Job Assignment and Promotion Under Statistical Discrimination: Evidence from the Early Careers of Lawyers*

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Abstract

Minorities continue to be severely underrepresented at the top levels of most occupations despite making dramatic gains in initial access to them. This fact is particularly striking in the legal profession where blacks are well represented in each associate class yet face significantly lower probabilities of making partner. To explain this divergence in the career paths of blacks and whites, I develop a dynamic model of statistical discrimination in which firms diversify their workforce by lowering the hiring standard for blacks. Despite such a diversity goal at hiring, task assignment and promotion decisions are not constrained by this policy. Under such institutional setting, the model predicts that although blacks are more likely to be hired compared to observably similar whites, they are more likely to be placed in worse tasks and less likely to be promoted conditional on the same set of observables. However, conditional on task assignment, blacks and whites face similar promotion rates.

I test the model's predictions using new data from the After the JD study – a unique longitudinal survey tracking the professional lives of more than 4,000 lawyers. Compared to whites of similar credentials, blacks are much more likely to be hired into the best law firms. However, they are assigned to worse tasks and are less likely to be a partner. This black-white difference in promotion rates can be explained by quality differences in task assignments early in the associates' careers even controlling for measures of effort and career preferences. Results from this paper provide a unique explanation for the underrepresentation of minorities at the top of professional ladders by revealing how incompatible strategies in hiring and job assignment can reduce the number of minority promotions compared to the case without affirmative action.

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> In large, national law firms, the most pressing issues have probably shifted from hiring and initial access to problems concerning the terms and conditions of employment, especially promotion to partnership.[1]

1 Introduction

Minorities continue to be severely underrepresented at the top levels of most occupations despite making dramatic gains in initial access to these professions. This large gap between minority hiring and promotion rates is particularly striking in the market for lawyers. In the last three decades, there has been a steady increase in the number of racial minorities entering the legal field. In 1984, racial minorities made up only 8.6 percent of the law school graduating class, but by 2008, they represented twenty-two percent of all J.D. recipients. Coupled with this rising trend in minority law school enrollment, large corporate law firms have proactively recruited minority lawyers in response to public scrutiny regarding staff diversity.[2] Consequently, the racial breakdown of associates in large law firms is fairly representative of the graduating law school class. Panel A in Table 1 shows that in 2009, minorities made up close to 20 percent of all associates, with greater proportions working in bigger law firms.[3] However, as shown in Panel B, the racial composition of partners tells a dramatically different story with minorities making up only 4.5 to just over 7 percent of partners across all firm sizes.[4]

In this paper, I develop a dynamic model of statistical discrimination to understand this gap between minority representation at the top and lower levels of the professional ladder. My model incorporates hiring, task assignment, and promotion in the presence of a firm-wide hiring policy that raises the hiring rates of a minority group (e.g. black). Despite such a diversity goal at hiring, task assignment and promotion decisions are not constrained by this policy. Within such an institutional framework, the model predicts that although blacks are more likely to be hired than observably similar whites, blacks are assigned to worse tasks even conditional on the same set of observables. Since better tasks allow associates to develop skills necessary for promotion more easily, blacks will be much less likely to become a partner compared to whites with similar credentials. Yet *conditional on the task assignment*, blacks and whites should face similar promotion rates. I test the model's predictions using new data from the After the J.D. Study – a nationally representative survey of lawyers who entered the bar in year 2000 – and find support for all my predictions.

The motivation for my model's institutional framework originates from two prevailing expla-

[1] *Diversity in Law Firms.* (2003). U.S. Equal Employment Opportunity Commission.

[2] A number of legal organizations routinely publish "Diversity Score Cards" based on the number of minority attorneys in major law firms. For example, see Diversity Score Card 2010 published by the *American Lawyer* at `http://www.law.com/jsp/tal/PubArticleTAL.jsp?id=1202444469087` These reports are widely discussed and referenced by those in the legal field and media.

[3] In 2009, minorities made up just below 22% of all J.D.'s awarded and blacks about 6%.

[4] Cohort effect may be a part of the explanation behind this gap between minority/black representation at the associate and partner levels. Associates typically reach partnership eligibility after 7 years with the firm, and minority gains at the associate level takes time to trickle up to the partnership level. However, minority representation among partners in 2009 is still well below the percent of minority J.D.s 25 years earlier. Therefore, cohort effect cannot be the main explanation for the persisting gap between hiring and promotion of minorities.

Table 1: Racial Demographics of Associates and Partners at U.S. Law Firms in 2009

Panel A: Associates			
Firm Size (# of lawyers)	Total	% All Minorities	% Black
50 or fewer	1,468	14.31	2.45
51-100	3,317	15.19	3.32
101-250	10,105	15.83	4.40
251-500	10,655	17.02	4.85
501-700	7,295	18.78	4.69
701+	30,328	22.85	4.93
Total	63,168	19.67	4.66
Panel B: Partners			
Firm Size (# of lawyers)	Total	% All Minorities	% Black
50 or fewer	2,116	5.25	0.95
51-100	5,234	5.81	1.15
101-250	14,756	4.52	1.32
251-500	12,502	5.34	1.80
501-700	6,821	6.35	2.02
701+	20,392	7.63	2.05
Total	61,821	6.05	1.71

Source: Women and Minorities in Law Firms by Race and Ethnicity. (January 2010). *NALP Bulletin*. Retrieved August 23, 2010 from `http://www.nalp.org/race_ethn_jan2010`.

nations in the legal field for the underrepresentation of minorities among partners, especially for black lawyers. First, in a highly controversial study that has received much public criticism, Sander (2008) argues that in an effort to achieve diversity within the hiring class, elite law firms hire blacks with much lower credentials than whites noting that "Black students, who make up 1 to 2 percent of students with high grades...make up 8 percent of corporate law firm hires."[5] Sander's assertion that the underrepresentation of blacks in partnership is merely a reflection of their lack of qualifications is a common argument used to explain the scarcity of minorities at the top of other professional ladders.

However, most of Sander's critics suggest that there may be more complex sources of high attrition and low partnership among black lawyers. In particular, they highlight the distinction between an institutional hiring process and partner-directed work assignment and training.

> Critics generally concede the raw numbers. But they offer different reasons for the gap between hiring and promotion. Some point to old-fashioned racism. Others say that firms act institutionally in hiring but leave work assignments to individual partners. Those partners often provide poor training, rote assignments and little mentoring to minority lawyers.[6]

[5] Lawyers Debate Why Blacks Lag at Major Firms. *New York Times*, November 29, 2006.
[6] Ibid.

There may be a number of explanations for the presence of firm-wide diversity efforts at hiring. Minorities may improve the firm's general image and reputation and attract better job applicants. For example, a number of legal organizations routinely publish reports called "diversity score cards" ranking major law firms based on the number of minority attorneys.[7] These reports are highly cited by legal publications and frequently referenced by potential clients and job applicants. Furthermore, law schools may be particularly interested in improving the initial placements of their minority graduates and may foster close, mutually beneficial ties with law firms who actively recruit and hire minorities. Additionally, if the firm is ultimately concerned with increasing the number of minorities at the senior level, raising their representation at the junior rank is one simple strategy it can follow.

However, task assignment and promotion may not reflect such diversity efforts at hiring for a variety of reasons. First, as suggested by those in the legal profession, firms may act institutionally in hiring while job assignments are decentralized to individual partners. In large firms, especially, a central hiring committee of seniors and individuals from the human resources group set recruiting and hiring agendas. To increase the diversity of its hiring class, the firm might choose to increase the number of minorities hired by decreasing their hiring standard below that of whites ("affirmative action"). Senior/partners know that affirmative action has been used in hiring, and therefore, minority hires are less qualified than members of the majority group on average. Then these partners may be more likely to offer rote assignments and little mentoring to minorities. Since the hiring committee cannot fully oversee or dictate the daily interactions between the seniors and the new hires, it may not be able to counter these tendencies.

Second, although law schools are able to monitor the first professional placements of their graduates closely, most schools do not track their students throughout their careers. Consequently, school support for minority graduates may be short-lived, and law school ties to law firms are more likely to be based on the initial hiring of their graduates rather than on the specific conditions of their employment or career advancements. Third, despite minorities' value to the firm's image and public relations, skills that are seen as important for partnership (e.g. client-building) are often deemed "culturally white". This may be due to customer biases or the lack of social/business networks from which minorities can draw potential clients. For any combination of these reasons and others, task assignments and promotion may not reflect the firm's efforts to diversify its hiring class.

Under this institutional setting, the basic intuition of my theoretical model is as follows. Suppose firms are only able to observe a noisy signal of the job candidate's qualifications and his/her group identity: black or white. Because firms are interested in increasing the number of black hires, they will lower the signal threshold above which they will hire a black candidate below the cut-off for whites. The partners responsible for task assignments know that there are now more unqualified workers among the black hires and than among the whites hires. Therefore, they will require a higher signal from the black hires to assign them to the more challenging task ("promotion-track"). Affirmative action, together with a higher standard for promotion track assignment, implies that

[7] See Figure A.1 in the Appendix for an example of a diversity score card.

a greater proportion of the black hires are unqualified and assigned to the non-promotion track compared to observably similar whites. Only qualified workers in the promotion track gain the necessary skills for partnership even conditional on observable measures of worker quality. Therefore, promotion rates among the hired blacks will be lower compared to their white peers. However, conditional on being assigned to the promotion track, a similar proportion of blacks and whites should be qualified and promoted.

In the second half of this paper, I bring the model's predictions to the After the JD Study (AJD), a new longitudinal survey that tracks the professional lives of over 4,000 lawyers who entered the bar in year 2000. In the AJD, I focus on black and white differences and find the following results. One, conditional on observable credentials (e.g. GPA, law school ranking, law review), black lawyers are 7 to 30 percentage points more likely to be hired at the largest law firms.[8] Two, conditional on being hired, blacks are much less likely to be formulating strategies with partners or supervising other attorneys, and they also face significantly lower promotion rates than whites. Sander's simple model of affirmative action can explain these two predictions about hiring and promotion. Three, even conditional on these observable skill signals, these black-white differences in task assignments and promotion still remain. Note that this prediction is not consistent with the simple model of affirmative action but is consistent with a model of statistical discrimination. Four, conditional on task assignment, black and white associates have statistically equal promotion rates. These findings are robust to controlling for measures of effort and career preferences. Together these results are consistent with a model of affirmative action in the presence of statistical discrimination that leads to worse task assignment for blacks, but conditional on being assigned to more complex tasks, blacks and whites are similarly qualified. This is the essence of my model.

The contributions of this paper are varied. First, I develop a new perspective on discrimination and diversity across job levels by analyzing the consequences of a diversity-seeking institutional hiring process and decentralized task assignment and promotion within a dynamic model of statistical discrimination. Second, to my knowledge, this is the first study that empirically demonstrates the connection between worse task assignments and lower promotion rates of blacks by taking advantage of a unique dataset containing information about employment conditions and career paths of lawyers.[9] Finally, although I frame the main discussion in the context of lawyers, the applications of the model and its predictions are not limited to the legal field. This paper contributes to the wider discussion regarding minority underrepresentation at the managerial and executive ranks by revealing how incompatible strategies in job assignments and promotion can reverse the intended goals of diversity programs early in the careers of minorities.

[8] These magnitudes vary across GPA-law school tier categories.

[9] Most empirical studies examining the shortage of minorities at the top of the professional ladder have focused on gender differences rather than racial differences. For example, see Winter-Ebmer and Zweimuller (1997), McDowell, Singell, and Ziliak (1999), and Blau and DeVaro (2007). Other studies that focus on lawyers using the AJD find that blacks receive less mentoring (Payne-Pikus, Hagan, and Nelson (2010)) and that many perceive discriminatory behavior at the workplace (Antecol, Cobb-Clark, and Helland (2011)). Similar to this paper, the former interprets their results to support the idea that institutional discrimination is more important than human capital differences between black and white lawyers. The latter finds that there is only weak relationship between statistical and self-assessed measures of discrimination.

2 Related Theoretical Literature

The theoretical model in this paper builds on the statistical discrimination literature in which firms use observable characteristics (e.g. race, sex) that are correlated with worker productivity when they only have noisy information about the job applicant's true qualifications. If group A's mean productivity is lower on average than group B's and the productivity signal is equally informative for both groups, Phelps (1972) shows that the expected productivity conditional on the signal will be lower for group A.[10]

The basic structure of my model is most closely related to Coate and Loury (1993) and Fryer (2007). The former considers the effect of affirmative action on the employer's negative stereotypes by building upon Arrow's (1972) earlier work. In their model, employer's lower ex-ante evaluations of minority workers' qualifications result in their being assigned to the skilled-job less frequently for a given level of investment. This negative stereotype results in the minority group facing a lower return to human capital investment, and in equilibrium, generates self-confirming stereotypes. The central part of Coate and Loury's model is the introduction of affirmative action that requires the same rate of assignment to the skilled-job for the two groups. Under such a policy, there are equilibria in which affirmative action moves the economy to a state of homogeneous beliefs, but there is also a "patronizing equilibrium" in which the anti-discrimination policy lowers the standard for the minority group, decreasing the return to human capital investment, and widening the ex-post differences in productivity.[11]

In one of the first explicitly dynamic models of statistical discrimination, Fryer (2007) incorporates aspects of Coate and Loury (2003) in developing a two-stage job assignment game to assess the impact of negative stereotypes at the time of the worker's labor market entry on the evolution of his career. In the paper, Fryer focuses on developing sufficient conditions for "belief-flipping" to arise in a dynamic equilibrium in which one group is subjected to negative stereotypes in the hiring stage, but once hired, the successful members of that group are more likely to be promoted.

My model differs from Fryer (2007) in the following ways. In Fryer, blacks are discriminated against early in their career, but if the conditions for "belief-flipping" are met, they face higher promotion rates. However, the opposite pattern holds true in many occupations, including law firms. Furthermore, whether conditions for belief-flipping hold or not, Fryer's model cannot account for the higher hiring rates for blacks that we observe in the market for lawyers. In my model, I introduce a unique institutional framework in which firms abide by a diversity program at hiring

[10] For a detailed summary of the statistical discrimination literature, see Fang and Moro's (2010) review.

[11] In earlier versions of this paper, I developed a much more complicated model in which the hiring and task assignment standards influence the pre-market and post-hiring, pre-promotion worker investments similar to Coate and Loury (2003). However, the main predictions on hiring, job assignment, and promotion that I can derive from this more complex model and the simple setup shown in the current version are similar. I have also explored the possibility that ex-ante differences in the productivity of blacks and whites (whether because of lower incentives to invest arising from employer's hiring and job assignment decisions or due to worse background variables) motivate the hiring committee to lower the hiring signal threshold for blacks to fulfill their diversity objectives. However, this assumption was considered to be needlessly controversial by many and does not provide additional predictions for my model.

yet task assignment and promotion decisions are entirely profit-driven. Under such a setup, blacks face higher hiring rates yet have lower chances for promotion even conditional on observables.

Finally, the empirical objective of this paper is most closely related to Bjerk (2008). In his model, Bjerk shows that if worker groups differ in their average skill level and/or the precision or the frequency of their skill signals prior to entering the labor market, equally skilled workers from different groups will have varying likelihood of making it to the top jobs. The intuition behind Bjerk's result is as follows. Suppose workers have one of two skill levels (high or low) and three job levels (low, career, and director) into which the workers can be hired or promoted. Low-skill workers are most productive at the lowest job and least productive at the director level. The opposite is true for the high-skill worker. Firms do not directly observe the worker's skill level, but update their initial beliefs about the workers by observing the track record of each worker at his job or signals that each worker can emit before the labor market or at the low job level. Under these assumptions, firms set two critical levels of belief thresholds for hiring or promoting the worker into the two highest job levels. If group the fraction of skilled worker in A is lower than B or if firms acquire information about B more rapidly than A, then it will take individuals from A longer to be hired or promoted to the higher job levels than equally skilled members of group B. Therefore, individuals in A will be underrepresented in these jobs relative to their proportion among the highly skilled.

As with Fryer, although we can explain the underrepresentation of the less skilled group at the top using Bjerk's model, we cannot account for their higher hiring rates. A hiring policy that forces firms to over-hire from the less skilled group is necessary to explain why blacks might face lower hiring standards than whites as we observe in the AJD.

3 A Dynamic Model of Job Assignment and Promotion Under Statistical Discrimination

In this section, I introduce a dynamic model of statistical discrimination in the presence of a policy that raises the hiring rates of blacks above that of whites – a policy that I refer to as "affirmative action". In the setup, I adopt much of the language and notations of Coate and Loury (1993) and Fryer (2007) for ease of comparison and interpretation.

The basic sequence of events is as follows:

1. Nature chooses the applicant's group $j \in \{B, W\}$ and his type $t \in \{\text{qualified}(q), \text{unqualified}(u)\}$.
2. The firm sees a noisy signal $\phi \in [0, 1]$ of the applicant's type and chooses to lower the signal hiring standard for group B below that of W.
3. Each partner sees a noisy signal $\theta \in [0, 1]$ of the hired worker's type and places the worker into one of two tracks.

4. Worker invests towards promotion.

5. Workers' type are revealed and only qualified workers who invested are promoted. All other workers are let go.

3.1 Formal Model Setup

3.1.1 Hiring

Consider a large number of identical firms and a large population of workers belonging to one of two groups $j \in \{B, W\}$. For each worker i, nature assigns his group membership and his type $t \in \{\text{qualified}(q), \text{unqualified}(u)\}$. The fraction of qualified workers in the population π is the same for both B and W. Firms are randomly matched with many workers. For each worker i, the firm also observes his group identity j and a noisy signal of his type $\phi \in [0, 1]$.

