earnings. Gender does not determine income, but women have less law experience and firm tenure, work fewer hours per week, have fewer preschool children, and have less autonomy than their male counterparts, which likely explains why female lawyers earn 62% of what male lawyers earn. As well, because the hypothesized gender interactions with the human capital variables were not statistically significant, it can be concluded that men and women are *not* differentially rewarded for possession of those human capital investments that determine earnings. In other words, because the hypothesized gender interactions were not statistically significant, it appears that men are not preferentially rewarded in the legal profession. That is, male lawyers do not receive higher returns for their human capital investments compared to female lawyers.

Although *overt* pay discrimination does not appear to exist, there are several factors that must be considered before concluding that the legal profession is gender neutral. Most obviously, this is a male-dominated profession. If gender discrimination did not exist in the legal profession, one would expect the profession in general, as well as the various segments of the profession to be comprised equally of men and women. Second, as mentioned above, this study was not able to assess whether those factors that female lawyers appeared disadvantaged on were due to their own personal choices or constraints placed on them by their employers. If employers are responsible for women working fewer hours or spending less time working for corporate clients, for example, this is indeed a very subtle and indirect form of pay discrimination. Third, as discussed previously, women, much more likely than men, may temporarily or permanently leave the workforce for child-rearing purposes, which has a serious effect on their careers. Terminating one's career and facing unemployment due to the incompatibility of a legal career and family life may be the ultimate form of pay discrimination.

Although the model tested explained 51% of the variance in lawyers' earnings, there are obviously important factors that need to be added. To begin, future studies may examine the possible existence of gender interactions with the occupational segmentation variables. Such exploratory tests were not included in the model examined in this study because neither the theoretical or empirical literature suggested that male and female lawyers were differentially

rewarded due to their placement in the legal profession. Because previous research on lawyers' earnings has not examined the possibility of gender interactions with occupational segmentation variables, future studies may want to include these as exploratory variables.

Second, in their study of pay differences among lawyers, Wood et al. (1993) found that time taken off from work in order to care for children significantly reduced both male and female lawyers' wages. Therefore, a measure of the time a lawyer has taken off from work for child-rearing purposes should be added to future models. A measure of this concept was not available in the data set that was used in this study. Relatedly, the sample of lawyers used in this study only included female lawyers who were presently employed. Therefore, the sample was limited to women who were having children *and* pursuing legal careers and women who were choosing their careers over having children. Women who left the legal profession in order to have children and who were unemployed at the time of the survey were not included in the sample. Future studies should recognize that exclusion of this group of women may underestimate the financial penalty some women experience for having children.

Third, Liefland (1986) suggests that differences between the work-related value systems of men and women must be taken into account when studying career outcomes of male and female lawyers. Liefland found that female lawyers relied less upon salary and promotional opportunities than male lawyers when making career decisions and evaluating career success. She suggests that women are more likely to be in public interest law (and less likely in law firms) because these jobs allow them to work on cases whose outcomes personally matter to them. Liefland states that these gender differences in work values are undoubtedly due to early socialization processes and should be considered when trying to understand the differences between male and female lawyers. This is particularly relevant when examining whether the factors that women appear disadvantaged on are due to their own choices. Measures of values were not available in the data set used for this study.

Finally, there are three limitations of this study. First, lawyers are a unique professional group who are very highly paid. The findings, therefore, cannot be generalized to other occupations. As well, because the legal profession is concerned with issues of equality and

justice, members of this profession may be more aware of issues of pay discrimination, which may explain why male and female lawyers are similarly rewarded for their human capital investments. Secondly, it is difficult to examine the concept of general human capital investments in this profession, as education level is essentially “held constant,” even when law schools were divided into elite and non-elite institutions. These measures are not particularly relevant to other occupations. Finally, as mentioned above, future research should employ the use of longitudinal data in order to understand the role of these determinants over time. As suggested above, some determinants may play a more important role at the beginning of a lawyer’s career (e.g., law school and academic performance) while others may be more relevant later on (e.g., autonomy). Data collected at different points in time would permit an examination of the potentially changing role of these and other determinants over time.

