Interorganizational Determinants of Promotion: Client Leadership and the Attainment of Women Attorneys

Christine M. Beckman
University of California, Irvine

Damon J. Phillips
University of Chicago

Explanations of gender inequality typically emphasize individual characteristics, the structure of internal labor markets, or pressures from the institutional environment. Extending the structuralist and institutional perspectives, this article argues that the demographic composition of an organization's exchange partners can influence the demographic composition of the focal organization when the focal organization is dependent upon its partners. Specifically, law firms with women-led corporate clients increase the number of partners who are women attorneys. Data on elite law firms and their publicly traded clients support a bargaining power hypothesis whereby law firms promote women attorneys when their corporate clients have women in three key leadership positions: general (legal) counsel, chief executive officer, and board director. These effects are stronger when the law firm has few clients, reinforcing the hypothesis that interorganizational influence is more vital when a focal organization is dependent on its exchange partner. The results also support a related explanation based on homophily theory. The analysis rules out several alternative explanations and establishes a relationship between the presence of women-led clients and the promotion of women attorneys in law firms.

Since Baron and Bielby's (1980) call to engage more directly the role of organizations in stratification processes, an informative and compelling set of research has improved our understanding of how organizations affect individual attainment (see Kerckhoff 1995 for a review). One of the principal areas of research within this vein has been the mobility of women within organizations (e.g., Baron, Mittman, and Newman 1991; Cohen, Broschak, and Haveman 1998). Through work that has emphasized both individual ascriptive differences and structural bases of mobility and inequality (Rosenbaum 1984; Chase 1991; Blair-Loy 1999), a wealth of insight has been produced on the relationship between organizations and the attainment of women.

The attainment of women is linked to a number of organizational and institutional factors. Many past studies examine factors internal to the employer (e.g., size, hierarchical structure, the use of job titles, demographic composition). Other research incorporates the environment of employers and often conceptualizes the environment abstractly in terms of market or institutional pressures (Edelman 1992; DiPrete and

---

Direct correspondence to Christine M. Beckman, University of California, Irvine, Graduate School of Management, Irvine, CA 92697-3125 (Cbeckman@uci.edu); and Damon J. Phillips, University of Chicago, Graduate School of Business, Chicago, IL 60637 (damon.phillips@ChicagoGSB.edu). The authors contributed equally to this article. The authors thank the University of Chicago Alfred P. Sloan School Center on Parents, Children and Work for their support during the article's preparation. The authors benefited from helpful comments on earlier versions of the paper from Joe Broschak, Kathleen Christensen, Mark Mizruchi, Robert Nelson, and the seminar participants at University of Alberta and University of Chicago. The authors also thank those in-house and private practice attorneys with whom we spoke for their insights and anecdotes, as well as the many research assistants, especially Joyce Chen and Beth Walls, who assisted in the collection of this data.

Nonnemaker 1997). Less emphasis is placed on the exchange relations that constitute the social structure of the environment. We contend that greater attention to exchange relations can broaden the understanding of gender stratification. In particular, our goal is to use the specific exchange relations between a focal firm and its constituents to understand more fully individual attainment and organizational opportunity structures. We argue that an organization's exchange relationships can shape the internal labor market processes that in turn affect gender differences in mobility.

Our framework builds upon Baron et al.'s (1991) examination of external determinants of gender integration and Guthrie and Roth's (1999) study of women CEOs and the institutional environments in which firms are embedded. In our model, the attainment of women within a law firm is partially a function of whether women occupy high-ranking positions in the law firm's corporate clients. The gender composition of the corporate client's leadership is linked to the growth of women partners in the law firm through the corporate client's bargaining power as well as homophily preferences that women leaders have for interacting with similar others. Moreover, consistent with the social exchange and resource dependence paradigms, we expect that the influence of any one corporate client is attenuated to the extent that a law firm represents many clients. While women-led corporate clients may directly pressure their law firms to promote women, the inherent power asymmetry in the law firm–corporate client relationship may result in influence without direct pressure. The mere presence of women leaders in the corporate client may be sufficient to affect the law firm's demographic composition as the law firm mirrors the client. Thus, we agree with Baron et al.'s conclusion: "Understanding the dynamics of labor markets and careers may involve studying not only organizational dynamics but also the dynamics of interorganizational networks" (1991:1398).

Our study joins a larger body of research in which the factors that influence gender inequality and women's attainment within organizations can be usefully segmented into supply side and demand side explanations (see Reskin 1993). Supply side explanations, often drawing from human capital and status attainment theories, focus on how individual attributes, such as education and experience, determine employment outcomes. Here, inequalities stem from individual-level differences in education, effort, and choice. While supply side factors do affect gender inequality, research demonstrates that women receive lower returns on their investment in human capital than men, even when controls such as age and effort are considered (e.g., Olsen and Becker 1983).

Demand side explanations emphasize the internal and external structural constraints and employer biases that hinder women's attainment. These explanations include discrimination, occupational segregation, and unequal access to internal labor markets (Baron and Newman 1989; Jacobs 1989). Research on structural constraints suggests that employer bias and institutionalized patterns favoring men may operate net of individual factors in explaining gender inequality (England 1982).

Emerging from demand side explanations, structuralist theories argue that individual attainment (as well as how attainment differs by gender) is influenced by the organizational and institutional context of the labor market (Baron and Bielby 1980). Except in studies that have examined the role of the state (e.g., Bridges and Nelson 1989), the specific mechanisms that link the internal mobility of individuals to the external context within which the employer is embedded is less developed (Jacobs 1989). We address this gap by exploring whether constituencies controlling key resources may pressure organizations to reduce gender inequality.

We test our argument using a sample of the largest U.S. law firms. Matching these law firms to their corporate clients (publicly traded corporations that list the law firm as legal counsel), we model the growth rate of women partners as a function of whether the corporate client has women in prominent leadership positions. We compare our results alongside models that examine plausible alternative explanations. We conclude that the gender composition of a law firm's corporate client does indeed affect its own composition. Finally, we offer theoretical and practical implications.