Let $H_q(\phi)$ and $H_u(\phi)$ be the distribution of ϕ for a qualified and an unqualified worker, respectively. The associated density functions are $h_q(\phi)$ and $h_u(\phi)$. Assume that $H_q(\phi) \leq H_u(\phi)$ for all ϕ. Therefore, higher values of the signal are more likely if the worker is qualified, and for a given prior, the posterior likelihood that a worker is qualified is larger if his signal takes a higher value.

The central hiring committee wants to diversify their workforce by increasing the representation of B in their hiring class. It achieves this by lowering the signal hiring standard $s_B^H < s_W^H$, choosing to hire the worker from group j if and only if his signal ϕ is greater than or equal to s_j^H.

3.1.2 Assignment into Promotion Track versus Non-promotion Track

The interpretation of the track assignment can be rather broad. For example, the two tracks can be distinguished by quality differences in the tasks associated with them. The promotion track is characterized by more demanding and rewarding task assignments while the non-promotion track is defined by rote tasks and unchallenging/unsatisfying work. We can also interpret the track assignment as the decision whether to mentor and prepare the worker for promotion or not. In reality, the two tracks are probably differentiated by a combination of quality differences in both tasks and mentoring. The important criterion for our analysis is that the firm's benefit (cost) from assigning a qualified (unqualified) worker to the promotion track is higher than the non-promotion track.

After the worker is hired, he/she is matched with a senior or partner who observes a signal $\theta \in [0, 1]$ of the worker's type. θ is distributed according to $F_q(\theta)$ and $F_u(\theta)$ with associated density functions $f_q(\theta)$ and $f_u(\theta)$. We define a likelihood ratio $\varphi(\theta) \equiv f_u(\theta)/f_q(\theta)$ and assume that it is strictly decreasing in θ. Similar to ϕ, this implies that $F_q(\theta) \leq F_u(\theta)$ for all θ. Based on θ and the worker's group membership, the firm decides whether to place him/her in the promotion track or the non-promotion track.

In both tracks, I assume that employers earn a positive return from the worker only if the worker is qualified. Otherwise, all workers would be hired. Wages are determined exogenously, and the worker receives a gross benefit of w regardless of his track assignment. This assumption on wages

Table 2: Firm Net Payoff by Track Assignment and Worker Type

	Qualified	Unqualified
Promotion-track	x_q^P	$-x_u^P$
Non-promotion-track	x_q^N	$-x_u^N$

makes particular sense in the context of large corporate law firms where financial compensation for associates is determined in a lockstep fashion with each associate class receiving the same salary and bonuses each year they are with the firm. Furthermore, as long as one's track assignment is not fully verifiable to the worker and to the outside firms, wages conditional on track assignments should be non-contractable. For example, suppose workers demand higher wages in the promotion track. Then firms have an incentive to lie about the assignment as long the worker cannot tell clearly which track he is in. On the other hand, if some workers are willing to take lower wages to be in the promotion track, then for workers with low enough signals, firms have an incentive to place them in the non-promotion track while claiming they are on the promotion track. Therefore, if the quality differences between the two tracks are subtle enough, wages cannot be credibly tied to task assignments.

In theory, qualified workers may be able to additionally signal their type by working longer hours. However, in my data, both black and white lawyers work long hours, and their hours are not statistically different. This is consistent with Landers, Rebitzer, and Taylor (1996) in which the law firm's reliance upon work hours as an indicator of the associate's quality leads to a "rat-race" equilibrium in which all lawyers overwork early in their careers.

Table 2 describes the firm's net return from a worker of a given type across the two task assignments. The relation among the payoffs can be summarized as $x_q^P > x_q^N > 0 > -x_u^N > -x_u^P$. In other words, while the firm's benefit from correctly assigning a qualified worker to the promotion track is greater than the non-promotion track, the cost of an unqualified worker is also higher in the promotion track.

3.1.3 Promotion

Once hired, the worker decides whether to invest toward promotion or not. The cost of his efforts depends on the task to which he is assigned. I assume that the investment cost in the promotion track (c^P) is lower than in the non-promotion track (c^N). One can interpret these investment costs as the cost of any additional effort required beyond regular duties (whether in intensity or scope) that one must put in to prove himself to be promotion-worthy. c^P is lower than c^N, because tasks in the promotion track garner more recognition from seniors and/or active mentoring provide better preparation for partnership.

Before the promotion decision, workers' types are revealed, and only qualified workers who invested for partnership are promoted. All unqualified workers and qualified workers who did not

invest towards promotion are let go. If the worker is promoted, he receives a gross payoff of $W > w$ and the firm gains a net payoff of $X > x_q^P$. Qualified workers who are not promoted receive w outside the firm, and unqualified worker's outside earning is normalized to zero. The final payoff to each agent is the sum of the payoffs in each period with no discounting.

3.2 Strategies & Equilibria

3.2.1 Worker Investment Towards Promotion

Let's start with the worker's investment decision for promotion. He will work toward promotion if only if his cost of investment is less than or equal to his expected gain from promotion. I assume that an unqualified worker's cost is sufficiently high such that he will never invest for promotion. A qualified worker will invest if and only if his cost is less than or equal to $W - w$. In the analysis below, I assume that it is only optimal for the qualified, promotion-track workers to invest towards promotion.

Assumption 1. *Only qualified, promotion-track workers invest towards promotion:*

$$c^P < W - w < c^N. \tag{1}$$

This assumption streamlines our definition of strategies and equilibria by allowing us to define two standards for a given π and set of payoffs rather than four. At the end of the theoretical section, I describe the equilibria when qualified workers in both tracks invest toward promotion. Reality will fall somewhere between these two extremes if workers in either track have a distribution of investment costs.

3.2.2 Task assignment

Each partner knows that an affirmative action has been used at hiring and that the proportion of qualified among the black hires is lower than among the white hires. Based on the hiring standard s_j^H, each partner calculates a posterior probability π_j^H that a random worker belonging to group j is qualified:

$$\pi_j^H \equiv \frac{\pi[1 - H_q(s_j^H)]}{\pi[1 - H_q(s_j^H)] + (1 - \pi)[1 - H_u(s_j^H)]}. \tag{2}$$

Since $s_B^H < s_W^H$, it is easy to see that $\pi_B^H < \pi_W^H$.

Based on π_j^H and observed signal θ, each partner formulates a posterior probability, denoted $\Psi(\pi_j^H, \theta)$, using Bayes' Rule, that the worker is qualified, given by

$$\Psi(\pi_j^H, \theta) \equiv \frac{\pi_j^H f_q(\theta)}{\pi_j^H f_q(\theta) + (1 - \pi_j^H) f_u(\theta)} = \frac{1}{1 + [(1 - \pi_j^H)/\pi_j^H]\varphi(\theta)}. \tag{3}$$

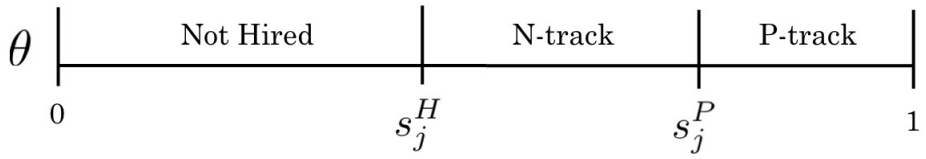


Figure 1: Signal Standards and Task Assignment

Using $\Psi(\pi_j^H, \theta)$, we can formulate the firm's expected payoff from assigning a worker belonging to group j to the promotion track given θ and π_j as

$$\Psi(\pi_j^H, \theta)(x_q^P + X) - [1 - \Psi(\pi_j^H, \theta)]x_u^P. \tag{4}$$

We can also specify the expected payoff from assigning a worker to the non-promotion track given θ and π_j^H as

$$\Psi(\pi_j^H, \theta)x_q^N - [1 - \Psi(\pi_j^H, \theta)]x_u^N. \tag{5}$$

Therefore, conditional on (4) being non-negative, the firm will assign him to the promotion-track if and only if

$$\Psi(\pi_j^H, \theta)(x_q^P + X) - [1 - \Psi(\pi_j^H, \theta)]x_u^P \geq \Psi(\pi_j^H, \theta)(x_q^N) - [1 - \Psi(\pi_j^H, \theta)]x_u^N. \tag{6}$$

Using our definition of $\Psi(\pi_j^H, \theta)$, we can rewrite (6) as

$$\frac{x_q^P + X - x_q^N}{x_u^P - x_u^N} \geq \frac{1 - \pi_j^H}{\pi_j^H}\varphi(\theta). \tag{7}$$

Given our assumption of a monotone likelihood ratio, the partner chooses a threshold value of the signal s_j^P and assigns to the promotion track a worker from a group j if and only if that worker's signal θ is greater than or equal to s_j^P:

$$s_j^P \equiv min\left\{\theta \in [0,1] \,\middle|\, \frac{x_q^P + X - x_q^N}{x_u^P - x_u^N} \geq \frac{1 - \pi_j^H}{\pi_j^H}\varphi(\theta)\right\}. \tag{8}$$

Therefore, as illustrated in Figure 1, a worker who is hired with a signal above s_j^H will be placed into the non-promotion track if his $\theta < s_j^P$ and placed into the promotion track if his $\theta \geq s_j^P$.

To guarantee that there will be a range of signal $\theta \in [0,1]$ that some hired workers from both groups will be placed into the non-promotion track, we need the following assumption.

Assumption 2. *$\varphi(\theta)$ is continuous, strictly decreasing, and strictly positive on [0,1] and $\frac{x_q^N}{x_u^N} > \frac{x_q^P + X}{x_u^P}$.*

Assumption 2 assures that for each π_j^H, the standard for being placed into the promotion track is always higher than the standard for the non-promotion track. Additionally, if it is profitable for the firm to hire any worker, some workers are guaranteed to be placed into the non-promotion track. Intuitively, Assumption 2 requires that the benefit of assigning a qualified worker to the promotion track (x_q^P) is not extremely high compared to assigning him to the non-promotion track (x_q^N). If not, firms may rely on a highly risky strategy in which they place everyone (even those with a very low signal) into the promotion track.

3.2.3 Equilibrium

From the definition of s_j^P in (8), we can simplify all payoffs as a function of $\frac{x_q^N}{x_u^N}$. Let $x_q^P + X = k_q x_q^N$ and $x_u^P = k_u x_u^N$ and let $K = \frac{k_q - 1}{k_u - 1}$.

Definition 1. *Under Assumption 1 and Assumption 2, an equilibrium of the game is a pair of standards s_j^P for a set of hiring standards s_j^H, $j \in \{B, W\}$ such that*

$$s_j^P \equiv min \left\{ \theta \in [0,1] \,\middle|\, K\frac{x_q^N}{x_u^N} \geq \frac{1-\pi_j^H}{\pi_j^H}\varphi(\theta) \right\} \tag{9}$$

where π_j^H is defined in (2) *and* $0 < K < 1$.

Assumption 2 ensures $K < 1$ which implies that the relative loss from unqualified workers in the promotion track versus non-promotion track is greater than the relative gain from qualified workers. Figure 2 illustrates how the promotion track standards are determined.

In Definition 1, we can see that s_j^P is decreasing in π_j^P. Therefore, if the hiring standard for group B is lower than for W, workers from B will face a higher signal standard for the promotion track as illustrated in Figure 2. Consequently, affirmative action at hiring negatively impacts B workers with a signal between s_W^P and s_B^P who would have been placed into the promotion track in the absence of this policy.

Note that as K increases, the promotion track standard decreases. As the firm's benefit from a qualified worker increases relative to the the firm's cost from an unqualified worker in the promotion track, the expected net payoff from a worker with a given θ also increases. Therefore, each partner can afford to take a chance on workers with lower signals in the promotion track.

We can now define two terms that will help us characterize some useful properties of the equilibrium.

Definition 2. *The **group hiring rate** $h(\pi_j^H)$ is defined as the probability that a worker from population j is hired or*

$$h(s_j^H) \equiv \pi[1 - H_q(s_j^H)] + (1-\pi)[1 - H_u(s_j^H)]. \tag{10}$$

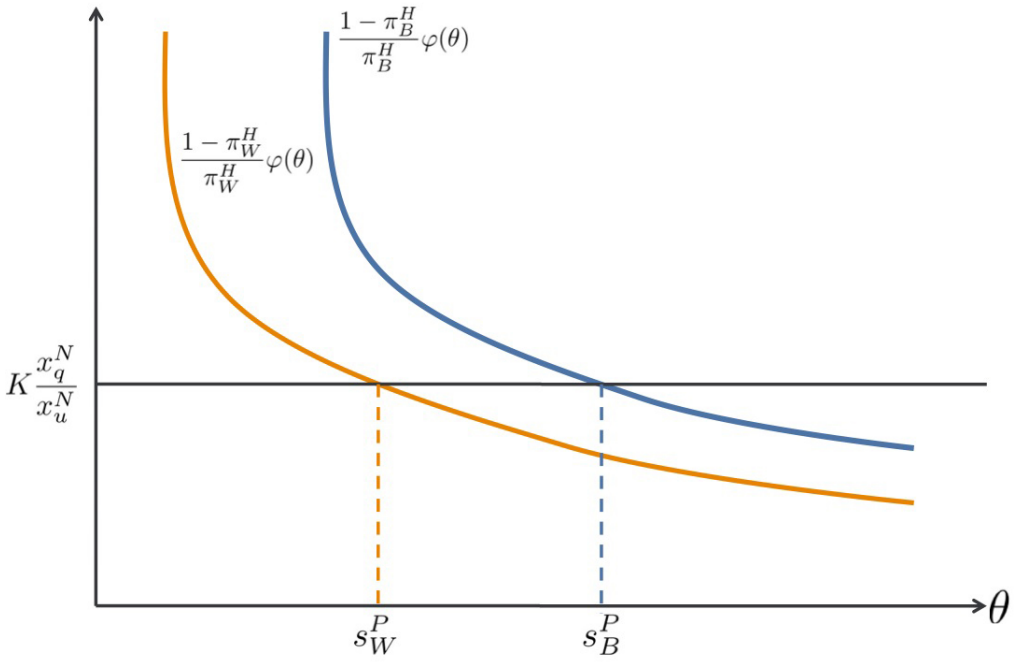


Figure 2: Promotion Track Standards When $s_B^H < s_W^H$

Definition 3. *The **internal promotion rate** $P(\pi_j^H)$ is the probability that from a worker from group j will be promoted conditional on being hired or*

$$P(\pi_j^H) = \pi_j^H[1 - F_q(s_j^P)]. \tag{11}$$

If the firm lower the hiring standard for B such that $s_B^H < s_W^H$, then it is easy to see that the hiring rate for B will be greater than for W. Furthermore, a lower hiring standard implies that a smaller proportion of the B hires will be qualified, and partners will set a higher promotion track standard for B than for W. Since only qualified workers in the promotion track are promoted, the internal promotion rate for B will be lower than for W.

3.2.4 When Qualified Workers in the Non-promotion Track Invest for Promotion

Suppose Assumption 1 fails and qualified workers in the non-promotion track choose to invest for promotion: $c^P < c^N < W - w$. This change in the worker's investment behavior increases the standard for the promotion track for both B and W since the additional benefit from placing a qualified worker in the promotion track rather than the non-promotion track is now smaller.

More specifically, when qualified workers in the non-promotion track invest, the benefit from the qualified workers assigned to non-promotion track increases by X. The promotion track standard

will now be defined by

$$\hat{s}_j^P \equiv min \left\{ \theta \in [0,1] \,\middle|\, \hat{K}\frac{x_q^N}{x_u^N} \geq \frac{1-\pi_j^H}{\pi_j^H}\varphi(\theta) \right\} \quad and \tag{12}$$

where $\hat{K} = \frac{\hat{k}_q - 1}{k_u - 1}$ and $x_q^P = \hat{k}_q x_q^N$. Since $\hat{k}_q < k_q$, we can see that $\hat{K} < K$. This implies that for both groups of worker, the promotion standard is now higher than in the case when only qualified workers in the promotion track invested. However, the promotion track standard will remain higher for B than W as long as $s_B^H < s_W^H$.

When only qualified worker in the promotion track invest, B's promotion rate is lower than W's promotion rate for two related reason. One, affirmative action at hiring implies that there is a greater proportion of unqualified workers among the B hires than W. Two, because of this fact, partners set a higher promotion track standard. B's promotion rate is lower, because only qualified workers in the promotion track invest for promotion. When qualified workers in the non-promotion also invest, lower promotion rates of B is entirely due to increase in the fraction of unqualified B hires.

Reality will likely fall between these two assumptions, and the lower promotion rates of B's will be explained by a combination of these two factors. Workers probably face a distribution of investment costs depending on their type and track assignment with higher costs being more likely in the non-promotion track such that $G^P(c) \geq G^N(c)$.

Note that when qualified workers in the non-promotion track invest, affirmative action can actually lead to an increase in *the number of promoted workers* compared to the case without such a policy. If the firm's main goal in affirmative action is increasing the greater number B partners, then affirmative action at hiring could be a viable strategy even when B's task assignment and promotion rate are negatively impacted by the policy. The overall welfare implication of affirmative action is unclear and will depend on one, the relative size of the benefits and losses to B workers who would not have been hired without affirmative action, and two, the size of the losses to workers who would have been placed in the promotion track in the absence of affirmative action. This second group of workers would lose out on being promoted in the case where only qualified worker in the promotion track invest. In the more general case with a distribution of investment costs, these workers have to put in a greater effort or time to be promoted and some may not find the higher cost worthwhile.