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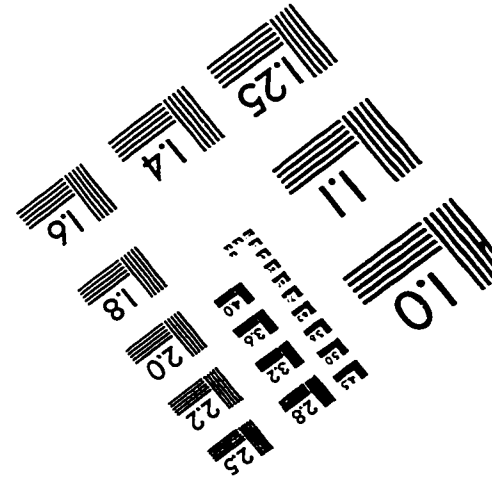
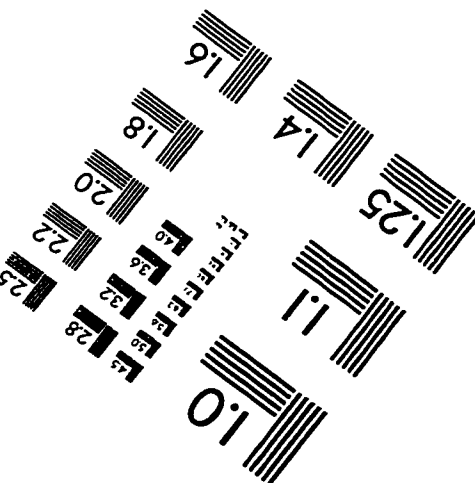
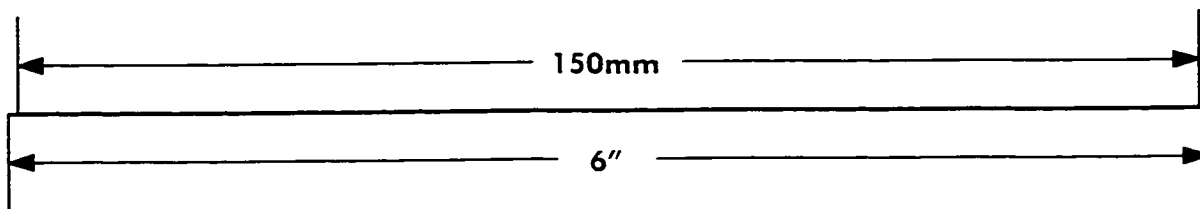
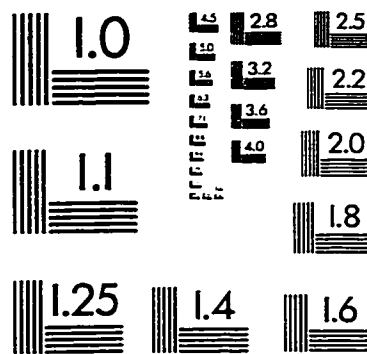
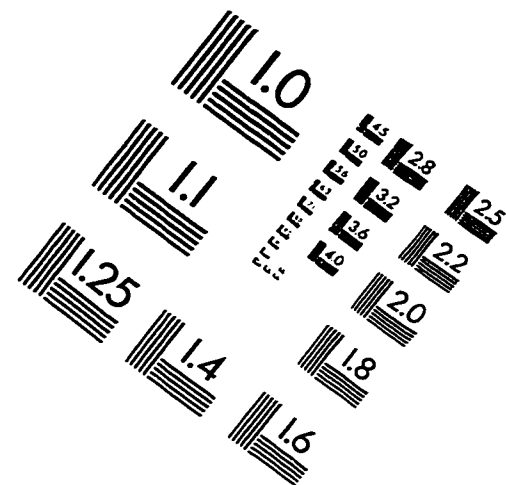
**Appendix 1: Unstandardized (b) and Standardized (B) Regression Results for the Log of Income for Male and Female Lawyers with Gender-by-Human Capital Interactions (N=428)**