CONTEXT, THEORY, AND HYPOTHESES

Women in Law Firms

The attainment of women in law firms has received a substantial amount of scholarly attention (Epstein [1981] 1993; Halliday 1986; Kay and Hagan 1995, 1998). This topic is among the few that has engaged both sociologists and economists (Spurr 1990) as well as legal scholars (Rhode 1988). This topic's attractiveness is fueled by the fact that promotion to partner not only involves the greatest increase in income within the law firm but also leads to membership in the professional elite with access to substantial social and political capital (Nelson 1988). More generally, partners of large corporate law firms are among the elite class in the United States (Smigel 1969). Given the power and influence that accompanies large law firm partnership, women's attainment within these law firms has larger societal ramifications for access and opportunities.

The status of elite attorneys is also a target of interest since, while the disparities between men and women enrolled in law school has been substantially narrowed, relatively few women advance to the prestigious level of law firm partnership (Abel 1989; Hull and Nelson 2000). Kay and Hagan (1998) find that men are 50 percent more likely to make partner than women, attributing this gender inequality to demand side (i.e., the employer side) explanations. Moreover, controlling for experience or other qualifications, women are more likely to leave the law firm without making partner (Nelson 1988). This is of critical importance because reaching the partnership level occurs most often through promotion from within, rather than through lateral moves among law firms (Wholey 1985; Galanter and Palay 1991). Thus, women are less likely to achieve the individual and collective benefits associated with partnership.

Theory

An interorganizational approach to organizational action suggests that a firm is influenced by its exchange partners. We argue that the attainment of women in a firm is a function of the attainment of women within its more powerful exchange partners. With respect to elite U.S. law firms, corporate clients should affect the rate at which women reach the partnership ranks, particularly when the tie between the corporate client and law firm is strong. Our theory draws on the rich tradition of research on interorganizational relationships, resource dependence, and institutional theory where it is argued that firms attend to the actions of their more powerful exchange partners (Pfeffer and Salancik 1978; DiMaggio and Powell 1983; Galaskiewicz 1985). By extension, this research suggests a direct link between the demography of a firm's constituents and women's promotion chances within that firm. We provide evidence that the attainment of women in a law firm increases to the extent that the law firm's corporate clients have women in visible and important leadership roles.

Our argument is consistent with Giesel's (1993) hypothesis that women occupying top in-house attorney positions within corporate clients have great influence on their law firm. When the corporate client has a female legal counsel in-house, the law firm it retains is more receptive to advancing women to partner because the female legal counsel helps educate male partners in the law firm about and familiarizes them with women in positions of power (Giesel 1993; Lucas 2003).[1] Furthermore, a female legal counsel can create opportunities for women associates to bring in business, an important determinant of making partner (Nelson 1988; Galanter and Palay 1991). Women legal counsels can champion women associates and thus increase a female lawyer's chances of promotion. Indeed, this type of influence occurred in the case of DuPont, a Fortune 500 chemicals firm known for actively promoting the development and advancement of women attorneys in the law firms that represent them (Passante, Bender, and Pomerantz 1999).

We suggest Giesel's argument about corporate clients influencing their law firms is best generalized in two ways. First, in addition to the legal counsel role, women in other visible positions in the corporate client may influence the gender composition of the law firm. If women

[1] We use the term legal counsel generically to refer to the corporate client's in-house general counsel, senior legal officer, or executive vice president of legal affairs.

occupy influential positions, such as chief executive officer or board member, the corporate client should influence the attainment of women in the law firm. This is consistent with studies that find mobility within a firm to depend on the higher-ranked positions held by women within the organization (Baron et al. 1991; Cohen et al. 1998). We expect that corporate clients with women in the most visible positions will improve the attainment of women who are outside their organization but dependent on the corporate client through exchange relations (i.e., in the law firm that they hire).

Second, and related to the previous point, while women legal counsels in the corporate client may directly influence law firms through requests to interact with particular women attorneys, this need not be the case. The client influence may occur through male legal counsels in those corporate clients that have other visible and important women leaders. Male legal counsels who see organizational support and upward mobility for women in their own organizations should be more attuned to a law firm's gender composition. These officers are more likely to request that a law firm's demographic composition at the partnership level more closely reflects that of the corporate client, and it may even be the corporate client's policy. For example, International Paper, while under the helm of a male legal counsel, encouraged its law firms to "develop and implement effective diversity practices" (Dick 2001). This form of pressure, while relatively recent, became increasingly common in the late 1990s as corporate clients began to push law firms to match their own diversity efforts. As the general counsel of Philip Morris stated, corporate clients "challenge these [law] firms to work with us to do better [about diversity issues]" (Ferguson 2001). In fact, several partners we spoke with suggested that the influence of the corporate counsel on the law firm's demographics is accepted wisdom in the legal community.[2]

Thus the influence of women in top leadership positions may be manifested through either female or male legal counsel officers in the corporate client. More generally, the presence of women in corporate client leadership positions should increase the representation of women in the partnership ranks of the client's law firm because the client leadership, as a group, collectively advocates for women associates, provides business to women associates, or signals the potential and legitimate role of women in the upper echelons of the firm.

It is important to note that the influence of the corporate client on the law firm can often occur as soon as the law firm–corporate client tie is formed. There are two general and interrelated reasons for an immediate impact of the client. First, among associates, the strongest ties are likely to be between corporate clients and senior associates—those associates more likely to deal with issues most important to the client. It is these senior associates that are closest to the partnership decision. So, it is possible that some of the women senior associates, working with women-led corporate clients, are championed during the subsequent promotion decision. Such promotions can increase the attachment between the firm and client and lower the likelihood that the tie will dissolve (Seabright, Levinthal, and Fichman 1992). Thus, the law firm has an incentive to make sure that any positive relationships between women in the law firm and the corporate client are reinforced by promoting women associates.