4 Empirical Predictions

Suppose the firms hold to a policy that lowers the hiring standard for blacks. However, task assignment and promotion decisions are left to the discretion of individual partners. Below is a summary of the main empirical predictions on hiring, task assignment, and promotion that we can draw from the model.

1. Conditional on signals of his/her qualification, blacks are more likely to be hired.

2. Conditional on being hired, blacks have worse task assignments and lower promotion rates.

3. Conditional on signals of his/her qualification, hired blacks have worse task assignments and promotion rates.

4. Conditional on task assignment, black and white differences in promotion rates could be reduced, eliminated, or reversed.

It is easy to deduce the first two predictions from a simple model of affirmative action. Prediction 1 follows immediately from our assumption that firms are guided by a policy that lowers the hiring standard for blacks below that of whites. If affirmative action did not exist at hiring, then the opposite would hold. Affirmative action increases the fraction of unqualified workers among the black hires relative to whites, increasing the promotion track standard for blacks above the standard for whites. Therefore, conditional on being hired, blacks should be assigned to the promotion track less frequently than whites and promoted less (prediction 2).

However, without a model in which beliefs about the hired workers are negatively colored by the lower hiring standards for blacks, there should not be significant differences in task assignment or promotion for observably similar blacks and whites. Therefore, prediction 3 is consistent with my model of statistical discrimination, because all hired workers are negatively stigmatized by affirmative action. Furthermore, because investment costs for promotion are lower in the promotion track, black hires should be promoted less even conditional on observable credentials.

Conditional on task assignments, predictions about black and white differences in promotion rates require a little more explanation. Black and white workers in the margin between the two task assignments have the same probability of being qualified conditional on their signal and group membership.

First, let's consider the non-promotion track. Suppose investment cost is too high for qualified workers assigned to the non-promotion track, and they do not invest for promotion. Then blacks and whites in this lower track should both have zero probability of making partner, and there would be no difference in the promotion rates. On the other hand, suppose that qualified workers in the non-promotion track choose to invest for partnership. Then blacks will have lower promotion rates than whites, because a greater proportion of the blacks in the non-promotion track are likely to be unqualified and ineligible for promotion.

Now let's consider the promotion rates conditional on being assigned to the promotion track. The promotion rates of blacks in the promotion track can be larger than the promotion rates of whites if π_B^H is much smaller than π_W^H (or equivalently if s_B^H is much lower than s_W^H) and there is a large cost to placing an unqualified worker into the promotion track. Then for a given set of firm payoffs, the promotion track standard for blacks will be much higher than the standard for whites. Consequently, a greater proportion of blacks in the promotion track will be qualified and promoted compared to whites in the same track. However, if the cost of an unqualified worker in the promotion track is very high, then the promotion track standard will be extremely strict for both blacks and whites. Although we would still predict a higher promotion probability for blacks

in this case, in practice, there would be little difference in the promotion rates in this group of extremely qualified individuals. On the other hand, if the cost of placing an unqualified worker in the promotion track is low, then the firm will set a similarly low promotion track standard for both whites and blacks. Then above this low signal threshold, a higher proportion of whites may actually be qualified than blacks given a reasonable difference between s_B^H and s_W^H.

5 Typical Structure of a Large Corporate Law Firm

Before we bring these predictions to data, it will be helpful for us to understand the basic structure of law firms. Figure 3 shows major positions within a typical corporate law firm.

Newly minted J.D.'s are usually hired as junior associates who may be promoted to the rank of senior associates after 3 or 4 years with the firm. A small percentage of newly minted J.D.'s is hired into contract or staff attorney positions. Contract attorneys are fixed-term or part-time positions and the need for their position is evaluated frequently (case-by-case, monthly, or yearly). Staff attorneys tend to be more permanent positions but with lower pay and benefits than associates. The most important distinction between associates and contract/staff attorneys is that associates are eligible for partnership while contract and staff attorneys are not.

Financial compensation for associates in large firms is typically determined by a lockstep system in which all associates within the same hiring class receive the same base salary and bonus for each year with the firm.[12] Evaluation for promotion also tend to follow a lockstep system with each hiring class of associates being "up for partnership" at the same time. On average, associates go through the formal evaluation process for partnership after about 6 to 9 years with the firm. The hierarchy of positions above the associate level differs across firms. In some firms, senior associates are promoted to a transitional position of counsel, of-counsel, or special counsel before being evaluated for partnership. In others, there is a more direct path to partnership from the associate level, and the position of counsel is given to those senior associates who do not make partner or are laterally recruited from other firms with no real prospects for partnership. Recently, an increasing number of firms have moved to a two-tiered partnership model that differentiates between equity and non-equity partners. Equity partners have an ownership stake in the firm and share in its profits while non-equity partners are paid a fixed salary (albeit higher than associates) with limited voting rights. Most large firms have an "up-or-out" policy in which associates who do not make partner are required to leave the firm.[13]

[12] It is beyond the scope of this paper to discuss why large firms rely on such a system. Typical arguments in favor of a lockstep compensation scheme include reduction of internal competition within firms, maintenance of a single company philosophy, and incentives for associates to take on whatever tasks that are necessary to move the case forward. However, it has been criticized for its inefficiencies and the reduction of incentives for performance enhancement. In response to the recent economic crisis, a few firms have abandoned this fixed salary system and moved towards a merit-based compensation scheme.

[13] There are several explanations for why law firms might use such a policy. Rebitzer and Taylor (2007) argue that "up-or-out" promotion contests emerge naturally from a setting in which there is an absence of clear property rights over key assets, for example knowledge. In a model of asymmetric learning and promotion incentives, Ghosh and Waldman (2010) find that firms employ up-or-out contracts when firm-specific human capital is low and when

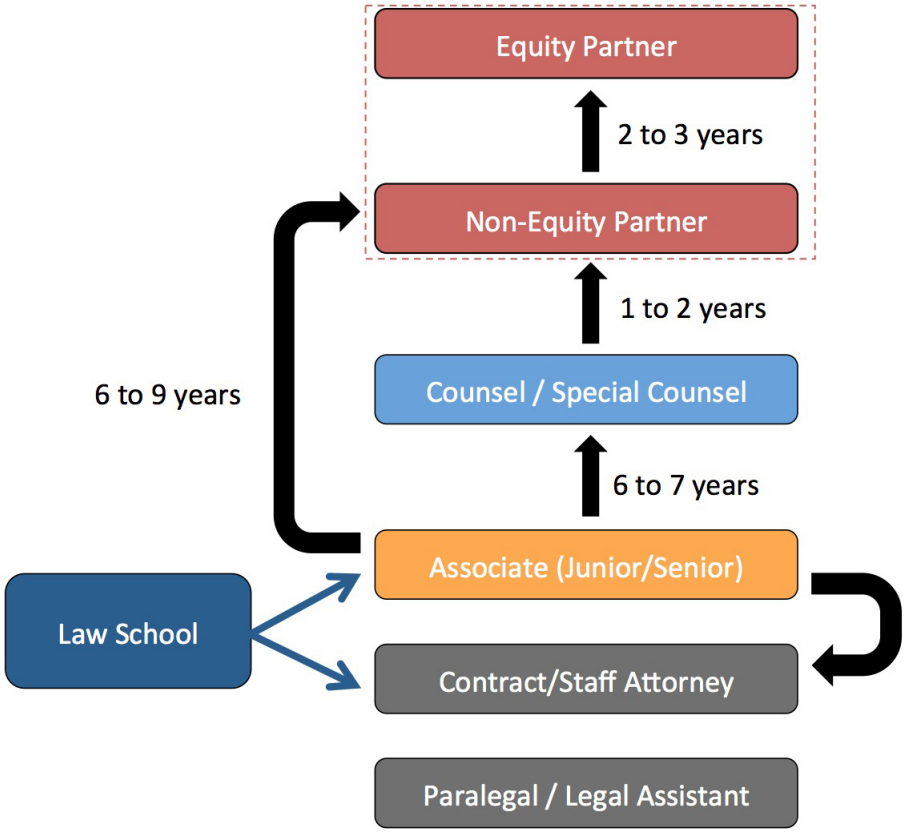


Figure 3: Typical Structure of A Large Corporate Law Firm

Lawyers report that the requirements for partnership have been rising in the last few years with a greater focus on the applicant's ability to show that he/she can generate business for the firm. This often requires the backing of at least a few strong earning partners to be willing to share credit with the associate or to use their client/industry connections to help foster business building skills in the associate. Cultivating contacts by participating in professional organizations, not-for-profit groups, and speaking at seminars as associates can also help in future business development and serve as a signal to the firm that the associate is actively interested in client development.[14]

6 After the JD Study

I test the empirical predictions outlined in Section 4 using data from the After the JD Study (AJD), a unique longitudinal survey that tracks the professional lives of over 4,000 lawyers who entered the bar in year 2000. The AJD was commissioned by the American Bar Association in conjunction with the National Association for Law Placement (NALP) to study the career choices of lawyers during the first ten years of their legal careers. The first wave of the AJD was administered in 2002

commitment to a wage floor is feasible and effort provision is important.

[14] *Associates Learn to Start Building That Book of Business. Chicago Lawyer*, May 2004.

Table 3: Distribution of the AJD National Sample with by Sex and Race

	AJD National Sample		**National Comparison**	
	Count	Percent	Count	Percent
Female	1,725	46.3	19,409	46.9
Male	2,005	53.8	22,777	54.0
Total	3,730		42,186	
White	3,033	79.9	126,888	81.7
Black	215	5.7	9,410	6.1
Hispanic	146	3.9	6,482	4.2
Asian	247	6.5	9,715	6.3
Native American / Other	156	4.1	2,728	1.8
Total	3,797		155,223	

Notes: Race categories are adjusted for multi-ethnicity. Race reported are adjusted for multi-ethnicity. Missing race information in the first wave of the AJD has been updated with race information from the LSAC and Wave 2 when available. The counts of Black, Hispanic, and Asian AJD respondents reported here are for the National Sample, intended to be representative of the national population of new lawyers.

Sources: Data on gender are based on the ABA Survey of Law Schools, 1997 Cohort of first-year law students. Data on race/ethnicity are based on 2000 Public-Use Micro 5% Samples weighted, all lawyers and judges, ages 27-32.

and the second wave in late 2007. The third and final wave is scheduled for 2012.

The first wave of the AJD contains 3,905 valid responses from the nationally representative sample and 633 responses from the minority oversample. These numbers represent a response rate of 71%. Section A.1 in the Appendix details the creation of AJD's nationally representative sample. There is a potential for selection bias if those who responded to the questionnaires are systematically different from those in the original sample who chose not to participate in the survey. However, as evidenced by Table 3, the demographic characteristics of the AJD respondents closely match that of young lawyers in the 2000 Census both in their racial and sex composition and, to the extent practice setting can be inferred from census data, the distribution of lawyers across sectors (*After the JD*, 2004).

The AJD asks about the respondent's current employment, which includes one's sector of practice, average hours worked, salary, employer size, job/task assignments, satisfaction on the job and being a lawyer in general, and plans to leave the firm. The survey also contains detailed information on the respondent's educational background, performance, and debt. Finally, the survey provides demographic information about respondent's sex, race, age, marital status, and region of current employment.

6.1 Descriptive Statistics of the AJD

In the first wave of the AJD, about 70% of the respondents work in private law, 20% in government, and the rest in business, education, and other industries. Table 4 provides the descriptive statistics of the respondents in the first AJD wave.

Men and women are fairly equally represented in the national sample. However, among those working in a private firm, females make up over 56% of black lawyers. This pattern is in line with the higher average education levels among women in the overall U.S. black population (Slater 1994). Lawyers in the sample are about 32 years old and about half of them are married. However, blacks in private firms are significantly less likely to be married, reflecting differences in the overall U.S. population (Lichter and McLaughlin 1992). About 65% of the Wave 1 respondents report that their current position is their first job out of law school implying that a sizable fraction of the sample has changed jobs in the first two years of their legal career. However, there are no black-white differences in the first turnover for those working in private law firms.

Let's now turn to law school performance. Those lawyers working in private law firms tend to have better law school GPAs and to have graduated from better ranked law schools than the average lawyer in the national sample. However, blacks in private law firms have GPAs that are 0.25 to 0.5 points lower than whites on average.[15] This translates into a difference of about a fifth to a third of a standard deviation. On average, blacks in private firms come from higher ranked law schools than whites, which may reflect the presence of affirmative action at law school admissions. Being a part of the general law review is an honor set aside for top students with excellent class work and highly-developed writing skills. About 20% of the national sample was involved with the law school's top scholarly journal. A greater proportion of whites in private firms were on law review than in the national sample, while a smaller fraction of black lawyers were a part of this organization. An average lawyer still carries about $60,000 of educational debt two years into his/her career, and those working in private firms have more debt. Private-firm blacks carry $10,000 more education debt than whites.

Two years into their legal career, blacks are working for significantly larger firms than whites, and a greater proportion of them are working for the largest firms with more than 250 lawyers. Firm size and prestige are highly correlated in the legal industry. Therefore, we can interpret these differences in average firm size as cursory evidence that black lawyers might face lower hiring standards than whites at the most selective law firms.

Table 4 also reports large differences in the geographical location of jobs between blacks and whites, with over half of black lawyers working in a major legal market (NY, Chicago, LA, and Washington D.C.) compared to only 32% of whites. This geographical difference is obviously correlated with the size of the law firm, with bigger law firms more likely to have offices in these four cities. As expected, lawyers in private firms have higher salaries than the national average, and black lawyers make more than whites. This salary difference is reasonable given the finding that

[15] For a more comprehensive look at the GPA distributions of black and whites lawyers in our sample, see Figure A.2 in the Appendix.

Table 4: Descriptive Statistics of the AJD Sample - Wave 1

Sample:	National Sample	Private Firms Only		
Race:	All	Whites	Blacks	Whites ≠ Blacks
	(1)	(2)	(3)	(4)
Female	0.463	0.414	0.568	***
	(0.499)	(0.493)	(0.497)	
Age	31.783	31.011	30.966	
	(5.841)	(4.935)	(4.586)	
Married	0.547	0.586	0.322	***
	(0.498)	(0.493)	(0.469)	
First Job	0.605	0.644	0.654	
	(0.489)	(0.479)	(0.477)	
GPA Category	3.474	3.161	4.037	***
	(1.432)	(1.357)	(1.445)	
Law School Tier	3.252	3.164	2.811	***
	(1.227)	(1.189)	(1.272)	
General Law Review (1= Yes, 0 = No)	0.215	0.266	0.154	***
	(0.411)	(0.442)	(0.362)	
Educational Debt ($)	59,964	62,395	75,448	***
	(41,137)	(41,571)	(35,788)	
Firm Size (lawyers)	231.453	239.409	355.825	***
	(391.426)	(373.692)	(536.96)	
Firm Size ≥ 250 lawyers	0.582	0.306	0.412	***
	(0.493)	(0.461)	(0.493)	
Major Region (NY, Chicago, LA, DC)	0.320	0.316	0.532	***
	(0.467)	(0.465)	(0.5)	
Salary ($)	83,874	95,082	106,276	***
	(48,338)	(47,657)	(48,413)	
Stay for 5+ years (1= Yes, 0 = No)	0.360	0.402	0.186	***
	(0.480)	(0.49)	(0.39)	

Notes: Standard deviations are reported in parentheses. GPA categories: 1 = 3.75 to 4.0, 2 = 3.5 to 3.74, 3 = 3.25 to 3.49, 4 = 3.00 to 3.24, 5 = 2.75 to 2.99, 6 = 2.5 to 2.74, 7 = 2.25 to 2.49, 8 = less than 2.25; Law school tiers: 1 = Top 10, 2 = Top 11 to 20, 3 = top 21 to 100, 4 = Tier 4, 5 = Tier 5. Private firms only sample includes the minority over-sample. Race categories are adjusted for multi-ethnicity. Missing race information in the first wave of the AJD has been updated with race information from the LSAC and Wave 2 when available. T-tests of mean differences assume unequal variances. * = significant at 10%, **= significant at 5%, ***= significant at 1%.

black lawyers work in larger, more prestigious law firms with higher salaries for their associates.

Finally, in private firms, there is a dramatic difference in black and white lawyers' intentions to stay in their current position. 40% of white lawyers report an intention to stay for five or more years compared to only 19% of blacks. While not reported here, when we restrict the private firm sample to the largest firms with 250 lawyers or more, 29% of whites versus 12.3% of blacks plan to stay in their current position for more than 5 years. Again, the difference is statistically significant at the 1 percent-level. These disparities in tenure expectations may reflect the lawyers' assessment of their partnership chances as well as any black and white differences in career goals or preferences.

7 Empirical Analysis

Throughout most of this empirical section, I focus on comparing the careers of black and white lawyers in large private law firms for three reasons. First, larger firms tend to be more prestigious, offer higher salaries, and be more selective about their hires. Therefore, without affirmative action at hiring, representation of blacks in these firms should be much lower than whites given the blacks' lower average GPAs and law review selections. Consequently, the effect of a diversity-promoting hiring policy in raising the hiring rates of blacks should be most salient in these large firms. Second, an employer is required to file an Employer Information Report EEO-1 to the U.S. Equal Employment Opportunity Commission if it employs 100 or more employees. Therefore, given that larger firms are more likely to be held accountable to equal representation of minorities among its staff, these firms should be more inclined to make an effort to increase the fraction of minority hires. Three, big law firms have a large number of partners, and the number of partners represented in the central hiring committee is likely to be small compared to the overall pool of partners in the firm. Therefore, in these large firms, there would be less overlap in the identity of the decision-makers between hiring and task assignment stages.