| Determinants                 | Equation 1 |          | Equation 2 |          | Equation 3 |          | Equation 4 |          |
|------------------------------|------------|----------|------------|----------|------------|----------|------------|----------|
|                              | b          | B        | b          | B        | b          | B        | b          | B        |
| Gender (male)                | -.159      | -.107    | -.083      | -.056    | .098       | .066     | -.328      | -.221*   |
| Education (elite)            | .126       | .042     | .067       | .022     | .074       | .025     | .051       | .017     |
| Academic Achievement         | .008       | .006     | .059       | .042     | .066       | .048     | .061       | .044     |
| Other Law Experience         | .041       | .342***  | .039       | .317***  | .039       | .318***  | .039       | .319***  |
| Firm Tenure                  | .048       | .387***  | .051       | .413***  | .048       | .387***  | .047       | .384***  |
| Hours Worked Per Week        | .013       | .180***  | .012       | .159***  | .013       | .179***  | .013       | .179***  |
| Protégé Status (protégé)     | .099       | .062*    | .096       | .059     | .102       | .063     | .097       | .061     |
| Marital Status (married)     | .089       | .049     | .089       | .049     | .129       | .072     | .084       | .047     |
| Preschool Children (present) | .147       | .088*    | .136       | .082*    | .113       | .068     | .155       | .093*    |
| Coworker Ties                | .031       | .041     | .030       | .039     | .033       | .043     | -.026      | -.033    |
| Internal Locus of Control    | .008       | .009     | .009       | .110     | .008       | .009     | .004       | .004     |
| Organizational Commitment    | .021       | .021     | .016       | .017     | .017       | .018     | .016       | .017     |
| Work Motivation              | .094       | .095**   | .094       | .095**   | .097       | .098**   | .096       | .096**   |
| Medium Firm                  | -.046      | -.024    | -.050      | -.026    | -.045      | -.023    | -.039      | -.020    |
| Small Firm                   | -.162      | -.084*   | -.171      | -.089*   | -.162      | -.085*   | -.164      | -.083*   |
| Solo                         | -.624      | -.329*** | -.632      | -.333*** | -.621      | -.327*** | -.611      | -.322*** |
| Nonfirm                      | -.081      | -.044    | -.086      | -.047    | -.074      | -.040    | -.070      | -.038    |
| Percentage Male Colleagues   | .001       | .040     | .001       | .041     | .001       | .039     | .002       | .053     |
| Area (prestigious)           | .070       | .047     | .062       | .042     | .064       | .043     | .069       | .047     |
| Time with Corporate Clients  | .002       | .104*    | .002       | .104*    | .002       | .104*    | .002       | .104*    |
| Autonomy                     | .191       | .198***  | .192       | .199***  | .190       | .197***  | .193       | .201***  |

**Appendix 1 (cont'd): Unstandardized (b) and Standardized (B) Regression Results for the Log of Income for Male and Female Lawyers with Gender-by-Human Capital Interactions (N=428)**

| Determinants                | Equation 1 |           | Equation 2 |           | Equation 3 |           | Equation 4 |        |
|-----------------------------|------------|-----------|------------|-----------|------------|-----------|------------|--------|
|                             | b          | B         | b          | B         | b          | B         | b          | B      |
| Education (elite)*Gender    | -.136      | -.031     |            |           |            |           |            |        |
| Academic Achievement*Gender | .105       | .163      |            |           |            |           |            |        |
| Other Law Experience*Gender | -.004      | -.033     |            |           |            |           |            |        |
| Firm Tenure*Gender          |            |           | -.004      | -.039     |            |           |            |        |
| Hours*Gender                |            |           | .003       | .109      |            |           |            |        |
| Protégé Status*Gender       |            |           | .003       | .001      |            |           |            |        |
| Marital Status*Gender       |            |           |            |           | -.091      | -.061     |            |        |
| Preschool Children*Gender   |            |           |            |           | .059       | .029      |            |        |
| Coworker Ties*Gender        |            |           |            |           |            |           | .110       | .263*  |
| <i>R</i> <sup>2</sup>       |            | .512      |            | .512      |            | .512      |            | .517   |
| <i>F</i> ( <i>d.f.</i> )    |            | 17.785*** |            | 17.671*** |            | 18.481*** |            | 19.701 |
| $\Delta R^2$                |            | .002      |            | .000      |            | .001      |            | .005   |
| $\Delta F$                  |            | .631      |            | .186      |            | .260      |            | 4.084* |

\*\*\*p<.001; \*\*p<.01; \*p<.05, one-tailed test



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