Second, even if women leaders in the corporate client have no direct ties to senior women associates, changes to the law firm partnership ranks may occur quickly in an attempt to keep the client. The corporate client has significant power in the relationship, and the risk of exchange relationships dissolving increases over time in the early years (Levinthal and Fichman 1988; Baker, Faulkner, and Fisher 1998). Indeed, there has been a recent decline in client loyalty that has forced law firms to be proactive in stabilizing their client ties (Partners Report 2004). As a result, the law firm has great incentive to lock in the relationship quickly. The law firm can increase the likelihood that the client will retain the law firm by demonstrating, in the crucial early years, that they are attuned to their woman-led corporate client and are themselves champions of gender equity.

The idea that law firms seek women partners when corporate clients are led by women is

[2] Some of the other well-known companies that explicitly exert this type of pressure are Baxter, American Express, Eli Lilly, Bristol Myers Squibb, Coca Cola, General Motors, Comerica, and Ford (Ferguson 2001).

consistent with the access-and-legitimacy perspective described by Ely and Thomas (2001). An organization gains access to diverse clients and legitimacy in the market by "match[ing] that diversity in parts of its own work force" (Ely and Thomas 2001:243). Firms often embrace diversity in their work force in an attempt to gain expert knowledge in a particular demographic category or to draw on a specific set of customers. Ely and Thomas (2001) describe a law firm that explicitly hired a Latina attorney in order to demonstrate their commitment to the Latino community. Similarly, in our setting, law firms that have women in the partnership ranks are demonstrating their commitment to gender equity. This type of action on the part of law firms may happen early in the relationship or even as the law firm is hired by the client. Law firms with women partners should be better able to connect with women-led clients because they can better address any gender-specific demands and issues of women-led clients. At the same time, women-led corporate clients may have greater trust for and be comfortable communicating with women attorneys. Thus, this line of reasoning suggests that law firms respond to women-led clients by "matching" women leadership at the partner level. The access-and-legitimacy perspective combines bargaining power logic, whereby matching between clients and law firms occurs due to the law firms' desire to attract and maintain women-led clients, and a legitimacy or institutional theory logic (e.g., DiMaggio and Powell 1983), whereby law firms need to appear demographically legitimate to women-led corporate clients.

Akin to the institutional logic, a robust finding in the psychological literature suggests that similarity results in interpersonal attraction (e.g., Byrne, Clore, and Worchel 1966). Similar others are likely to have had similar experiences and thus share similar beliefs, and individuals prefer to interact and work with those like themselves (also see McPherson, Smith-Lovin, and Cook 2001 for a review of this perspective). A larger literature on homophily both at the individual and organizational level supports this general framework in friendships and organizational settings (Ibarra 1992). If women prefer to interact with other women, as the homophily or interpersonal attraction perspective would suggest, corporate clients with women in key positions may be more likely to encourage their law firms to promote women to partner. This is more likely to be true for those positions in the corporate client that have direct and regular contact with the law firm. Homophily suggests that women regularly involved in the firm-client relationship should exert more influence on the law firm's tendency to add more women partners than client-side women leaders less involved in firm-client exchanges.

In predicting the growth of women partners, we combine bargaining power, legitimacy, and homophily as interrelated mechanisms. While theoretically distinct, their differences are largely unobservable in an organizational-level analysis. Moreover, the conceptual similarities can be subsumed under the rubric of bargaining power—where bargaining power is explicit and implicit, direct and indirect. Empirically, each of the logics lead to the prediction that law firms that have corporate clients with women in leadership positions are likely to experience greater rates of growth for women at the partnership level.

The Importance of Particular Leadership Positions

As mentioned earlier, which leadership positions women hold is likely to be important. We argue that corporate client influence is likely for women in three key leadership positions: chief legal counsel, president or chief executive officer (CEO), and member of the board of directors. These positions differ in the level of law firm–corporate client interaction and in the level of law firm influence. Thus, the reasons that key corporate client leadership positions influence the law firm can differ by position.

The legal counsel hypothesis is clear: corporate clients with women legal counsel are likely to influence the attainment of women in their law firms (Giesel 1993). A woman who acts as a corporate client's legal counsel has regular, direct interactions with the law firm. Further, the client's legal counsel is the boundary spanner linking the law firm and client, and boundary spanners substantially influence the formation and dissolution of ties (Broschak 2005). Thus, a woman legal counsel in the corporate client should result in greater rates of attainment for women in their law firm because the legal counsel is the primary position that interacts with and makes decisions about the law firm–corporate client relationship.

The corporate client's CEO is also likely to influence the attainment of women in the law firm. The CEO is the most visible position in the firm and often interacts regularly with the law firm alongside the client's legal counsel. Our discussions with the legal counsel at several firms suggest that the selection of law firms is often influenced by the CEO.[3] Thus, in the case of both the legal counsel and CEO, the attainment of women in law firms is likely to be greater when their corporate clients have women leaders in positions that have direct interaction with the law firm.

We argue that women board members are also likely to influence the attainment of women in the law firm but for different reasons. The first reason is consistent with a bargaining power perspective. Our conversations with law partners and legal counsels in corporate clients confirmed that board directors see presentations by and interact with the law firm when critical issues are facing the firm. Directors, however, are not likely to have frequent, direct interaction with the law firm. We note three additional means by which the directors of the corporate client may influence the attainment of women in the law firm. First, to the extent that directors sit on multiple boards, the directors represent multiple opportunities for future business. This should matter to the law firm, as more than half of all directors, men and women, sit on multiple boards (Hillman, Cannella, and Harris 2002).

Second, drawing from recent work by Lucas (2003) on the institutionalization of women as leaders, we argue that women who are board directors are accepted as legitimate leaders more than women in other top positions due to the relatively greater prevalence of women directors. As a result, a woman director is likely to be influential because being on the board is seen as a legitimate role for women. To be clear, Lucas (2003) finds that a woman's influence depends on whether the position is seen as legitimate for women; legitimacy occurs when a position is institutionalized or it becomes taken for granted that women are suited for the position. It is relatively common for women to serve on corporate boards (45% of Fortune 500 boards had at least one woman director in 1996, according to KLD, an organization that monitors gender representation in corporations). It is still unusual, however, for women to serve as CEO (a total of two of the Fortune 500 companies had a female CEO in 1996, according to Daily, Certo, and Dalton 1999). This suggests that women directors are more institutionalized as leaders, and thus, on average, women directors have the potential for the greatest influence on the law firm of all leadership positions because of their legitimacy.