I define a large law firm as a firm with 250 lawyers or more, just below the average size of 262 lawyers in our sample among those working in a private law firm. This definition is consistent with the typical distinction between large- to medium-sized law firms found in literature.[16]

Throughout my empirical analysis, I compare the results from large firms with those from small firms, where a small firm is defined as a firm with less than 50 lawyers. For the reasons stated above, small firms may be less likely to use affirmative action at hiring. Moreover, even if these firms used affirmative action at hiring, smaller firm size will imply that there is less of a distinction in the diversity goals at hiring and at task assignment. If so, we would predict minimal black-white differences in hiring, task assignment, and promotion conditional on being hired and/or observable credentials in small firms.

Finally, I limit my discussion to career differences between blacks and whites, because black lawyers enter the legal job market with the lowest GPAs and law review participation compared to any other minority group. This implies that in the absence of a diversity program, they will face the lowest hiring rates. On the contrary, as my empirical results will show, controlling for observable signals of qualifications, only blacks – not any other minority group – are more likely to be working in the nation's most prestigious firms. I interpret this finding as evidence that affirmative action at hiring is targeting black applicants more intensely than any other minority group. Firms may focus their diversity efforts on blacks, because the proportion of blacks within an organization may be the most salient indicator of staff diversity rather than Hispanics or Asians.

[16] Altering this definition slightly does not change the main results.

7.1 Prediction 1: Black-White Differences in Hiring

If large firms use affirmative action at hiring, conditional on observables correlated with the applicants' qualifications, blacks should be more likely to be hired than whites. Figure 4 shows the distribution of the firm sizes of current employment for each GPA category. In the first graph, over 70% all blacks in the highest GPA category compared to less than half of the highest achieving whites are working in the largest law firms. For each GPA category above 3.0, blacks are more likely to be working in the largest firms than whites. Below a GPA of 3.0, there is minimal difference in firm sizes with most respondents working in the smallest firm category.

However, the higher likelihood of blacks to be working in larger firms could be driven by the fact that a greater proportion of blacks are working in the four major cities or other demographic variations. Therefore, we test whether black-white differences in hiring standards remain after controlling demographic and regional differences. Our empirical strategy is as follows. For each individual i, let

$$y_i = \begin{cases} 1 & \text{if firm size} \geq 250 \text{ lawyers} \\ 0 & \text{if firm size} < 250 \text{ lawyers.} \end{cases}$$

I estimate the following probit model using maximum likelihood estimation:

$$\Pr[y_i = 1|X, S, R] = \Phi\Big(\beta_0 + \beta_1 X + \beta_2 S + \beta_3 (X \times S) + \beta_4 R\Big) \tag{13}$$

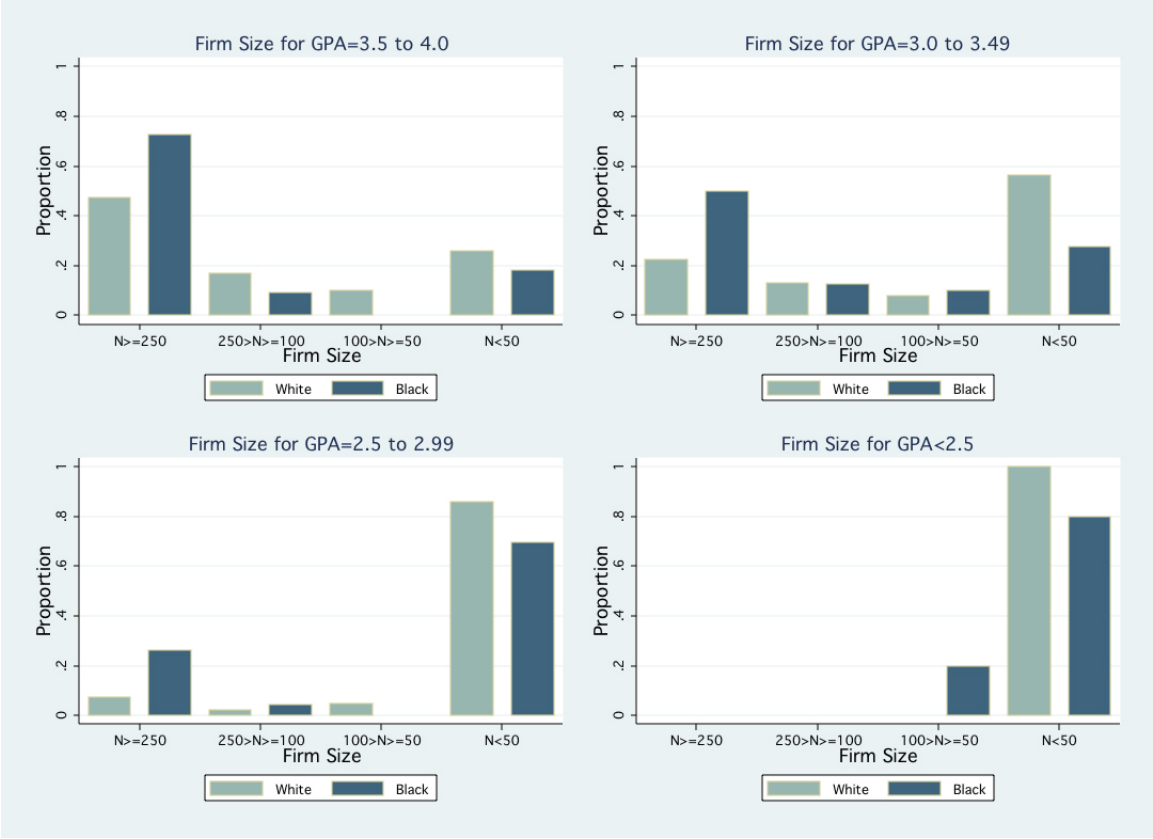
where $\Phi(\cdot)$ is the standard normal CDF, X is a set of demographic controls, S is a set of law school performance variables, and R is set of regional dummies. Alternative specifications using OLS or logit models do not change the sign or the significance of the coefficients of interest.

Table 5 reports the probit results. Column (1) only controls for basic demographic variables and whether the current job is his/her first job out of law school. The coefficient on Black is positive but statistically insignificant, while being Asian and younger is associated with a greater likelihood of working in a large firm. Lawyers are more likely to be working in a large firm fresh out of law school. Controlling for school performance in column (2) takes away the significance all the demographic controls, but the position being the first job remains positive and significant.[17] Furthermore, now being black is associated with an increase in the probability of working in a large firm.

With the highest GPA and law school tiers serving as the omitted categories, the signs of coefficients on the GPA categories and law school tiers are negative as expected, except for the next highest GPA category of 3.5 to 3.74. While each tier drop in law school implies a decreased probability of working for a large private firm, GPAs above 3.5 seem to share fairly similar probabilities. Below a GPA of 3.25, each drop in category is associated with a greater decrease in the likelihood of working for a large firm. Being a part of the law review is associated with a large increase in the probability of working for a large law firm.

[17] In alternative specifications, I include log of education debt as a part of the standard set of controls. The coefficient is small and positive for all specifications, and it does not change the magnitude or significance of the Black coefficients. I lose about 400 observations by controlling for educational debt, so I have decided not to include it in the results presented here.

Figure 4: Distribution of Firm Sizes Across GPA Categories



Notes: All graphs include the minority over-sample. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey have been updated with the LSAC race information when available. The sample is restricted to those respondents whose current position is in a private law firm.

Table 5: Probability of Working in A Large Private Law Firm (Probit Results)

Dependent Variable=1 if Current Firm Size ≥ 250 lawyers			
	(1)	(2)	(3)
Black	0.116	0.203*	0.067
	(0.111)	(0.110)	(0.121)
Hispanic	-0.057	0.040	-0.095
	(0.135)	(0.155)	(0.141)
Asian	0.353**	0.153	-0.014
	(0.153)	(0.144)	(0.131)
Female	0.043	0.064	0.039
	(0.073)	(0.068)	(0.059)
Age	-0.025***	-0.004	-0.006
	(0.008)	(0.008)	(0.008)
Married	-0.027	-0.008	0.080
	(0.063)	(0.078)	(0.082)
First Job	0.397***	0.322***	0.360***
	(0.055)	(0.067)	(0.070)
GPA = 3.5 to 3.74		0.178	0.109
		(0.148)	(0.133)
GPA = 3.25 to 3.49		-0.189	-0.324*
		(0.221)	(0.186)
GPA = 3.00 to 3.24		-0.506**	-0.578***
		(0.218)	(0.221)
GPA = 2.75 to 2.99		-0.913***	-0.940***
		(0.234)	(0.254)
GPA = 2.50 to 2.74		-0.600*	-0.539
		(0.334)	(0.343)
LS Rank 11 to 25		-0.498***	-0.328**
		(0.184)	(0.127)
LS Rank 26 to 100		-1.170***	-0.898***
		(0.129)	(0.131)
LS Rank > 100		-1.623***	-1.389***
		(0.208)	(0.181)
Law Review		0.495***	0.562***
		(0.077)	(0.074)
Additional Controls:			
Regional dummies			×

Notes: Excluded Categories: Male, White, GPA=3.75 to 4.0, Law School Rank 1 to 10. The sample is restricted to those working in a private law firms. A "large private law firm" is defined as a firm with 250 or more lawyers. Standard errors are reported in parentheses and clustered at the regional level. All estimates are weighted using sample probability weights adjusted for non-response. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

As anticipated, adding regional controls in column (3) drastically lowers the coefficient on Black and renders it statistically insignificant. The addition of regional controls generally increases the magnitudes of the coefficients on GPA category and decreases it for the law school rankings, although it has no impact on the statistical significance of these coefficients except for the GPA category of 3.25 to 3.49. However, it is important to recognize that the geographic location of one's work is not exogenous to the type of jobs that one is able to attain. Some blacks may be working in one of the major cities because they were hired at a large firm while some whites may be forced to locate to a small city because they were only able to find a position in a small, local firm. Consequently, including regional controls would likely underestimate the impact of being black on the likelihood of working at a large law firm.

Thus far, the coefficients on Black have been positive but not different from zero at conventional levels. However, as can be gleaned from Figure 4, being in the higher GPA categories seems to have drastically disparate impact on the likelihood of working for a large firm between blacks and whites while this difference seems minimal in the lower GPA categories. Furthermore, the law school GPA distributions of blacks and whites are very different with a very few blacks in the highest GPA categories compared to whites.[18] Finally, only those lawyers with a GPA greater than 3.0 seem to have a reasonable chance at working in a large law firm. These three observations suggest that we should be allowing law school performance to impact blacks and whites differently and to focus on black-white differences in lawyers with the highest observable qualifications.

Accordingly, Table 6 reports probit estimates from models controlling for race interactions with GPA and law school rankings. The positive coefficient on Black is large and statistically significant at the 1% level, implying that being the best qualified (in terms of observables) blacks is associated with a much higher probability of working at a larger firm compared to the most qualified whites. We see an opposite effect for being the best qualified Hispanics and no significant effect for Asians. However, the addition of these interactions between race and law school performance categories does change the magnitude or the significance of other coefficients.

Dropping down one level from the highest GPA still implies a negative effect for blacks, but when combined with the coefficient on Black, the sum is still positive. This implies that compared to whites with a GPA between 3.75 and 4.0, blacks with a GPA 0.25 points below them are still more likely to be working for a large law firm. However the positive effect of being black disappears by the next GPA category down (3.25 to 3.49). Examining the coefficients on law school interactions, we can see that compared to the best whites, dropping down a law school tier negative but statistically insignificant effect on the probability of working in a large firm. Overall, GPA seems to have a greater impact on a black lawyer's likelihood of working in a large firm than law school rankings. The firms may consider law school performance as defined by GPA as a better predictor of the applicant's qualifications than the rank of his/her law school. Furthermore, considering that law schools themselves may be using affirmative action in admitting blacks, school rankings may be a noisier signal of qualification for blacks.

[18] Figure A.2 in the appendix shows GPA distribution by organization for blacks and whites in the AJD.

Table 6: Probability of Working in A Large Private Law Firm
(Probit Results With Race Interactions)

Dependent Variable=1 if Current Firm Size $\geq$ 250 lawyers			
	(1)	(2)	(3)
Black	0.067	6.268***	7.045***
	(0.121)	(0.338)	(0.808)
Hispanic	-0.095	-0.880**	-1.085**
	(0.141)	(0.415)	(0.497)
Asian	-0.014	-0.818	-0.751
	(0.131)	(0.908)	(1.030)
Female	0.039	0.045	0.039
	(0.059)	(0.06)	(0.059)
Age	-0.006	-0.004	-0.005
	(0.008)	(0.009)	(0.009)
Married	0.08	0.074	0.065
	(0.082)	(0.081)	(0.078)
First Job	0.360***	0.357***	0.358***
	(0.07)	(0.071)	(0.076)
Law Review	0.562***	0.575***	0.571***
	(0.074)	(0.072)	(0.074)
GPA = 3.50 to 3.74	0.109	-0.037	-0.039
	(0.133)	(0.14)	(0.137)
GPA = 3.25 to 3.49	-0.324*	-0.353*	-0.358*
	(0.186)	(0.206)	(0.200)
GPA = 3.00 to 3.24	-0.578***	-0.762***	-0.771***
	(0.221)	(0.269)	(0.260)
GPA = 2.75 to 2.99	-0.940***	-0.926***	-0.941***
	(0.254)	(0.29)	(0.281)
Black × GPA = 3.50 to 3.74		-5.659***	-5.644***
		(0.499)	(0.804)
Black × GPA = 3.25 to 3.49		-6.519***	-6.572***
		(0.243)	(0.754)
Black × GPA = 3.00 to 3.24		-5.744***	-5.802***
		(0.441)	(0.870)
Black × GPA = 2.75 to 2.99		-6.336***	-6.360***
		(0.87)	(0.863)
LS Rank 11 to 25	-0.328**	-0.339***	-0.284*
	(0.127)	(0.126)	(0.148)
LS Rank 26 to 100	-0.898***	-0.905***	-0.786***
	(0.131)	(0.13)	(0.120)
LS Rank > 100	-1.389***	-1.428***	-1.354***
	(0.181)	(0.177)	(0.157)
Black × LS Rank 11 to 25			-0.334
			(0.372)
Black × LS Rank 26 to 100			-1.254***
			(0.273)
Black × LS Rank > 100			-0.764**
			(0.359)
Additional Controls:			
Regional dummies	×	×	×
Race × GPA		×	×
Race × LS Rank			×

Notes: Excluded Categories: Male, White, GPA=3.75 to 4.0, Law School Rank 1 to 10. Coefficients for category GPA < 2.75 omitted from table. The sample is restricted to those working in a private law firms. The sample is restricted to those working in private law firms. A "large private law firm" is defined as a firm with 250 or more lawyers. Standard errors are reported in parentheses and clustered at the regional level. All estimates are weighted using sample probability weights adjusted for non-response. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

From Table 6 alone, it is difficult to compare the predicted probabilities of similarly qualified blacks and whites. For a more precise comparison, Table 7 reports black and white differences in the predicted probabilities of working in a large firm across different GPA-law school categories. The predictions are based on the estimates from the last specification in Table 6 for a 31 year old, non-law review male working in his first job in New York City. The percentage of black lawyers working in private law who fall into each GPA-law school rank cell are reported in brackets.

In Table 7, several patterns are striking. First, conditional on having the highest GPA, black lawyers are much more likely to be working in a large firm no matter what his law school ranking is. However, in our data, only very few blacks have the highest GPA category. The same pattern holds true for the next highest GPA category, although the positive effect of being black is insignificant for the law school ranking between 21 and 100. Second, conditional on graduating from a top 20 law school, blacks are more likely to be working in a large firm by 9 to 27 percentage points than similarly qualified whites. The black-white differences in two lowest GPA categories are still positive, although they are not statistically different from zero.

In summary, Table 7 tells the following story about hiring at the nation's most prestigious law firms. Large firms are much more likely to hire a high-performing black graduate no matter what law school he has attended. Similarly, they are much more willing to hire a black graduate from a top 20 law school despite his/her moderate GPAs, but they are considerably more selective about whites graduating from the same top schools.

To further substantiate the story that large private firms are using affirmative action at hiring, I examine whether blacks are also more likely to be hired in small firms compared to whites with similar observable credentials. I argued before that small firms should be less likely to be making an effort to diversify their workforce, because they are not required to file an EEO-1 report. Furthermore, their low profile might imply that they are not as publicly scrutinized about the lack of minorities within the firm. Table A.1 in the Appendix reports the black and white differences in predicted probabilities of working in a small firm. Aside from those GPA/law school categories from which workers are heavily hired by large firms, there are no significant differences in the hiring probabilities of blacks and whites in small firms.

7.2 Prediction 2 and 3: Black and White Differences in Track Assignments

Lower hiring standards for blacks increases the fraction of unqualified workers among the black hires relative to whites. Therefore, conditional on being hired, blacks will be assigned to worse tasks (and/or receive worse mentoring) than whites on average. This result naturally arises from a simple model of affirmative action. However, as we have seen in our model of statistical discrimination, affirmative action stigmatizes all black hires, and seniors choose to set a higher promotion track standard for blacks than for whites. Therefore, even conditional on observable credentials, blacks should be less likely to be assigned to better tasks (or receive better mentoring).