Third, even if the woman in a prominent leadership role (whether it is as a director or CEO) does not directly interact with the law firm, corporate clients with women in prominent positions are often clients that are sensitive to and serious about alleviating gender inequality in general and may extend that preference to others in their exchange network, such as their law firms. Those that interact with the law firm may convey that sentiment, or the law firm itself will attempt to mirror and match its client firm. To reiterate, this bargaining power is both explicit (i.e., corporate clients pressuring law firms to demonstrate commitment to equity or to promote more female associates) and implicit (i.e., the law firm matches the corporate client due to the inherent power asymmetry in the law firm–corporate client relationship). In each case, we argue that the attainment of women in law firms is likely to be greater when their corporate clients have women in visible and influential positions.

A bargaining power hypothesis also implies that the corporate client's influence is greater when the law firm is more dependent on the client. We argue that, due to the asymmetry inherent in the law firm–corporate client relationship, the law firm is dependent on all clients. To the extent that the woman-led client is one of a few clients of the law firm, however, the corporate client should have greater bargaining power and more influence. Thus, the relationship between women-led corporate clients and the attainment of women in their law firm is strengthened when the corporate client is one of a few represented by that law firm.

[3] We talked with five attorneys in large law firms and four legal counsels to enrich our understanding of the context.

DATA AND METHOD

We collected panel data on national law firms using consecutive editions of the National Directory of Legal Employers for 1996–2001. The annual directories provide information for law students and attorneys seeking employment and are a common resource present in law school career placement offices. We coded the top 200 law firms in 1997–98 by size (over 288 geographically dispersed law offices) and we tracked those law firms through 2001. In addition to demographic composition by position in the law firm (race, sex, disabled, and sexual orientation by rank), the directories provide data on location of the law firm, as well as written descriptions of the firm's activities, compensation policies, and other information of interest to prospective employees. Nine of these firms lacked demographic data separated by gender, reducing our sample to 191 firms.

To find the corporate clients of these law firms, we conducted a separate search for publicly traded companies through Thomson Research (previously Compact Disclosure). We included the 3,077 corporations that listed one of the 191 law firms in their SEC filings for 1997, 1998, 1999, or 2000. Corporations are not required to list a law firm on their statements, and only 25 percent of the public firms in Compact Disclosure listed a law firm. Not listing a law firm signals that the corporation does not have a strong tie to any one law firm. Alternative arrangements (which are more common among the largest corporations) include the use of a large number of law firms so that no one law firm is considered to be the primary firm, or a sufficiently large in-house legal staff that minimizes the need for a strong tie to a law firm. Indeed, those corporate clients that list a law firm have fewer employees and assets than corporations that do not list a law firm. Accordingly, we capture corporate clients with a dedicated law firm, and thus, an exchange relationship characterized by a relatively strong tie. This is the type of exchange relationship that we would expect to influence the law firm.

Of those corporate clients that list a law firm, about half list one of the 191 elite (large) law firms in our sample. Our supplemental analyses reveal that those corporate clients who list the smaller law firms (not in our sample) are themselves significantly smaller in terms of employees and assets than those corporate clients that use an elite law firm. As a result, our sample consists of mid-sized corporate clients retaining large law firms. We examine corporate clients that are large enough to be clients of the most elite law firms in the United States but small enough to desire a dedicated law firm.[4]

Our unit of analysis is the law firm–corporate client relationship. Law firms have relationships with multiple corporate clients. Corporate clients, in contrast, list only one law firm per year when they list a law firm at all. Our final data set consists of those law firms that are mentioned by at least one corporation and have complete law and client data on demographics and other key control variables, giving us a sample of 187 law firms and 2,714 corporate clients. We have a total of 4,376 observations (187 law firms with an average of 23.4 corporate client–year observations each).[5] We include year dummy variables for the law firm–corporate client years of our observation period (1996 to 2001).

We test our predictions using panel data on law firm branch offices, and we estimate our models using fixed-effects time-series regression analysis to allow for non-independence of observations within law firms. Fixed effects allow us to examine variation within law firms and thus control for unobserved heterogeneity between law firms.[6] In our context, fixed effects estimation allows us to control for two related categories of explanations that would otherwise confound our understanding of what may predict growth in the number of women partners. First, we control for any type of alternative explanation that is firm-specific but time-invariant. For example, one may argue that certain law firms are more progressive than others (for a host of reasons), leading to higher growth rates of women partners. This explanation, however, emphasizes variance among firms, not within. The fixed effects estimation, by estimating with-

---

[4] The average corporate client in our data has 504 employees.

[5] We dropped 174 observations because of inconsistent data and 692 observations due to missing law firm data.

[6] The Hausman test comparing the coefficients for fixed and random effects models confirm that fixed effects are more appropriate. Our results are similar for fixed and random effect models.

in-firm variance, controls for such firm-specific explanations. Similarly, one may posit that exogenous factors such as the institutional context or other variables that vary by locale affect the growth in the number of women partners within a law firm. This may be the case, but again, we seek to examine year-to-year variance within a firm. Thus institutional factors (e.g., government pressure) that are invariant over our observation period (1997–2001) and vary among law firms will be controlled for by our estimation.

Dependent Variable

Our dependent variable, calculated from the National Directory of Legal Employers, is the growth of women partners in the law firm. Given that most law firms promote from within, this measure captures the promotion of women associates to partner (Smigel 1969; Wholey 1985). Data are reported from February of the year in which the directory is published, and so female partnership growth is calculated from February 1997 to February 1998, yearly, through February 2001. We calculate the growth rate as the percent change consistent with Dunne, Roberts, and Samuelson's (1989) econometric model of growth rates:

$$\text{Growth in women partners: } G_{i,t} = 100^*[(WP_{i,t+1} - WP_{i,t})/(WP_{i,t})];$$

where WP is the number of women partners for the i^{th} law firm. t represents the yearly time period. We also ran models using a proportional growth measure, $G = \log(WP_{t+1}/WP_t)$, to capture promotion rates akin to work by Stewman and colleagues (see Stewman 1986 for a review). In other models, we used specifications that resembled the dependent variable often used in studies of firm growth $G = \log(WP_{t+1}) - \log(WP_t)$. However, our model differs from a typical growth model since we are capturing the growth rate of a subgroup of the firm, controlling for the size and proportional representation of other subgroups in that firm. We find our measure to be highly correlated to these alternative operationalizations, with similar results.

Independent Variables

We obtained data on corporate clients from annual SEC filings summarized in Thomson Research for 1997–2000, including proxy statements and Form 10-Ks. Federal securities law require identification of directors and executive officers who perform a policy making function (Securities and Exchange Commission). The filings indicate the names of officers and directors of the corporate client for the year leading up to the filing. We coded for all positions in the corporate client identified in the documents examined that were held by women. When the gender of the individual was not easily identifiable, we looked at the pronouns used to talk about the individual in the proxy statements or in other public company documents.[7] When no identifying pronoun could be found, we coded the individual according to the gender most frequently assigned to the name. In particular, we coded for three key positions: president or chief executive officer, board of director, and legal counsel. Not all corporate clients listed an individual as the legal counsel in public documents. In fact, only about 20 percent of the clients listed an individual as legal counsel.[8] Given the reporting requirements listed earlier, listing the legal counsel position by name signals that the legal counsel played a significant role within the corporate client. This is consistent with our bargaining power argument. Whenever a woman occupies an influential position, our bargaining power argument posits that the client influences the growth rates of women partners in their law firm.

We created dummy variables to show whether each of the three key positions was held by a woman (president/CEO, board member, legal counsel). If women held multiple positions in the client, we coded each position separately. For example, if a female legal counsel also sat on the board, we coded that corporate client as having a female director and a female legal counsel. We linked these client variables with

[7] This coding is consistent with Cohen et al. (1998).

[8] Corporate clients that list a legal counsel (male or female) have significantly larger boards, more employees, and a larger percentage of institutional ownership than those corporate clients that do not list a legal counsel.

the law firm variables to predict women partner growth in the subsequent year.

We also included the number of corporate clients served by the law firm. This was the number of public corporations that listed the law firm in their public documents (logged). While we have no prediction for a main effect for the number of corporate clients, law firms with large numbers of clients are likely to be less dependent on any single client and thus less likely to be influenced by woman-led clients.

Control Variables

In predicting women partner growth, we controlled for a number of law firm attributes. First, we included the number of women associates in the previous year. The growth rate of women partners is a function of the candidates for promotion already present in the law firm. The number of women associates in the prior year should increase the number of women partners in the subsequent year because there is a greater pool from which to promote. We included the squared term for women associates because at high levels the partnership structure suggests a ceiling effect for the number of women associates. When there are large numbers of women associates, there should be intense competition around a small number of partnership slots (Galanter and Palay 1991).

Women associates are generally still a minority in law firms, but their numbers have increased more quickly than the numbers of minority associates and partners in law firms. Given that women are not the only minority group in the firm, we also controlled for the percentage of racial minority associates, and the percentage of racial minority partners in the prior year (racial minority percentages are generated from the responses of law firms who list the number of African American, Hispanic, Asian American, and Native American attorneys by rank). Using the percentage of minority associates and partners is consistent with research on tokens (Cohen et al. 1998). Also consistent with this research, we included the squared terms for the racial minority associates and partners variables. Building from Kanter (1977) and Cohen et al. (1998), we reason that racial minority associates are likely to be detrimental to the attainment of women as another competing minority group, until minority associates reach a level of representation high enough to form alliances and improve the fate of women. This pattern is consistent with research on women in law firms where competition occurs when there are a low percentage of women, while cooperation occurs when women's representation is at higher levels (Ely 1995). Similarly, the percentage of racial minority partners should increase the growth rate of women partners. This is likely due to racial minority partners being more favorable to the growth of women partners. At the same time, a high proportion of racial minority partners may also indicate that the law firm, in general, values a partnership that is diverse by race and gender. Including minority representation helps control for changes in these value-driven or cultural aspects of the law firm.

Finally, we coded several law firm variables that may influence the number of women partners. We controlled for the number of male partners, a measure of law firm size.[9] We controlled for starting salary at the law firm. While law firms that raise salaries should attract higher-quality associates (increasing the rate of women partner growth and overall partner growth), it also suggests greater competitiveness within the firm (decreasing the rate of women partner growth and overall partner growth). We logged salary because the variable was skewed. We also controlled for the number of years of the law firm's partner track. Changing the track may differentially affect women's ability to take leave for family-related matters (e.g., maternity leave) (Chambliss 1997).

We controlled for a host of corporate client variables, including the gender of the secretary of the board because it is a position frequently held by a woman. In our sample, women represented 12 percent of the secretary observations. Furthermore, the position of secretary was significantly correlated with woman legal counsel (.35) because the secretary and legal counsel are often the same person. The secretary of the board, although listed with the board, is often a staff member rather than an active

[9] In supplementary analyses, we also include the number of male associates. Inclusion of male associates does not change any of our hypothesized results and is highly correlated with women associates, so we do not include male associates in the model.

board member (Mattar and Ball 1985), suggesting low bargaining power with respect to the law firm. To control for the confounding effect of the secretary position on legal counsel, we included a dummy for female board secretary. We also controlled for whether the corporate client had women in other officer positions. This included the positions of vice president, chief operating officer, chief financial officer, and controller. In doing so, we controlled for the presence of women officers and examined whether it was the presence of the most prominent women in the corporate client (from the law firm's perspective) or the presence of any women officers in the corporate client that influenced women partner growth.