We first examine black and white differences in tasks and followed by differences in associate interactions with partners.

Table 7: Predicted Probability of Working in A Large Firm by GPA and LS Rank: Black minus White

	Law School Ranking				
	1 to 10	11 to 20	21 to 100	101 to 137	138 to 178
GPA=3.75 to 4.00	0.092***	0.148***	0.294***	0.092***	0.642***
	(0.035)	(0.042)	(0.054)	(0.035)	(0.105)
GPA=3.50 to 3.74	0.095***	0.138***	0.050	0.071**	0.311***
	(0.028)	(0.040)	(0.153)	(0.030)	(0.114)
GPA=3.25 to 3.49	0.091**	0.042	-0.298***	-0.082	-0.037
	(0.042)	(0.077)	(0.093)	(0.106)	(0.104)
GPA=3.00 to 3.24	0.252***	0.273***	-0.004	0.138	0.183
	(0.071)	(0.103)	(0.183)	(0.114)	(0.139)
GPA=2.75 to 2.99	0.207	0.134	-0.179	-0.030	0.015
	(0.127)	(0.217)	(0.115)	(0.119)	(0.066)
GPA=2.50 to 2.74	0.181	0.214	-0.017	0.102	0.208
	(0.118)	(0.145)	(0.339)	(0.156)	(0.303)

Notes: Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. Predicted probabilities are based on probit estimates in Table 6, column (3). Standard errors reported in parentheses have been calculated using the Delta method. Predicted probabilities are for male, 31 years old, married, first job, no law review, New York. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

7.2.1 Tasks

The AJD asks the following question about the type of tasks that the respondent performs regularly in his/her current position: "Over the life of these matters, on how many of them were you (insert task)?" Table 8 reports the mean proportion of respondents answering "Most" or "All" to this question in private law firms by race.

In my conversations with associates from large corporate law firms, I tried to get a sense of the general desirability and value of these tasks. For most tasks, there was no clear consensus with lawyers citing that the type of law you practice and the specific case in which you are involved will determine the type of tasks you perform. Moreover, while spending 100 or more hours in document review may not be the most thrilling work, junior associates, as a group, are often relegated to this undesirable but necessary task. As such, large differences in task assignments might not exist among low ranked associates. Yet a few tasks did stand out as more attractive and rewarding or as responsibilities that might be given to the most promising associates: appearing in courts as a first or second chair, formulating strategies with seniors and/clients, traveling to meet clients/interview witnesses/or make a court appearance, and assigning and/or supervising attorneys or paralegals.

In Table 8, we can see that blacks are less likely to be spending most of their time in three of the four "desirable" tasks with the exception being traveling. The rest of the "neutral" tasks exhibit no differences between blacks and whites. As a whole, Table 8 provides some evidence for the second

Table 8: Tasks by Firm Size and Race: Proportion Answering "Most" or "All"

Firm Sample:	**All Private Firms**	**Large Private Firms**		
Race:	**All**	**White**	**Black**	**W≠B**
	(1)	(2)	(3)	(4)
1. Appearing in court as 1st or 2nd chair	0.130	0.025	0.000	**
	(0.337)	(0.158)	(0.000)	
2. Formulating strategy with seniors and/or clients	0.339	0.348	0.135	***
	(0.474)	(0.477)	(0.347)	
3. Traveling to meet clients, interview witness, or court appearance	0.210	0.111	0.111	
	(0.407)	(0.315)	(0.319)	
4. Assigning and/or supervising attorneys or paralegals	0.114	0.088	0.029	*
	(0.318)	(0.284)	(0.169)	
5. Responsible for keeping client updated	0.360	0.284	0.270	
	(0.480)	(0.452)	(0.450)	
6. Work limited to routine research and memo	0.093	0.108	0.056	
	(0.290)	(0.311)	(0.232)	
7. Spending 100+ hours reviewing discovered documents	0.052	0.028	0.027	
	(0.222)	(0.166)	(0.164)	
8. Writing motions or taking depositions	0.219	0.132	0.125	
	(0.414)	(0.339)	(0.336)	
9. Drafting transactional documents	0.19	0.281	0.214	
	(0.392)	(0.450)	(0.418)	
10. Handling entire matter on your own	0.124	0.038	0.027	
	(0.33)	(0.193)	(0.164)	

Notes: The exact wording of the question is "Over the total life of these matters, on how many of them were you...." The response choices are: NA, None, Some, Half, Most, or All. The sample is restricted to those working in a private law firm. A large private law firm is defined as a firm with 250 or more lawyers. Standard errors are reported in parentheses. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

prediction that among those hired in firms using affirmative action, a smaller fraction of blacks are assigned to better tasks.

However, these differences in means could be explained by systematic differences in basic demographic characteristics and region of employment between black and white lawyers. Furthermore, we want to examine whether there are black-white differences in task assignments even conditional on observable correlates of qualification. To that end, Table 9 presents OLS results from the following regression estimating the likelihood of being assigned to the four desirable tasks:[19]

$$y_i = \beta_0 + \beta_1 X + \beta_2 S + \beta_3 R + \varepsilon_i \tag{14}$$

where

$$y_i = \begin{cases} 1 & \text{if "Most" or "All"} \\ 0 & \text{otherwise.} \end{cases}$$

Column (1) controls for basic demographic variable and the respondent's region of employment. Conditional on being hired into a large firm, there are no statistically significant black-white differences in the likelihood of appearing in courts or traveling to meet clients, the coefficient on black is

[19] I report OLS results for ease of interpretation. Alternative specifications using probit and logit models do not change the results.

Table 9: Desirable Task Assignment in Large Private Firms (OLS Results)

Dependent Variable=1 if "most" or "all"				
	(1)	(2)	(3)	(4)
Panel A: Appearing in court as 1st or 2nd chair				
Black	-0.006	-0.025	-0.017	-0.018
	(0.009)	(0.018)	(0.019)	(0.067)
Hispanic	-0.009	-0.016*	-0.016	0.017
	(0.008)	(0.008)	(0.012)	(0.064)
Asian	-0.015	-0.012*	-0.021**	-0.027
	(0.010)	(0.006)	(0.009)	(0.036)
Female	-0.012	-0.019	-0.016	-0.036
	(0.010)	(0.012)	(0.011)	(0.032)
Panel B: Formulating strategy with seniors and/or clients				
Black	-0.256***	-0.271***	-0.253***	-0.092
	(0.078)	(0.078)	(0.084)	(0.164)
Hispanic	-0.186*	-0.172	-0.161	-0.084
	(0.098)	(0.100)	(0.098)	(0.190)
Asian	-0.179**	-0.189**	-0.178**	0.121
	(0.069)	(0.075)	(0.066)	(0.177)
Female	0.093	0.127**	0.130**	0.148*
	(0.057)	(0.044)	(0.045)	(0.080)
Panel C: Traveling to meet clients, witnesses, appear in court				
Black	-0.025	-0.051	-0.041	-0.130
	(0.039)	(0.042)	(0.041)	(0.156)
Hispanic	-0.087***	-0.074*	-0.059	-0.034
	(0.021)	(0.040)	(0.046)	(0.199)
Asian	-0.045	-0.050	-0.053	0.177
	(0.054)	(0.060)	(0.058)	(0.149)
Female	0.035	0.051	0.048	0.221***
	(0.037)	(0.032)	(0.039)	(0.063)
Panel D: Assigning and/or supervising attorneys or paralegals				
Black	-0.072***	-0.070***	-0.087***	-0.009
	(0.021)	(0.017)	(0.020)	(0.066)
Hispanic	0.045	0.020	0.040	-0.053
	(0.062)	(0.065)	(0.075)	(0.265)
Asian	0.063	0.063	0.083	0.192
	(0.090)	(0.101)	(0.101)	(0.122)
Female	0.058**	0.035	0.042	0.106***
	(0.027)	(0.023)	(0.026)	(0.035)
N	392.000	358.000	358.000	110.000
Other Controls:				
School Rank/Performance		×	×	×
Regional dummies	×		×	×
Area of Law				×

Notes: The exact survey question is "Over the total life of these matters, on how many of them were you....?" The sample is restricted to those working in a large private law firm. Standard errors are clustered at the regional level. Standard controls include dummies indicating female, Black, Hispanic, Asian, Native/Other, age, current marital status, and whether the current job is their first job out of law school. All estimates are weighted using sample probability weights adjusted for non-response. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. The sample sizes reported are for assigning and/or supervising attorneys or paralegals. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

still negative. However, being black is associated with a large significant decrease in the likelihood of formulating strategies with seniors/clients and assigning/supervising the workers of others in the firm. Overall, there is support for worse task assignments for blacks conditional on being hired reflecting the lower average qualifications of hired blacks due to affirmative action.

However, if partners do not statistically discriminate against the hired blacks, then conditional on their observable skill signals, blacks and white hires should have similar task assignments. But if affirmative action negatively stigmatizes all black hires as in our model, then black hires should be assigned to worse tasks than whites, even conditional on their observable credentials. To test this prediction, I add in law school performance controls (law school GPA, law school tier, and law review participation) in columns (2) and (3) of Table 9. Even conditional on skill signals, blacks are much less likely to be formulating strategy with seniors and supervising others as predicted by our model of statistical discrimination.

Column (4) additionally controls for the proportion time spent in each area of the law, and the effect of being black across all four tasks becomes statistically insignificant although still negative.[20] However, this question is left unanswered for most of the respondents, and we lose about two-thirds of the observations from the first three regressions. Furthermore, the area of law is probably endogenous to the associates' task or track assignment. Placement into a particular practice group is often determined by those within the firm and may itself reflect the firm's assessment of the associate's qualifications. Therefore, controlling for the area of law will likely lead to a downward bias on the impact of being black on assignment to worse tasks, conditional on observable credentials.

As argued before, smaller firms are less likely to be scrutinized for diversity, because they do not have file an EEO-1 report. Therefore, they should be less likely to be using affirmative action at hiring. If blacks and whites face similar hiring standards, then there should be no black-white differences in task assignments conditional on being hired and conditional on observable skill signals. We analyze whether this is the case. Table A.2 in the appendix examines black-white differences in formulating strategies with seniors/clients and supervising attorneys/paralegals in firms with less than 50 lawyers. Compared to large firms, the coefficients on Black are smaller (and in some cases positive) for both tasks and statistically insignificant across all specifications in a small firm. This absence of black-white quality differences in task assignments in the small firm bolsters the claim that these differences in large firms are not simply the result of racism but one driven by differences in hiring standards and in the perceived quality of the hired.

7.2.2 Firm Activities and Interactions with Partners

We can also interpret the promotion track assignment as a partner's decision to personally invest in the associate or mentor him/her. The AJD also asks about firm activities in which the respondents participate on a recurring basis, and Table 10 presents the mean responses for those in the private firm. Blacks working in large firms are much less likely to be joining partners or senior attorneys for

[20] Lawyers in large private firms spend most of their time in civil litigation (20%), general corporate (14%), intellectual property (11%) and securities (10%).

lunch or spending recreational time with them. However, there is no statistically significant black-white difference in the social time spent with other associates. In contrast, we see no black-white differences in interactions with partners in firms with less than 50 lawyers.

An important point to note in Table 10 is that there are no clear black-white disparities in writing for publications/seminars or participating in bar or civic associations. In the institutional background, I mentioned that these two activities may be important for future business development and can reflect the effort the associate is making towards partnership. While we cannot control for quality, the absence of a large difference in the participation in these two activities provides some evidence against the idea that worse partnership rates of blacks are merely reflective of the black associates' lower desire for partnership.

Similar to our analysis of task assignments, we want to know whether these black-white differences remain after controlling for basic demographic and regional controls, and most importantly, conditional on observable signals of qualifications. For small and large firms, Table 11 compares the likelihood of close interactions with partners controlling for standard demographic variables, GPA and law school rank, and regional dummies. In large firms, being black is associated with a large decrease in the probability that an associate spends recreational time with partners or senior attorneys conditional on being hired (column (1)) and even conditional on observable qualifications (columns (2) and (3)). The effect is negative and of similar magnitude for joining partners or seniors for lunch but is not statistically significant. In small firms, however, there are no black-white differences in partnership interactions conditional on being hired and observable qualifications. Interestingly, it is women, rather than blacks, who seem to interact less with partners in these small firms.

Table 10: Firm Activities: Mean Proportion Answering "Yes"

Firm Sample:	**Large Private Firms**			**Small Private Firms**		
Race:	**White**	**Black**	**W ≠ B**	**White**	**Black**	**W ≠ B**
	(1)	(2)	(3)	(4)	(5)	(6)
Participate in firm recruiting	0.326	0.371		0.167	0.172	
	(0.029)	(0.083)		(0.018)	(0.071)	
Join partners/seniors for lunch	0.54	0.314	**	0.669	0.655	
	(0.031)	(0.080)		(0.023)	(0.090)	
Spend recreational time with partners/seniors	0.226	0.057	***	0.400	0.345	
	(0.026)	(0.057)		(0.023)	(0.090)	
Spend recreational time with associates	0.785	0.886		0.495	0.483	
	(0.026)	(0.055)		(0.024)	(0.094)	
Write for publications, presentations, seminars	0.222	0.143		0.201	0.138	
	(0.026)	(0.060)		(0.019)	(0.065)	
Monthly participation in bar/civic/non-profit assoc.	0.264	0.314		0.495	0.655	*
	(0.027)	(0.080)		(0.024)	(0.090)	

Notes: The exact wording of the question is "Which of the following do you do on a recurring basis? Check all that apply." Standard errors are reported in parentheses. A "large private firm" is defined as a firm with 250 or more lawyers. A "small private firm" is defined as a firm with less than 50 lawyers. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

Table 11: Interaction with Partners by Firm Size

Dependent Variable=1 if "Yes"						
Panel A: Join partners/seniors for lunch						
	Large Law Firm			**Small Law Firm**		
	(1)	(2)	(3)	(4)	(5)	(6)
Black	-0.155	-0.134	-0.147	0.016	0.050	0.048
	(0.102)	(0.109)	(0.111)	(0.092)	(0.085)	(0.086)
Hispanic	-0.105	-0.046	-0.065	0.117	0.138	0.138
	(0.158)	(0.136)	(0.14)	(0.093)	(0.102)	(0.123)
Asian	-0.127	-0.041	-0.048	-0.097	-0.108	-0.110
	(0.077)	(0.082)	(0.075)	(0.072)	(0.081)	(0.092)
Female	-0.031	0.012	0.018	-0.118**	-0.131**	-0.121**
	(0.066)	(0.058)	(0.064)	(0.045)	(0.055)	(0.051)
Panel B: Spend recreational time with partners/seniors						
	Large Law Firm			**Small Law Firm**		
	(1)	(2)	(3)	(4)	(5)	(6)
Black	-0.175***	-0.194***	-0.164***	0.032	0.042	0.050
	(0.027)	(0.043)	(0.038)	(0.157)	(0.146)	(0.148)
Hispanic	-0.163**	-0.131	-0.158	0.098	0.093	0.093
	(0.06)	(0.084)	(0.107)	(0.096)	(0.108)	(0.111)
Asian	-0.044	-0.037	-0.102	0.034	0.052	0.076
	(0.072)	(0.09)	(0.093)	(0.080)	(0.090)	(0.095)
Female	-0.051	-0.006	-0.013	-0.039	-0.023	-0.022
	(0.057)	(0.054)	(0.056)	(0.048)	(0.047)	(0.044)
Other Controls:						
School Rank/Performance		×	×		×	×
Regional controls			×			×

Note: The exact wording of the question is "Which of the following do you do on a recurring basis? Check all that apply." Standard errors are reported in parentheses and clustered at the regional level. A "large law firm" is defined as a private law firm with 250 or more lawyers. A "small law firm" is defined as a private law firm with less than 50 lawyers. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

7.2.3 Satisfaction

These disparities in task assignments and partner interactions probably contribute to wide black and white differences in the mean level of satisfaction in large private firms as shown in Table 12. It is striking how blacks in large firms consistently report lower levels of satisfaction than whites, while no significant differences exist among those working in small firms.[21] The first four attributes relate specifically to the quality of tasks and responsibilities, and blacks in large firms report a level of satisfaction that is about 0.5 points or a third of a standard deviation below that of whites. Admittedly, these are not huge differences, yet they are consistent across all five attributes and highly significant. Blacks in large firms are also less satisfied with the performance evaluation process and report worse sense of job security.

Of course, these measures are subjective. Although we cannot entirely dismiss the possibility

[21] Estimates using ordered probit show similar results.