For corporate clients, we controlled for the size of the client as measured by the log of total employees. We also controlled for the city of the corporate client to address differences by geographic location. Our reported models reflect the only city that improved the model's fit: Boston. We also coded for the size of the board. Large boards often have low involvement with the corporation (Judge and Zeithaml 1992) and thus may be less focused on the long-term effort to improve the fate of women in the corporate client or their law firm. Furthermore, the influence of any single director is likely to be diluted on a large board. Finally, large boards may be more likely to have a woman. We logged board size because the variable was skewed and the logged variable was a better model fit. We also included other corporate governance controls, such as the percentage of inside and institutional ownership, and ownership concentration.[10] These variables were included to indicate the level of managerial influence within the corporate client. In supplementary analyses we also examined client industries for those industries that might plausibly have an unusually high or low proportion of women in leadership positions (e.g., soap and cosmetics, oil and gas) but found no significant effects.

[10] We lose 138 observations due to missing corporate client data on the size of the organization or composition of the board (less than 3% of the observations).

RESULTS

Tables 1 and 2 show the descriptive statistics and correlations for the variables in this study. The average law firm has 14.3 female partners during our sample period; in contrast, the average law firm has 77.5 male partners. The average annual growth rate for female partners is more than twice the average growth rate for male partners (6.6% vs. 2.4%). This suggests that the gap between men and women at the partnership level in elite law firms will remain a significant problem for several decades. For the corporate clients, women also hold few leadership positions. Of the 4,376 observations, 2 percent have a woman as president or CEO, 3 percent have a woman as legal counsel, 27 percent have at least one woman director, 12 percent have a woman secretary, and 33 percent have a woman as another type of officer (e.g. vice president).

In Table 3 we present the results, and in Model 1 we examine the effect of women holding prominent positions in the corporate client without other law firm and corporate client controls. As hypothesized, we find law firms that have corporate clients with women as CEO or legal counsel have higher growth rates for women partners. Both of these key position variables are statistically significant. Women CEOs add 2.267 percentage points to the annual growth rate of women partners, and women legal counsel add 1.897 percentage points. Having a corporate client with a female board member has a marginally significant effect and increases the growth rate for women partners by .6 percentage points ($p < .10$). Not only do women occupying positions that directly interact with the law firm (CEO and legal counsel) yield increases in the growth rate of women partners, but also there is weaker evidence that a corporate client with women directors (who interact with the law firm less often) exerts a positive influence. In this baseline model, we include whether there are women in the corporate client occupying less prominent positions and find that having a woman secretary or other officer position does not influence the growth rate of women partners. So it is not the presence of women in the corporate client per se that matters but the presence of prominent women that interact with the law firm. This supports our contention that direct interaction with women and the visibility of prominent women in the

Table 1. Descriptive Statistics of Law Firm and Corporate Client Variables

Variable	Mean	SD	Minimum	Maximum
Law Firm Variables				
Change in percent women partners	6.559	15.075	−42.857	50
Women associates	60.265	40.797	0	196
Men partners	77.533	33.059	9	202
Percent minority associates	15.240	8.620	0	45.161
Percent minority partners	4.295	5.283	0	60.000
Log law firm average salary	11.407	.209	10.820	11.849
Log number of clients	2.835	1.105	0	4.942
Years on partnership track	7.694	.817	5	10
Corporate Client Variables				
Woman legal counsel	.034	.181	0	1
Woman CEO	.024	.153	0	1
Woman board director	.273	.446	0	1
Woman legal secretary	.122	.327	0	1
Woman officer	.334	.472	0	1
Log client size	6.223	1.826	0	12.707
Log board size	1.927	.362	0	3.555
Located in Boston	.039	.194	0	1
Institutional ownership	32.380	24.908	0	99.99
Ownership concentration	39.894	28.166	0	99.99
Inside ownership	18.757	20.801	0	99.99
Year				
1997	.277	.447	0	1
1998	.249	.432	0	1
1999	.214	.410	0	1
2000	.261	.439	0	1

Note: N = 4,376 law firm-client cases using 187 law firms and 2,714 corporate clients. SD = standard deviation; CEO = chief executive officer.

corporate client influence the law firm. We also include the number of women associates in the law firm because the growth rate of women partners is a function of women associates in the firm. This controls for the potential pool from which to promote and the size of the law firm. We include the squared term for women associates as well to control for the ceiling effect alluded to earlier in this article.[11] As expected, the more female associates in the law firm, the more women partners in the subsequent year.[12]

Model 2 of Table 3 adds our control variables. In addition to the pattern of results from Model 1, we now see that the presence of a woman director becomes significant after including law firm and corporate client control variables. Importantly, separate analyses reveal that including the corporate client's board size makes the director effect statistically significant. This suggests that the influence of women directors depends on the size of the corporate client board. On large boards, the women directors are much more a minority and typically have less of an influence. In addition to our hypothesized effects, several of the control variables are significant. The number of male partners is positively related to the growth of women partners. This likely reflects the higher rates of growth for women partners in larger firms (the correlation between male partners and overall firm size is .72). The percentage of minority associates has a curvilinear effect. Low percentages of minority associates decrease female partner growth but higher percentages (the inflection point is at 14%) increase it. Given that the median is 15 percent, the results suggest that the percentage

[11] Inclusion of the squared term for women associates does not change the results but does improve the model fit.

[12] The inflection point for women associates is 319 and occurs beyond the tail end of the distribution of women associates in our sample. Thus, women associates predict higher female partnership growth at a decreasing rate.

Table 2. Pairwise Correlation of Law Firm and Corporate Client Variables

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1. % women partner change	1.000	—	—	—	—	—	—	—	—	—	—
2. Women associates	.315	1.000	—	—	—	—	—	—	—	—	—
3. Men partners	.103	.453	1.000	—	—	—	—	—	—	—	—
4. % minority associates	.180	.296	–.217	1.000	—	—	—	—	—	—	—
5. % minority partners	.027	.143	–.101	.233	1.000	—	—	—	—	—	—
6. Log board size	–.034	–.070	.034	–.117	–.095	1.000	—	—	—	—	—
7. Log client size	.014	–.002	.100	–.109	–.082	.328	1.000	—	—	—	—
8. Woman legal counsel	.005	–.007	–.011	–.025	–.022	.070	.091	1.000	—	—	—
9. Woman CEO	.004	.007	–.029	.019	.026	–.028	–.032	.044	1.000	—	—
10. Woman board director	.026	–.006	.016	–.043	–.027	.277	.170	.090	.215	1.000	—
11. Woman officer	–.002	.038	–.049	.053	.030	.019	.023	.196	.117	.165	1.000
12. Woman secretary	–.018	–.035	–.016	–.041	–.033	.049	.020	.355	.015	.115	.223
13. Average law firm salary	.014	.354	–.115	.311	.274	–.094	–.110	–.014	.061	–.014	.088
14. Number of clients (log)	.159	.550	.101	.389	.177	–.184	–.179	–.022	.048	–.069	.077
15. Years on partner track	–.118	–.220	–.007	–.361	–.082	.085	.084	.013	–.048	–.014	–.030
16. Year 1997	–.023	–.070	.036	–.102	–.093	.083	.188	.044	–.061	.009	–.077
17. Year 1998	.061	–.062	.011	–.028	–.098	.058	–.015	.010	.009	.018	.017
18. Year 1999	.092	.048	.024	–.040	–.011	–.055	–.073	–.026	.029	–.014	.004
19. Year 2000	–.123	.089	–.070	.169	.202	–.091	–.109	–.031	.026	–.015	.058
20. Client in Boston	.049	–.036	–.013	–.169	–.067	.002	–.004	.013	–.017	.006	.006
21. Client institutional ownership	.002	.025	.046	–.057	–.031	.145	.412	.088	.019	.098	.053
22. Client ownership concentration	–.022	–.052	–.015	–.056	–.052	–.044	.027	.006	–.012	–.041	–.016
23. Client inside ownership	–.042	–.025	–.041	.030	.043	–.082	–.127	–.043	.015	–.054	.008

(continued on next page)

Table 2. *(continued)*

Variables	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
1. % women partner change	—	—	—	—	—	—	—	—	—	—	—
2. Women associates	—	—	—	—	—	—	—	—	—	—	—
3. Men partners	—	—	—	—	—	—	—	—	—	—	—
4. % minority associates	—	—	—	—	—	—	—	—	—	—	—
5. % minority partners	—	—	—	—	—	—	—	—	—	—	—
6. Log board size	—	—	—	—	—	—	—	—	—	—	—
7. Log client size	—	—	—	—	—	—	—	—	—	—	—
8. Woman legal counsel	—	—	—	—	—	—	—	—	—	—	—
9. Woman CEO	—	—	—	—	—	—	—	—	—	—	—
10. Woman director	—	—	—	—	—	—	—	—	—	—	—
11. Woman officer	—	—	—	—	—	—	—	—	—	—	—
12. Woman secretary	1.000	—	—	—	—	—	—	—	—	—	—
13. Average law firm salary	–.002	1.000	—	—	—	—	—	—	—	—	—
14. Number of clients (log)	–.065	.375	1.000	—	—	—	—	—	—	—	—
15. Years on partner track	.020	–.133	–.312	1.000	—	—	—	—	—	—	—
16. Year 1997	.009	–.441	–.120	.063	1.000	—	—	—	—	—	—
17. Year 1998	–.022	–.279	–.105	.004	–.359	1.000	—	—	—	—	—
18. Year 1999	–.003	–.000	.028	.008	–.321	–.299	1.000	—	—	—	—
19. Year 2000	.015	.724	.200	–.075	–.368	–.344	–.307	1.000	—	—	—
20. Client in Boston	–.028	–.099	.004	–.086	.266	–.080	–.088	–.110	1.000	—	—
21. Client institutional ownership	.026	.005	–.011	–.006	.029	.021	–.011	–.040	.039	1.000	—
22. Client ownership concentration	.022	–.035	–.063	.044	–.002	.081	–.037	–.043	–.008	.195	1.000
23. Client inside ownership	–.015	.051	.033	.031	–.088	.031	–.005	.063	–.032	–.167	.325

Note: Correlations greater than .03 are significant ($p < .05$). CEO = chief executive officer.

Table 3. Fixed-Effects Regression of Women Corporate Client Leadership on Women Law Firm Partnership Growth

Variables	Model 1	Model 2
Law Firm Variables		
Women associates	.638**	.587**
	(.043)	(.045)
Women associates, squared	–.001**	–.002**
	(.000)	(.000)
Men partners	—	.149**
		(.037)
Percent minority associates	—	–.862**
		(.164)
Percent minority associates, squared	—	.031**
		(.004)
Percent minority partners	—	.350
		(.198)
Percent minority partners, squared	—	–.004
		(.005)
Log law firm average salary	—	4.081
		(3.876)
Years on partnership track	—	–.038
		(.722)
Log number of clients	—	–.622
		(.547)
Corporate Client Variables		
Woman CEO	2.267*	2.357*
	(1.157)	(1.114)
Woman legal counsel	1.897*	2.056*
	(1.037)	(.999)
Woman director	.600	.715*
	(.414)	(.413)
Woman secretary	–.732	–.686
	(.588)	(.566)
Woman officer	–.598	–.529
	(.392)	(.378)
Log client size	—	.011
		(.115)
Client based in Boston	—	14.614**
		(1.182)
Log board size	—	–.485
		(.515)
Institutional ownership	—	–.013
		(.008)
Ownership concentration	—	.002
		(.007)
Inside ownership	—	–.017*
		(.009)
Constant	–21.275**	–70.427
	(1.679)	(42.958)
N	4376	4376
R^2	.151	.221

Note: Data shown are regression coefficients with standard errors in parentheses. Models with law firm (branch office) fixed-effects and year controls; N = 4,376 law firm-client cases across 187 law firms. CEO = chief executive officer.