Table 12: Black and White Differences in the Mean Level of Satisfaction by Firm Size

On a scale of 1 to 7 where 1 is highly dissatisfied and 7 is highly satisfied						
Firm Sample:	**Large Private Firms**			**Small Private Firms**		
Race:	**White**	**Black**	**W≠B**	**White**	**Black**	**W≠B**
	(1)	(2)	(3)	(4)	(5)	(6)
Level of responsibility you have	5.337	4.712	***	5.632	5.667	
	(0.064)	(0.203)		(0.054)	(0.181)	
Recognition you receive for your work	4.847	4.348	***	4.918	4.952	
	(0.066)	(0.184)		(0.063)	(0.248)	
Substantive area of your work	5.277	4.712	**	5.241	5.175	
	(0.064)	(0.207)		(0.06)	(0.202)	
Tasks you perform	4.882	4.364	***	5.154	5.190	
	(0.058)	(0.16)		(0.052)	(0.194)	
Performance evaluation process	3.955	3.197	***	3.889	4.000	
	(0.067)	(0.177)		(0.063)	(0.226)	
Opportunities for advancement	4.760	4.000	***	4.817	4.841	
	(0.064)	(0.188)		(0.066)	(0.24)	
Job security	4.872	4.136	***	5.425	5.254	
	(0.07)	(0.204)		(0.056)	(0.209)	
Minimum N	566	69		843	70	
Maximum N	587	76		935	79	

Notes: The exact survey question is "How satisfied are you with each of the following aspects of your current position?" Possible rating is on a scale from 1 to 7 where 1 is highly dissatisfied and 7 is highly satisfied. Standard errors are reported in parentheses. A "large private firm" is defined as a firm with 250 or more lawyers. A "small private firm" is defined as a firm with less than 50 lawyers. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

that blacks simply have higher expectations or are more pessimistic with regard to their work, the absence of black and white differences in the small firms suggest that these differences in mean satisfaction are reflective of real dissimilarities in the nature of task assignments and opportunities for advancement in large firms.

7.3 Black and White Differences in Promotion at Large Law Firms

In this section, I examine whether black and white differences in hiring standards and assignment into desirable tasks or interactions with partners can explain lower partnership rates of black lawyers in large private firms. First, the model predicts that if blacks face a lower hiring standard, yet a higher standard for the promotion track, then conditional on being hired into the large firm, black workers should have lower promotion rates (Prediction 2). Furthermore, affirmative action leads to be statistical discrimination against blacks, blacks should be less likely to be promoted even conditional on observable credentials (Prediction 3). However, conditional on task assignment, black and whites differences in promotion rates should be reduced, eliminated, or even reversed (Prediction 4).

7.3.1 Sample Attrition from Wave 1 to Wave 2

Wave 2 of the AJD conducted in late 2007 provides a detailed look at legal careers seven years after the bar. Regrettably, there is considerable attrition in the sample from wave 1 to wave 2 with only

64% of the 4,538 respondents in Wave 1 replying to Wave 2. Furthermore, just over half of the stayers in the sample reported their position in both waves. Table 13 examines whether there are any systematic disparities between those who left and those who stayed in the sample between the two survey waves. Panel A compares leavers and stayers in the sample, while Panel B compares those who reported their position only in the first wave with those who reported their position in both waves.

In Panel A, Blacks make up a small proportion of stayers than those who did not respond to the second wave. However, while not reported here, when we restrict the sample to those who were working in a private law firm in wave 1, the difference disappears. In Table 13, we can also see stayers are younger, and more likely to have been working in his/her first job out of law school, major region, or government and less likely to been in business at the time of the first survey. Stayers also graduated from a higher ranked law school and reported slightly lower salaries in the first wave.

Examining Panel B, we can see that respondents who reported their position only in wave 1 are not drastically different from those who reported their position in both waves. Those reporting their current position in both waves are slightly younger, more likely to have been in their first job and working in a major region in Wave 1, graduated from higher ranked school, and more likely to have been in law review. But the magnitudes of these differences are minor.

For the sample attrition to bias our analysis about promotion, they need to impact a black lawyer's partnership chances differently than for a white attorney, and there is no clear reason to suspect that this would be the case.

7.3.2 Transitions Between Wave 1 and Wave 2

Table 14 reports transitions between Wave 1 and Wave 2 positions for black and white lawyers. Among whites who started as associates in Wave 1, about 6% start a solo practice and a little less than half of them remain as associates. The corresponding fractions for black associates are similar. However, examining promotion into partners or movement into contract/staff attorney positions, we note stark differences between blacks and whites. Only 7% of black associates have made partner by Wave 2 compared to 17% of white associates. Furthermore, over 22% of associates became contract or staff attorneys compared to 13% of whites.

When we restrict the sample to those associates who worked in a firm with 250 lawyers or more in wave 1, the partnership rates fall for both groups and the difference in promotion rates becomes even starker. The finding that a significantly higher fraction of black associates moved into these fixed-term positions with no partnership chances is important, because these are associates who chose to stay in private law yet took up positions that are less prestigious than associates. For these attorneys, it is difficult to make the argument that low partnership rates are simply reflective of black associates' greater desire to leave private firms for other types of organizations.

Although Table 14 reveals large black and white differences in the likelihood of becoming a partner from large private firms, we need to interpret the finding cautiously. Recall that a greater

Table 13: Descriptive Statistics of Stayers v. Leavers and Single v. Dual Positions Reported

PANEL A:	**Attritors**			**Stayers**		
Variable	**Mean**	**Std. Dev.**	**N**	**Mean**	**Std. Dev.**	**N**
black**	0.103	0.304	1649	0.083	0.276	2889
hispanic	0.086	0.281	1649	0.078	0.269	2889
asian	0.099	0.299	1649	0.085	0.28	2889
age*	31.851	5.754	1500	31.53	5.658	2799
married	0.51	0.5	1513	0.524	0.5	2801
first job***	0.568	0.496	1561	0.617	0.486	2855
GPA	3.62	1.45	597	3.533	1.428	1656
LS Tier***	3.323	1.304	1506	3.157	1.202	2821
General Law Review	0.192	0.394	1481	0.209	0.407	2728
No. of Lawyers in Firm	261.608	472.49	1097	234.73	380.302	1970
Major Region** (NY, Chicago, LA, DC)	0.385	0.487	1648	0.348	0.476	2889
Debt	62125.681	42760.24	1432	61796.844	40935.384	2729
Private Law	0.703	0.457	1512	0.683	0.465	2764
Government Law***	0.196	0.397	1512	0.233	0.423	2764
Business/Other Law*	0.101	0.301	1512	0.084	0.277	2764
Salary**	87420.174	52027.759	1326	83879.153	46483.211	2567
PANEL B:	**Only Wave 1 Position Reported**			**Wave 1 and 2 Positions Reported**		
Variable	**Mean**	**Std. Dev.**	**N**	**Mean**	**Std. Dev.**	**N**
black	0.087	0.283	629	0.078	0.268	1531
hispanic	0.095	0.294	629	0.078	0.268	1531
asian	0.097	0.296	629	0.082	0.274	1531
age**	32.141	6.458	612	31.496	5.627	1509
married	0.524	0.5	620	0.53	0.499	1504
first job***	0.611	0.488	628	0.677	0.468	1531
GPA	3.554	1.478	540	3.459	1.394	1350
LS Tier**	3.298	1.323	614	3.155	1.186	1518
General Law Review*	0.177	0.382	581	0.211	0.408	1439
No. of Lawyers in Firm	243.112	455.115	445	221.576	371.997	1106
Major Region (NY, Chicago, LA, DC)*	0.384	0.487	628	0.344	0.475	1531
Debt	59936.173	42845.273	584	62890.355	40589.351	1477
Private Law	0.712	0.453	625	0.713	0.452	1530
Government Law	0.229	0.42	625	0.238	0.426	1530
Business/Other Law	0.059	0.236	625	0.049	0.216	1530
Salary	84379.929	49489.959	580	81790.384	48529.579	1456

Notes: Includes both the national and the minority oversample. GPA categories: (1=3.5 to 4.0)(2=3.0 to 3.5)(3=2.5 to 3.0)(4=less than 2.5); LS tier: (1 = Top 10) (2 = Top 11 to 20) (3 = top 21 to 100) (4 = Tier 4) (5 = Tier 5). Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

Table 14: Distribution of Wave 2 Positions of Wave 1: Black and White Associates

	White	Black
1 Solo	5.99	6.90
2 Associate	44.96	44.83
3 Partner	17.03	6.90
4 Contract/Staff Attorney	13.08	22.41
5 Clerk/Judge/Prosec/Pub Def	1.91	5.17
6 Consultant	4.63	1.72
7 Bus. Owner	1.09	0.00
8 Public Official or Lobbyist	0.27	0.00
9 Academics	1.23	3.45
10 Other	9.81	8.62

Notes: Includes both the national and the minority oversample. Sample restricted to associates in private firms in wave 1.

fraction of black attorneys are female and work in a major city where partnership rates are lower. Without controlling for basic demographic information and region of employment, it is difficult to attribute these promotion rate differences to being black. The following section addresses this concern by predicting the likelihood of partnership controlling for basic demographic variables and regional dummies. Furthermore, our model of statistical discrimination predict these differences will remain even controlling for observables correlates of productivity.

7.3.3 Lower Likelihood of Partnership Among Blacks in Large Law Firms

In large private law firms, official evaluations for partnership typically occur between seven to nine years after the associate starts at the firm. Therefore, by the time Wave 2 of the AJD was administered, the lower end of the requisite waiting time for partnership decision had passed for the associates who remained with the firm with which they started in 2000. However, turnover and burnout rates at corporate law firms is notoriously high, and many associates leave before facing the official partnership decision. Although associates' decisions to leave the firm for an another position can certainly be voluntary and unrelated to their prospects for partnership, early departures from the firm are more likely reflective of the associates' low partnership chances. While AJD asks about the reason behind any job turnover, respondents typically cite a mixed bag of reasons that cannot be easily sorted into voluntary choices or decisions that are colored by the respondents' job assignments or promotion chances.

In my analysis of promotion rates, I first choose to simply distinguish between those who became partners (whether in the same firm as in wave 1 or different) and those who did not. In the latter part of this paper, I check the robustness of my results by limiting my sample to only those associates who chose to stay in a private firm. The "non-partner" group in my analysis includes those who remained as associates, became contract or staff attorneys, or left for positions in other types of organizations. In the data, I do not have information on the timeline for partnership at the respondents' firms.

Therefore, this non-partner group also includes those associates who have not yet become partners, because they have not had the chance for promotion. However, as long as blacks are not more likely to be in firms with longer timeline for partnership, this fact should not bias our analysis.[22] In my conversations with legal professionals, they also noted that there can be some flexibility in the timing of the partnership decision. Some associates are encouraged to apply for partnership after the minimum number of years while others are advised to wait a few years to build up their qualifications. Consequently, lower partnership rates among blacks at the seven-year mark can also point to their higher time/effort cost of investment towards partnership.

Table 15 summarizes OLS results predicting the probability of partnership controlling for region, GPA/law school rank, and a measure of the associate's desire for partnership. The sample is limited to those respondents who were associates in large private law firms at the time of first AJD wave.

Column (1) only controls for standard demographic variables and column (2) adds regional dummies. Among those hired into large law firm, blacks are about 6 percentage points less likely to have made partner seven years into their legal career. The third column controls for whether the associate stated that he is planning to stay in his current position for five or more years. I interpret this stated intention as a crude measure of the associate's desire for partnership. Admittedly, plans to stay in the firm are endogenous to the associate's assessment of the quality of his/her job assignment and partnership chances. And therefore, including it in the regression may lead to an underestimation of the effect of being black on partnership. However, column (3) shows that coefficient on the associate's plans to stay is positive yet insignificant and, more importantly, controlling for it does not change the coefficient on Black. This result provides some evidence against the argument that lower partnership rates of blacks are merely reflective of differential black and white preferences about their career paths.

The last two columns examine black and white differences in promotion rates conditional on GPA and law school rankings, and we can see that the Black coefficient drops in magnitude. This is expected, because a part of the explanation for lower partnership rates among hired blacks in the model is their lower average level of qualification. However, about a 4-percentage point difference in partnership remains even controlling for observables, and it is still statistically significant at the 1-percent level. As before, an associate's plans to stay at the firm is not statistically significant, and controlling for it actually increases the magnitude and significance of the Black coefficient. Therefore, we find support for our model of statistical discrimination in which all hired blacks are negatively colored by affirmative action at hiring.

Table A.3 in the Appendix shows the corresponding results for associates who were in firms with less than 50 attorneys. Although still negative, the impact of being black is smaller than in the large firm across all specifications, and none of them are statistically different from zero. This is in line with the model's predictions that affirmative action at hiring worsens the internal promotion rates of blacks. If smaller firms are less likely to be lowering their hiring standards for blacks, then

[22] From my attorney interviews and readings of institutional literature, I did not get a sense that the biggest firms in the group of large law firms have longer a timeline for partnership.

Table 15: Determinants of Partnership in Large Law Firms

Dependent Variable =1 if current position is partner in Wave 2					
	(1)	(2)	(3)	(4)	(5)
Black	-0.059**	-0.063***	-0.065***	-0.047*	-0.053**
	(0.020)	(0.022)	(0.022)	(0.023)	(0.021)
Hispanic	-0.028	-0.015	-0.012	0.003	0.002
	(0.031)	(0.027)	(0.030)	(0.038)	(0.040)
Asian	0.030	0.028	-0.012	0.037	-0.000
	(0.041)	(0.049)	(0.039)	(0.044)	(0.041)
Female	-0.002	-0.014	-0.022	0.000	-0.002
	(0.029)	(0.029)	(0.029)	(0.027)	(0.027)
Age	0.003	0.002	0.001	-0.000	-0.000
	(0.004)	(0.005)	(0.005)	(0.005)	(0.005)
Married	0.030	0.028	0.023	0.013	0.011
	(0.036)	(0.039)	(0.040)	(0.045)	(0.045)
GPA=3.50 to 3.75				0.028	0.034
				(0.059)	(0.061)
GPA=3.25 to 3.49				0.067	0.067
				(0.061)	(0.065)
GPA=3.00 to 3.24				0.029	0.034
				(0.068)	(0.070)
GPA=2.75 to 2.99				-0.028	-0.020
				(0.051)	(0.052)
GPA=2.50 to 2.74				-0.003	0.004
				(0.056)	(0.066)
LS Rank 11 to 25				-0.040*	-0.037
				(0.021)	(0.022)
LS Rank 26 to 100				0.039	0.026
				(0.029)	(0.026)
LS Rank 101 to 137				0.042	0.029
				(0.073)	(0.080)
LS Rank 138 to 178				0.038	0.017
				(0.130)	(0.131)
Plan to Stay for 5+ years			0.033		0.021
			(0.050)		(0.037)
N	302.000	302.000	295.000	300.000	293.000
R^2	0.015	0.049	0.060	0.067	0.075
Other Controls:					
Regional dummies		×	×	×	×

Note: The exact survey question is "Over the total life of these matters, on how many of them were you involving in formulating strategy on the matter with attorneys more senior than you and/or clients?" and "...Assigning and/or supervising the work of others (attorneys or paralegals)?" The sample is restricted to those who were associates in a large private law firm in Wave 1. Standard errors are clustered at the regional level. Standard controls include dummies indicating female, Black, Hispanic, Asian, Native/Other, age, current marital status, and whether the current job is their first job out of law school. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

the promotion chances of blacks hired into these small firms should be closer to the promotion rates of their white peers. Furthermore, without affirmative action, hired blacks would not be negatively stereotyped in task assignment, and they should face similar promotion rates as whites conditional on observable signals of their productivity.

In small firms, however, being female is associated with a large decrease in the probability of becoming a partner. This mirrors patterns we observed in task assignments and interaction with partners where blacks faced unequal assignments in large firms while females received worse assignments in small firms.

7.3.4 Can Task Assignment or Interaction with Partners Explain Lower Partnership Rates?

Our theoretical model suggests that assignments into lower quality tasks or lack of partner interactions should be associated with lower partnership rates for all associates whether there is affirmative action or not. This is because investment costs for partnership are higher in the non-promotion track.

In Table 16, I present results from OLS regressions predicting partnership controlling for wave 1 task assignments for all associates who were working in a private firm in 2002. Conditional on the associates' assignment into the four desirable tasks, we find that being black is no longer significantly associated with being a partner. However, task assignment is correlated with partnership. More specifically, those associates who reported to be formulating strategies with partners is associated with 7 to 9 percentage point increase in the probability of partnership. Recall from Table 9 that this is one of the tasks with the greatest black and white differences in large firms. Furthermore, the positive impact of strategizing with partners on partnership probabilities is much greater than GPA and law school rankings both in magnitude and statistical significance.

The last column controls for the associate's plans to stay for 5 or more years at the firm, which is positively correlated with partnership. The coefficient on formulating strategies with partners remains positive and of similar magnitude, but it is now only statistically significant at the 15 percent level. However, as aforementioned, plans to stay are likely endogenous to the quality of tasks, and directly controlling for this variable will likely underestimate the impact of tasks on partnership chances.[23]

Rather than task assignments, one can interpret the division between non-promotion and promotion track as a decision to groom the associate for partnership or not. I ask whether an associate's social interaction with partners early on in his/her career can help predict his or her partnership chances. Table 17 presents OLS results controlling for partner interactions rather than task assignments. Across all specifications, we do not find much evidence that lunch or recreational activities with partners has any impact on promotion probabilities. Although positive, interactions with partners are associated with only a 1 to 2 percentage point increase in the probability of partnership, and these effects are not statistically significant.

[23]The main findings in Table 16 are robust to using probit or logit.

Table 16: Tasks as Predictors of Partnership

Dependent Variable =1 if current position is partner in Wave 2				
	(1)	(2)	(3)	(4)
Black	-0.021	-0.010	-0.057	-0.060
	(0.051)	(0.059)	(0.061)	(0.063)
Hispanic	-0.094**	-0.046	-0.067	-0.071
	(0.036)	(0.032)	(0.051)	(0.054)
Asian	-0.012	0.019	0.001	-0.007
	(0.029)	(0.032)	(0.046)	(0.045)
Female	-0.062**	-0.051*	-0.052*	-0.047*
	(0.025)	(0.026)	(0.025)	(0.027)
Age	-0.001	-0.002	-0.003	-0.003
	(0.002)	(0.002)	(0.003)	(0.003)
Married	0.034	0.024	0.016	0.009
	(0.028)	(0.032)	(0.037)	(0.036)
Firm Size $\geq$ 250 lawyers	-0.088**	-0.074*	-0.078**	-0.074*
	(0.034)	(0.036)	(0.036)	(0.036)
Court appearance	-0.030	-0.045	-0.023	-0.018
	(0.043)	(0.044)	(0.059)	(0.059)
Formulating strategy with partners	0.099**	0.093**	0.072*	0.070
	(0.038)	(0.041)	(0.043)	(0.048)
Traveling to meet clients and witnesses	0.004	0.015	0.004	-0.004
	(0.038)	(0.041)	(0.043)	(0.043)
Supervising attorneys and paralegals	0.034	0.024	0.034	0.031
	(0.067)	(0.067)	(0.070)	(0.066)
GPA = 3.50 to 3.74			0.033	0.051
			(0.056)	(0.053)
GPA = 3.25 to 3.49			-0.009	0.014
			(0.051)	(0.049)
GPA = 3.00 to 3.24			0.037	0.055
			(0.055)	(0.053)
GPA = 2.75 to 2.99			-0.010	0.016
			(0.057)	(0.056)
GPA = 2.50 to 2.74			-0.044	-0.003
			(0.048)	(0.049)
LS Rank 11 to 25			-0.025	-0.026
			(0.050)	(0.054)
LS Rank 26 to 100			0.054	0.035
			(0.048)	(0.047)
LS Rank 101 to 137			-0.008	-0.027
			(0.061)	(0.063)
Plan to stay for 5+ years				0.123***
				(0.042)
N	618.000	618.000	557.000	545.000
R^2	0.057	0.092	0.131	0.153
Other Controls:				
Regional dummies		×	×	×
GPA/Law School Rank			×	×

Notes: The sample is restricted to those who were associates in a private law firm in Wave 1. Standard errors are clustered at the regional level. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

Table 17: Interactions with Partners as Predictors of Partnership

Dependent Variable =1 if current position is partner in Wave 2					
	(1)	(2)	(3)	(4)	(5)
Black	-0.061	-0.052	-0.097**	-0.082	-0.085
	(0.043)	(0.051)	(0.046)	(0.049)	(0.050)
Hispanic	-0.096**	-0.055	-0.108*	-0.061	-0.066
	(0.044)	(0.046)	(0.056)	(0.056)	(0.057)
Asian	-0.072**	-0.038	-0.074	-0.032	-0.036
	(0.028)	(0.039)	(0.043)	(0.053)	(0.049)
Female	-0.081***	-0.072***	-0.087***	-0.075**	-0.068**
	(0.026)	(0.025)	(0.026)	(0.027)	(0.028)
Age	-0.001	-0.001	-0.002	-0.001	-0.001
	(0.002)	(0.002)	(0.003)	(0.002)	(0.002)
Married	0.046*	0.033	0.026	0.020	0.011
	(0.024)	(0.025)	(0.032)	(0.033)	(0.033)
Firm Size $\geq$ 250 lawyers	-0.106***	-0.079***	-0.111***	-0.084***	-0.071***
	(0.026)	(0.024)	(0.023)	(0.025)	(0.024)
Lunch with partners	0.026	0.025	0.018	0.014	0.005
	(0.023)	(0.023)	(0.023)	(0.023)	(0.026)
Recreational activities with partners	0.041	0.041	0.015	0.020	0.008
	(0.024)	(0.025)	(0.029)	(0.029)	(0.031)
Plan to stay for 5+ years					0.114***
					(0.035)
N	820.000	820.000	726.000	726.000	713.000
r2	0.060	0.092	0.094	0.128	0.145
Other Controls:					
Regional dummies		×		×	×
GPA/Law School Rank			×	×	×

Note: The sample is restricted to those who were associates in a private law firm in Wave 1. Standard errors are clustered at the regional level. Standard controls include dummies indicating female, Black, Hispanic, Asian, Native/Other, age, current marital status, and whether the current job is their first job out of law school. All estimates are weighted using sample probability weights adjusted for non-response. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

Overall, these two tables suggest that greater professional interactions with partners *on the job* is a better predictor of partnership than social interactions. In other words, ultimately partners want colleagues who can generate profit for the firm and produce good work, not those who will be a part of the firm's softball team. Black lawyers in large firms are assigned less substantive work, because partners believe that they are less qualified. Therefore, with fewer opportunities to prove themselves for partnership, blacks are less likely to be promoted than whites of similar ability.

7.3.5 Black and White Differences in Promotion Rates Conditional Task Assignment

The last two empirical predictions concern black and white differences in promotion rates conditional on track assignments. In the previous section, we have seen that formulating strategies with partners was associated with the greatest increase in partnership. Therefore, I assume that those respondents who spend most or all of their time strategizing with partners have been assigned to the promotion track. All others are assumed to have been in the non-promotion track.

First, conditional on having worse task assignments, blacks in large firms should have indistinguishable or lower promotion rates than whites. If investment cost is too high in non-promotion

Table 18: Prediction of Partnership Conditional on Task Assignment

Dependent Variable=1 if current position is partner in Wave 2					
Panel A: Non-promotion Track					
	(1)	(2)	(3)	(4)	(5)
Black	-0.033	-0.008	-0.009	0.000	-0.006
	(0.023)	(0.026)	(0.032)	(0.039)	(0.048)
Hispanic	0.002	0.036	0.041	0.085	0.085
	(0.061)	(0.066)	(0.071)	(0.076)	(0.081)
Asian	0.080	0.090	0.035	0.104*	0.047
	(0.057)	(0.062)	(0.053)	(0.055)	(0.050)
Female	-0.044	-0.059	-0.073**	-0.050	-0.057
	(0.037)	(0.036)	(0.032)	(0.043)	(0.039)
N	196.000	196.000	190.000	195.000	189.000
R^2	0.034	0.093	0.111	0.159	0.178
Panel B: Promotion Track					
Black	-0.103*	-0.048	-0.054	0.021	0.027
	(0.050)	(0.064)	(0.068)	(0.228)	(0.211)
Hispanic	-0.061	-0.085	-0.091	-0.016	0.021
	(0.051)	(0.057)	(0.061)	(0.089)	(0.121)
Asian	-0.118**	-0.172	-0.176	-0.130	-0.129
	(0.040)	(0.123)	(0.118)	(0.128)	(0.116)
Female	0.064	0.033	0.033	0.021	0.035
	(0.058)	(0.077)	(0.079)	(0.068)	(0.082)
N	71.000	71.000	71.000	70.000	70.000
R^2	0.060	0.262	0.265	0.371	0.387
Other Controls:					
Standard controls:	×	×	×	×	×
Regional dummies		×		×	×
GPA/Law School Rank			×	×	×
Plan to stay for 5+ years					×

Note: "Non-promotion track" are those respondents who answered None, Some, or Half to the number of matters where they spent formulating strategies with partners or seniors. "Promotion track" are those respondents who answered Most or All. The sample is restricted to those who were associates in a large private law firm in Wave 1. Standard errors are clustered at the regional level. Standard controls include dummies indicating female, Black, Hispanic, Asian, Native/Other, age, and current marital status. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

track and no one invests, then both blacks and whites should have zero chance for partnership. However, if qualified workers in the non-promotion track choose to invest, then blacks should have lower promotion rates, because a greater proportion of them are unqualified. Panel A in Table 18 restricts the sample to the wave 1 associates in large private firms who were assigned to the non-promotion track. Across all specifications, there is no difference in the promotion chances of blacks and whites in the non-promotion track. However, females tend to have worse promotion rates than males, which may reflect women's greater propensity for career interruptions and departure from the labor market.

Second, conditional on having good task assignments, it is unclear whether blacks or whites should have higher promotion probabilities. As we previously explained, if there are large differences in the average qualifications of blacks and whites in the population, then the firms will set a much higher promotion track standard for blacks. Consequently, only blacks that appear to be qualified

with a probability very close to one will be placed into the promotion track, and, in turn, they will have higher promotion rates than whites in the same track. However, if the cost of an unqualified worker in the promotion track is very large or very low, then it is possible for the partnership rates of blacks in the promotion track to be similar or lower than their white peers. Panel B restricts the sample to those respondents who spend most of their time formulating strategies with partners. With basic demographic and regional controls (column 2), blacks in the promotion track are less likely to be a partner, although this effect is statistically insignificant. Adding law school controls, the black coefficient becomes positive, but this estimate is very imprecise. Overall, there is weak evidence that blacks in the promotion track have slightly worse promotion rates than whites performing the same type of tasks.

8 Alternative Explanations and Robustness Checks

8.1 Information Unobserved by the Econometrician

One plausible alternate explanation for many of my empirical findings is the following. Suppose partners actually have the same information as the central hiring committee, but I, the econometrician, has less information about the quality of those who are hired. Then my inability to fully control for all the information that the partners sees can account for differences in job assignment and promotion rates conditional on observables. In other words, differences in promotion rates may not be the result of individual partners' statistical discrimination of blacks in job assignment, but simply a reflection of their true productivity differences that I cannot measure.[24]

While plausible, my last finding that blacks and whites have similar promotion rates even conditional on having been assigned to the "non-promotion track" undermines this alternative theory. Both my model and this alternative model predict that the marginal black and the marginal white lawyers assigned to the promotion track have the same probability of being qualified. Therefore, as argued in the previous section, blacks and whites assigned to the promotion track will likely have similar promotion rates under both models. However, my finding that the promotion rates for blacks and whites from the non-promotion track are equal cannot be readily explained in the alternative model.

In this alternative setting, the hiring committee and the partners simply hires black individuals from the lower tail of the productivity distribution and assigns them to the non-promotion track. The partners do not raise their promotion-track cutoff threshold of blacks above that of whites. Unless the distribution of black associates' actual quality is drastically better than the whites' quality distribution below the hiring threshold of whites and above the hiring threshold for blacks (i.e. with signal between s_B^H and s_W^H), one should expect blacks assigned to the non-promotion track to have lower rates of promotion than whites assigned to that same track, on average. However,

[24]On a related point, an another question that has been frequently raised is the question of employer learning. Controlling for "months at the current firm" and/and whether the associate was a summer associate at the current firm do not alter my findings. Time with the firm is not significantly correlated with task assignment or promotion rates, and it does not change the black-white differences in magnitude or statistical significance.

in data, we find no difference in promotion rates conditional on having been assigned to the non-promotion track. This result can be easily explained in my model where partners statistically discriminate against blacks by raising the black associates' promotion-track standard above the standard for whites. While the blacks in the non-promotion track with signal below s_W^H are less likely to qualified than an average white associate assigned to the non-promotion track, those with a signal between s_W^H and s_W^P are more likely to be qualified than the average white associate in the same task. Therefore, in my model, we can readily show examples where blacks and whites' promotion rates from the non-promotion track are equal on average.

8.2 Results driven by different career preferences of blacks and whites?

Perhaps the strongest alternative explanation for the findings in this paper is the argument that career preferences of blacks and whites might be fundamentally different. More specifically, blacks may simply value working for prestigious firms early in their career more than whites. This would explain the greater likelihood of highly qualified blacks to be working in large firms. If these black lawyers do not intend to become partners but simply want to use their prestigious positions as stepping stones for careers in other sectors, then blacks will have lower promotion rates than whites.

While it is difficult to entirely dismiss the hypothesis that differences in preferences can explain the higher hiring and lower promotion rates of blacks, there is some evidence against this argument. First, AJD asks about the importance of various factors in determining which job offer the respondent decided to take. One of the listed factors is the job's prestige, and the respondent can rate its importance from a scale of 1 to 7 with 7 being extremely important. Table A.4 in the Appendix shows probit results predicting the probability of working in a large firm controlling for the respondent's value of the job's prestige. The coefficient on the importance of prestige is positive and statistically significant. However, the coefficient on Black in specifications (4) through (6) remain significant and of the same magnitude as those reported in Table 6 without prestige controls.

Second, if differences in promotion rates can be explained by black lawyers' lack of desire for partnership, we might expect to see signs of less effort among black associates in large law firms. However, as we discussed before, Table 10 shows no clear black-white disparities in writing for publications/seminars or participating in bar or civic associations – activities that may be important for future business development. Moreover, I find no significant differences in billable hours between black and white lawyers in large law firms. Table A.5 in the Appendix shows OLS results predicting partnership controlling for task assignments and billable hours last week. The coefficient on billable hours is small and positive and not statistically significant except in the second regression specification with no law school controls. More importantly, "formulating strategies with partners" is still associated with increased partnership probabilities and remains of the same magnitude and statistical significance as in the regressions without effort controls.

8.3 Differences in Positional Rank Among Those Who Stayed in Private Firms

From Table 14, we noted that blacks associates in private firms were much more likely to have moved into contract or staff attorney positions compared to whites. These are fixed-term positions that are less prestigious than associates and not eligible for partnership considerations. In this section, I divide the "non-partner" group into 3 ranked categories (staff/contract attorney, associate, and of-counsel/supervising attorney) and focus on predicting positions of those who started and stayed in private firms. By limiting my sample to those who chose to remain in private firms, I can further discount the possibility that lower promotion rates among blacks might reflect their greater desire to enter public law compared to whites.[25]

I estimate the following ordered probit model

$$y_i^* = X_i^{'}\beta + u_i \tag{15}$$

where the the observed category y_i is defined as

$$y_i = \begin{cases} 1 & \text{if staff or contract attorney} \\ 2 & \text{if associate} \\ 3 & \text{if of-counsel or supervising/managing attorney} \\ 4 & \text{if partner,} \end{cases}$$

and u_i is standard normally distributed. Table A.6 in the Appendix examines determinants of wave 2 positions for associates who started as associates in large private firms. Blacks are much more likely to be in lower positions conditional on being hired and conditional on observables, including controlling for plans to stay in the firm in the last column. Table A.7 examines whether task assignments are associated with positional ranks within a private firm. As in our previous analysis for partnership, we find that those associates who spent more time "formulating strategies with partners" have assumed higher positions. These results provide additional support to the claim that blacks in large private firms face significantly lower partnership chances, because they are assigned to worse tasks early on in their careers.

9 Concluding Remarks

In this paper, I introduce a dynamic model of statistical discrimination to understand why minorities continue to be underrepresented at the top of most professional ladders despite making large gains at hiring. I show that when affirmative action at hiring raises the hiring rates of blacks but leaves assignment standards to the promotion-track unchanged, this divergence in strategies can lead to lower promotion rates for blacks than had such a policy not been in place. Using data from the After the JD study – a unique longitudinal survey that tracks the professional lives of over 4,000

[25] Just over 80% of both whites and blacks who started as associates in a private firm stayed in a position within a private law firm.

lawyers who entered the bar in 2000 – I find that compared to whites of similar credentials, blacks are more likely to be hired but are assigned to worse tasks and less likely to be a partner seven years after entering the bar, *even conditional on observable correlates of productivity.* These black and white differences in promotion rates can be explained by dissimilar task assignments received as associates. These findings are robust to controlling for workers' preferences for prestigious jobs and effort as measured by billable hours. Results from this paper provide a novel explanation for the shortage of minorities in managerial and executive ranks by revealing how lack of complementary strategies in job assignment and promotion can counter the impact and goals of diversity programs early in minorities' careers.

Despite the focus on the career paths of lawyers in my empirical analysis, the general principles and predictions that are established in the model and confirmed in data are not limited to the legal field. An interesting example can be found in Major League Baseball (MLB). Although MLB has been praised for its overall diversity, black representation among baseball managers is very low. A closer look at its coaching staff reveals a pattern that cannot be detected from aggregate numbers. In MLB's thirty baseball teams, only 23 percent of the third-base coaches are minorities compared to 67 percent of first-base coaches.[26] It is well-known in baseball that the third-base coaching position is more prestigious, receives better pay, and serves as a better stepping stone to a future managerial position. Despite the significant progress MLB has made since the early 1990s in diversifying its coaching staff as a whole, minorities seem to be disproportionately channeled into less demanding and prestigious roles. The disconnect between a diversity-driven hiring process and a payoff-focused job assignment and promotion described in this paper may also help explain the low representation of blacks among MLB managers.

Finally, although I find evidence for lower hiring standards for blacks in large law firms, controlling for task assignments, GPA and law school rankings have minimal impact on promotion rates at best. Therefore, the argument that underrepresentation of minorities at the top of professional ladders is merely a reflection of minorities' lack of qualifications seems to be an overly simple representation of reality. This paper suggests that rational biases against minorities can lead to worse terms and conditions of employment that afford minorities less opportunities for advancement even when there is an effort to increase their hiring at the beginning of their careers.

[26] `http://www.nytimes.com/2010/08/12/sports/baseball/12baseball.html?ref=discrimination`

A Appendix

A.1 After the JD Study

The creation of a nationally representative sample involved a two-step process. In the first stage, the AJD divided the nation into eighteen strata by region and size of the new lawyer population. Within each stratum, one primary sampling unit (PSU) was chosen. A PSU can be a metropolitan area, portion of a state outside large metropolitan areas, or the entire state. In the second stage, the AJD researchers sampled individuals from each of the PSUs at rates, when combined, would represent the national population of lawyers. They also included an oversample of 1,465 new lawyers from minority groups (Black, Hispanic, and Asian American), yielding a final sample of 9,192 lawyers.

Unfortunately, the AJD researchers could not locate 20% of the sample and roughly 20% of those located were identified as lawyers moving from one state bar to another rather than lawyers entering the bar for the first time. The researchers chose to keep these movers in the sample so long as they graduated from law school no earlier than 1998. About 6% of the AJD sample began law practice in 1999, and 1.5% began law practice in 1998. From those in the original sample who were located, 71% responded either to the mail questionnaire or to a telephone interview, yielding a total of 4,538 valid responses which accounts for about 10% of the bar admittances in 2000. Of these, 3,905 individuals composed the nationally representative sample, while 633 respondents corresponded to the minority oversample.

A.2 Additional Figures and Tables

Figure A.1: Diversity Score Card of Law Firms 2010

The Diversity Scorecard 2010

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1-888-770-5647 www.almlegalintelligence.com

	Diversity Rank '10 ▲	Diversity Rank '09	Diversity Score*	Minority % all U.S. attorneys	Minority % all U.S. partners	Total U.S. Attorneys	African American Partners / Nonpartners	Asian American Partners / Nonpartners	Hispanic American Partners / Nonpartners
Wilson Sonsini	1	1	44.8	25.8%	19.0%	597	5/11	19/87	10/15
Munger Tolles	2	6	40.0	24.6%	15.4%	183	2/2	9/16	3/10
Lewis Brisbois	3	4	38.9	26.1%	12.8%	731	10/30	16/76	20/31
White & Case	4	9	36.8	22.3%	14.5%	678	2/17	14/60	11/33
Knobbe Martens	5	5	36.0	22.0%	14.0%	259	0/0	14/33	1/4
Cleary Gottlieb	6	20	35.7	25.0%	10.7%	577	3/29	3/71	5/29
Fenwick & West	7	7	35.3	25.7%	9.6%	245	1/5	8/38	0/11
Hughes Hubbard	7	13	35.3	23.0%	12.3%	269	1/21	2/15	6/13
Curtis Mallet-Prevost	9	3	35.2	20.4%	14.8%	152	2/2	0/6	6/15

Source: *The Diversity Score Card 2010.* Retrieved October 22, 2010 from
http://www.law.com/jsp/tal/PubArticleTAL.jsp?id=1202444469087&src=EMC-Email&et=editorial&bu=The%20American%20Lawyer&pt=Am%20Law%20Daily&cn=am_law_daily_20100301&kw=The%20Chart

Figure A.2: GPA Distribution of Black and White Lawyers by Organization

Notes: All graphs include the minority over-sample. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. Large private firms are those firms with greater or equal to 250 lawyers. Small firms are firms with less than 50 lawyers.

Table A.1: Predicted Probability of Working in A Small Firm by GPA and LS Rank: Black minus White

	Law School Ranking				
	1 to 10	11 to 20	21 to 100	101 to 137	138 to 178
	1 to 10	11 to 20	21 to 100	101 to 137	138 to 178
GPA=3.75 to 4.00	-0.0937**	-0.158**	-0.358***	-0.0937**	-0.586***
	(0.0382)	(0.0624)	(0.0716)	(0.0382)	(0.105)
GPA=3.50 to 3.74	-0.0745	-0.111*	-0.0877	-0.0115	-0.032
	(0.0462)	(0.0637)	(0.153)	(0.0848)	(0.161)
GPA=3.25 to 3.49	-0.128**	-0.180**	-0.165	-0.0545	-0.0979
	(0.0499)	(0.0879)	(0.167)	(0.107)	(0.149)
GPA=3.00 to 3.24	-0.221**	-0.265**	-0.159	-0.0813	-0.0663
	(0.095)	(0.106)	(0.127)	(0.138)	(0.0805)
GPA=2.75 to 2.99	-0.0612	-0.0465	0.0628	0.167	0.0447
	(0.137)	(0.141)	(0.0658)	(0.161)	(0.035)
GPA=2.50 to 2.74	-0.0165	-0.00376	0.12	0.201	0.0959
	(0.269)	(0.287)	(0.24)	(0.275)	(0.12)

Notes: Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey have been updated with the LSAC race information when available. Standard errors reported in parentheses have been calculated using the Delta method. Predicted probabilities are for male, 31 years old, married, first job, no law review, Atlanta. Reported in brackets are the proportion of black lawyers working in private law firms belonging to each GPA-law school rank cell. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

Table A.2: Desirable Task Assignments in Small Private Firms (OLS Results)

Dependent Variable=1 if "most" or "all"				
	(1)	(2)	(3)	(4)
Panel A: Formulating strategy with partners/seniors				
Black	-0.045	-0.012	0.013	-0.335
	(0.072)	(0.097)	(0.091)	(0.401)
Hispanic	0.146	0.162*	0.193*	0.163
	(0.090)	(0.086)	(0.093)	(0.202)
Asian	-0.066	-0.115	-0.082	-0.351**
	(0.104)	(0.090)	(0.104)	(0.157)
Female	-0.090*	-0.088	-0.100*	0.160
	(0.049)	(0.052)	(0.056)	(0.109)
Panel B: Assigning and/or supervising attorneys or paralegals				
Black	0.011	-0.011	-0.030	0.165
	(0.067)	(0.080)	(0.074)	(0.287)
Hispanic	-0.072*	-0.063	-0.080*	0.061
	(0.036)	(0.044)	(0.042)	(0.117)
Asian	-0.059	-0.100	-0.079	-0.144
	(0.077)	(0.061)	(0.077)	(0.120)
Female	-0.075***	-0.079***	-0.077**	0.065
	(0.019)	(0.022)	(0.029)	(0.087)
N	578	545	545	163
Other Controls:				
School Rank/Performance		×	×	×
Regional dummies	×		×	×
Area of Law				×

Note: The exact survey question is "Over the total life of these matters, on how many of them were you involving in formulating strategy on the matter with attorneys more senior than you and/or clients?" and "...Assigning and/or supervising the work of others (attorneys or paralegals)?" A small private law firm is defined as a firm with less than 50 lawyers. Standard errors are clustered at the regional level. Standard controls include dummies indicating female, Black, Hispanic, Asian, Native/Other, age, current marital status, and whether the current job is their first job out of law school. All estimates are weighted using sample probability weights adjusted for non-response. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

Table A.3: Determinants of Partnership in Small Law Firms

Dependent Variable =1 if current position is partner in Wave 2					
	(1)	(2)	(3)	(4)	
Black	-0.069	-0.051	-0.046	-0.018	-0.024
	(0.080)	(0.093)	(0.096)	(0.098)	(0.101)
Hispanic	-0.115*	-0.038	-0.039	-0.033	-0.036
	(0.054)	(0.057)	(0.063)	(0.061)	(0.067)
Asian	-0.091*	-0.003	0.000	0.002	0.006
	(0.048)	(0.050)	(0.044)	(0.067)	(0.058)
Female	-0.113***	-0.098**	-0.083**	-0.110***	-0.092**
	(0.036)	(0.035)	(0.035)	(0.036)	(0.037)
Age	-0.001	-0.002	-0.002	-0.002	-0.003
	(0.003)	(0.003)	(0.003)	(0.003)	(0.004)
Married	0.080**	0.054	0.040	0.044	0.031
	(0.030)	(0.037)	(0.039)	(0.043)	(0.043)
GPA = 3.5 to 3.74				-0.014	-0.001
				(0.117)	(0.111)
GPA = 3.250 to 3.49				-0.074	-0.053
				(0.082)	(0.084)
GPA = 3.00 to 3.24				-0.079	-0.052
				(0.074)	(0.071)
GPA = 2.75 to 2.99				-0.142	-0.104
				(0.090)	(0.091)
GPA = 2.50 to 2.74				-0.189*	-0.144
				(0.100)	(0.107)
GPA = 2.25 to 2.49				-0.110	-0.043
				(0.188)	(0.190)
GPA < 2.25				-0.191*	-0.250**
				(0.101)	(0.096)
Law School Rank 11 to 25				-0.123	-0.132
				(0.219)	(0.205)
Law School Rank 26 to 100				0.001	-0.017
				(0.216)	(0.201)
Law School Rank 101 to 137				-0.066	-0.068
				(0.211)	(0.193)
Law School Rank 138 to 178				-0.088	-0.102
				(0.223)	(0.209)
Plan to stay for 5+ years			0.131***		0.120**
			(0.041)		(0.047)
N	448.000	448.000	438.000	445.000	435.000
R^2	0.045	0.110	0.127	0.152	0.163
Other Controls:					
Regional dummies		×	×	×	
GPA			×	×	
Plans to Stay				×	

Note: The exact survey question is "Over the total life of these matters, on how many of them were you involving in formulating strategy on the matter with attorneys more senior than you and/or clients?" and "...Assigning and/or supervising the work of others (attorneys or paralegals)?" The sample is restricted to those who were associates in a private law firm with less than 50 lawyers in Wave 1. Standard errors are clustered at the regional level. Standard controls include dummies indicating female, Black, Hispanic, Asian, Native/Other, age, current marital status, and whether the current job is their job out of law school. All estimates are weighted using sample probability weights adjusted for non-response. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

Table A.4: Probability of Working in A Large Private Law Firm Controlling for Prestige Importance

	Dependent Variable=1 if Current Firm Size ≥ 250 lawyers					
	Excluded Categories: Male, White, GPA=3.74 to 4.0, Tier 1 LS					
	(1)	(2)	(3)	(4)	(5)	(6)
Black	-0.144	-0.103	-0.258	6.278***	6.019***	7.349***
	(0.158)	(0.162)	(0.157)	(0.898)	(0.563)	(0.468)
Hispanic	-0.089	0.078	-0.095	-0.674*	-0.900**	-1.786**
	(0.141)	(0.167)	(0.155)	(0.358)	(0.406)	(0.796)
Asian	0.271**	0.087	-0.089	-1.043	-0.731	-0.641
	(0.135)	(0.129)	(0.102)	(1.040)	(1.003)	(1.143)
Female	0.083	0.097	0.054	0.095	0.064	0.073
	(0.082)	(0.083)	(0.076)	(0.083)	(0.079)	(0.078)
Age	-0.022**	-0.005	-0.011	-0.005	-0.011	-0.010
	(0.010)	(0.010)	(0.012)	(0.010)	(0.013)	(0.012)
Married	-0.068	-0.062	0.048	-0.070	0.035	0.015
	(0.066)	(0.076)	(0.079)	(0.069)	(0.075)	(0.073)
First Job	0.453***	0.395***	0.461***	0.389***	0.450***	0.469***
	(0.075)	(0.096)	(0.095)	(0.096)	(0.094)	(0.099)
Importance of Prestige	0.205***	0.147***	0.149***	0.145***	0.149***	0.149***
	(0.022)	(0.024)	(0.029)	(0.024)	(0.030)	(0.031)
N	1776.000	1688.000	1688.000	1666.000	1666.000	1650.000
School Rank/Performance		×	×	×	×	×
Regional dummies			×		×	×
Race × GPA				×	×	×
Race × LS Rank						×

Notes: The sample is restricted to those working in private law firms. A "large private law firm" is defined as a firm with 250 or more lawyers. Standard errors are reported in parentheses and clustered at the regional level. All estimates are weighted using sample probability weights adjusted for non-response. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. Importance of Prestige is a variable ranging from 1 (Not at all important) to 7 (Extremely important) to the question, "Comparing specific job offers you received from employers you considered, how important were the following factors in making your choice? Prestige." * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

Table A.5: Tasks as Predictors of Partnership Controlling for Hours Worked

Dependent Variable =1 if current position is partner in Wave 2				
	(1)	(2)	(3)	(4)
Black	-0.013	0.007	-0.040	-0.019
	(0.050)	(0.056)	(0.048)	(0.057)
Hispanic	-0.118***	-0.077*	-0.146***	-0.100*
	(0.035)	(0.043)	(0.048)	(0.055)
Asian	-0.013	0.022	-0.037	-0.008
	(0.033)	(0.039)	(0.045)	(0.047)
Female	-0.055*	-0.042	-0.060*	-0.047
	(0.027)	(0.026)	(0.029)	(0.028)
Age	-0.001	0.000	-0.002	-0.001
	(0.002)	(0.003)	(0.002)	(0.003)
Married	0.036	0.023	0.028	0.021
	(0.030)	(0.031)	(0.035)	(0.038)
Firm Size $\geq$ 250 lawyers	-0.105***	-0.079**	-0.113***	-0.088**
	(0.032)	(0.032)	(0.031)	(0.031)
Court Appearance	0.031	0.024	0.043	0.034
	(0.028)	(0.028)	(0.026)	(0.026)
Formulating strategy with partners	0.095**	0.087**	0.082*	0.069
	(0.035)	(0.038)	(0.039)	(0.042)
Traveling to meet clients and witnesses	-0.031	-0.032	-0.055	-0.048
	(0.040)	(0.042)	(0.047)	(0.047)
Supervising attorneys and paralegals	-0.027	-0.025	-0.016	-0.014
	(0.059)	(0.060)	(0.059)	(0.060)
Billable Hours	0.001	0.002*	0.002	0.002
	(0.001)	(0.001)	(0.001)	(0.001)
N	608.000	608.000	546.000	546.000
R^2	0.067	0.110	0.096	0.141
Other Controls:				
Regional dummies		×		×
GPA and Law School Rank			×	×

Note: The sample is restricted to those who were associates in a private law firm in Wave 1. Standard errors are clustered at the regional level. Standard controls include dummies indicating female, Black, Hispanic, Asian, Native/Other, age, current marital status, and whether the current job is their first job out of law school. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. Billable Hours last week (Actual) is the response to the question "How many hours did you actually work last week even if it was atypical (including evenings and weekends worked.)" * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

Table A.6: Determinants of Positions in A Large Private Firm (Ordered Probit Results)

	(1)	(2)	(3)	(4)
Black	-0.597***	-0.556***	-0.537**	-0.557**
	(0.106)	(0.130)	(0.219)	(0.247)
Hispanic	0.040	0.258	0.436**	0.478*
	(0.171)	(0.214)	(0.216)	(0.253)
Asian	-0.338	-0.195	0.031	-0.151
	(0.245)	(0.303)	(0.246)	(0.268)
Age	-0.026	-0.036*	-0.041**	-0.050***
	(0.021)	(0.020)	(0.017)	(0.017)
Married	0.361**	0.360**	0.245	0.250
	(0.150)	(0.156)	(0.204)	(0.208)
Female	-0.246	-0.430**	-0.484**	-0.539**
	(0.239)	(0.215)	(0.232)	(0.234)
Plan to stay for 5+ years				0.610***
				(0.222)
N	230.000	230.000	228.000	224.000
Other Controls:				
Regional dummies		×		×
GPA and Law School Rank			×	×

Note: Dependent variable is equal to 1 if staff/contract attorney, 2 if associate, 3 if of-counsel/supervising/managing attorney, and 4 if partner. The sample is restricted to those who were associates in a large private law firm in Wave 1. Standard errors are clustered at the regional level. Standard controls include dummies indicating female, Black, Hispanic, Asian, Native/Other, age, current marital status, and whether the current job is their first job out of law school. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.

Table A.7: Tasks as Determinants of Positions in A Private Firm (Ordered Probit Results)

	(1)	(2)	(3)	(4)
Black	-0.398*	-0.441*	-0.863***	-0.823**
	(0.213)	(0.264)	(0.330)	(0.344)
Hispanic	-0.229	-0.029	-0.127	-0.119
	(0.187)	(0.189)	(0.252)	(0.270)
Asian	-0.157	-0.105	-0.178	-0.200
	(0.135)	(0.205)	(0.209)	(0.214)
Female	-0.307***	-0.285***	-0.335***	-0.337***
	(0.102)	(0.102)	(0.111)	(0.117)
Age	-0.016*	-0.019*	-0.023**	-0.027**
	(0.010)	(0.010)	(0.011)	(0.010)
Married	0.176	0.146	0.082	0.062
	(0.143)	(0.160)	(0.179)	(0.175)
Firm Size $\geq$ 250 lawyers	-0.394***	-0.381***	-0.389***	-0.370***
	(0.140)	(0.140)	(0.130)	(0.134)
Court appearance	-0.026	-0.044	-0.090	-0.078
	(0.185)	(0.177)	(0.245)	(0.252)
Formulating strategies with partners	0.401***	0.371**	0.340*	0.318
	(0.127)	(0.150)	(0.193)	(0.195)
Traveling to meet clients and witnesses	0.082	0.160	0.112	0.096
	(0.132)	(0.142)	(0.172)	(0.172)
Supervising attorneys/paralegals	0.039	-0.014	-0.017	-0.034
	(0.290)	(0.288)	(0.278)	(0.270)
Plan to stay 5+ years				0.395***
				(0.132)
N	461.000	461.000	412.000	406.000
Other Controls:				
Regional dummies		×		×
GPA and Law School Rank			×	×

Note: Dependent variable is equal to 1 if staff/contract attorney, 2 if associate, 3 if of-counsel/supervising/managing attorney, and 4 if partner. The sample is restricted to those who were associates in a private law firm in Wave 1. Standard errors are clustered at the regional level. Standard controls include dummies indicating female, Black, Hispanic, Asian, Native/Other, age, current marital status, and whether the current job is their first job out of law school. Race categories are adjusted for multi-ethnicity. Missing race information in the AJD survey has been updated with the LSAC race information when available. * = different from zero at the 10% level. ** = different from zero at the 5% level. *** = different from zero at the 1% level.