* $p < .05$; ** $p < .01$ (one-tailed for hypothesized variables).

of minority associates has a positive effect on the growth of women partners for firms at or above the median, but that this effect is negative where minority associates are tokens (Kanter 1977). This is consistent with the idea that law firms where minorities are reasonably well represented (and not tokens) may be generally more supportive places for women (cf. Ely 1995). In this context at least, increased numbers of women and minority associates improve promotion rates for women. The percentage of minority partners, associate starting salary, numbers of years on the partnership track, and the number of corporate clients have no effect on the growth of women partners.

For the corporate client variables, corporate clients located in Boston have law firms with higher growth rates of women partners. In addition, concentrated ownership has a negative effect on the number of women partners. In other words, corporate clients with concentrated ownership have law firms with lower rates of partnering women. Firms with concentrated ownership tend to be smaller and perhaps less attuned or susceptible to institutional pressures. The size of the corporate client, the size of the board, institutional ownership, and ownership concentration do not have a significant influence on the growth of women partners in the corporate client's law firm.

Figure 1 uses Model 2 to compare the rate of growth in women partners when there are no women in the three key positions with the rate of growth when there are key women in each position. For the baseline growth rate (the first bar), we substitute mean values for our continuous variables and assume that the corporate client has no women in leadership positions. The last bar examines the hypothetical effect of a corporate client that features women in all three key positions (only seven or 0.2% of the clients had a woman in all three positions). Having a woman legal counsel increases the annual growth rate from 4.54 to 6.60 percent.[13] To interpret this increase we consider growth in the average law firm with 14 women partners. Using the rate of 4.54 percent (no women in key

[13] The growth rates here are somewhat lower than in the descriptives because these are the growth rates for average firms in our sample rather than the average growth rate across all firms. The important comparison here is the relative growth rates in Figure 1.

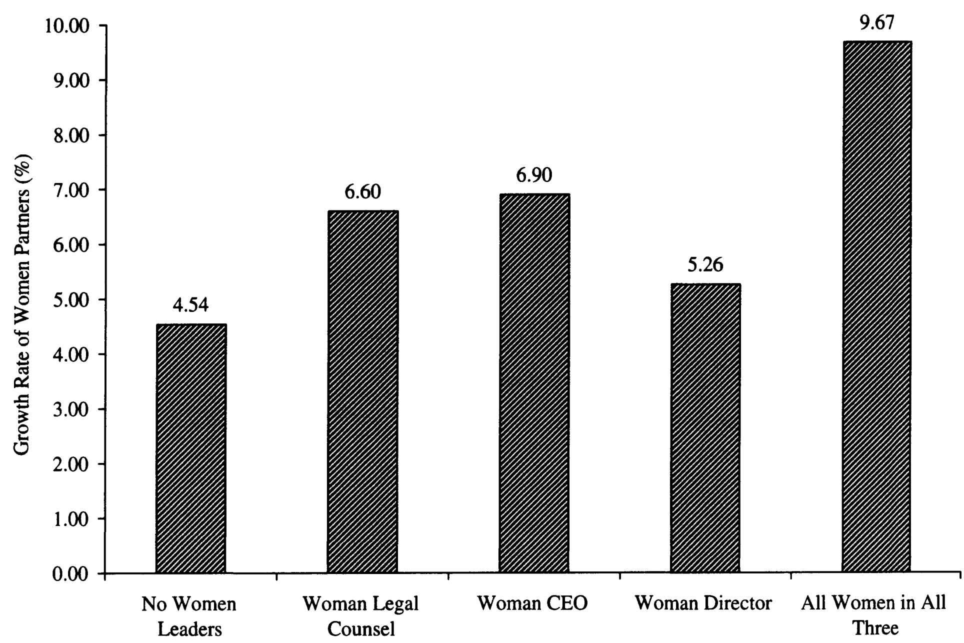

Figure 1. Growth Rates of Women Partners as a Function of Women Leadership Positions in Corporate Clients (Substitution of Mean Values)

client leadership positions), the law firm would double the number of women partners (to 28) in 15 years. If the corporate client has a woman legal counsel (or CEO), it will take about 10 years for the number of women partners to double. This amounts to an almost 50 percent increase in the growth rate of women partners. For a corporate client with a woman director, it will take 13 years for the number of women partners to double. We conclude that the effect of woman-led clients is important in understanding the growth rate of women partners. In particular, these results suggest that the growth of women partnership proceeds at its slowest pace when the corporate client lacks woman leadership.

We also examine whether law firms with few clients are more susceptible to influence by woman-led corporate clients. Law firms with few clients should be more dependent on any single client. In Table 4 we examine interactions between the woman leadership positions and the (logged) number of clients. The size of the director and CEO coefficient increases dramatically with the inclusion of the interaction effect. As Model 1 indicates, the interaction is statistically significant. Women CEOs have the greatest influence on the law firm when the corporate client is the law firm's only client. If we were to examine the average firm depicted above, it would take the law firm only five years to grow from 14 to 28 women partners. In Model 2, there is no statistically significant interaction effect for women legal counsel and the number of clients. This suggests that the influence of women legal counsel is independent of the number of other clients the law firm has. In Model 3, we see that women directors have more of an influence on the law firm when the law firm has few clients. The interaction suggests that a law firm with a dedicated relationship to only one client adds 2.872 percentage points to the annual growth rate. Here the average firm with one client would take $10^1/_2$ years to grow from 14 to 28 women partners. Overall, the findings are consistent with a bargaining power hypothesis and suggest that independent of the number of clients a law firm has, having a client with woman leadership influences the growth rate of women partners. Moreover, when the corporate client has a woman CEO or director and the law firm has a small number of clients, these effects are amplified.

Alternative Explanations

Our findings suggest an interorganizational influence of corporate clients on the growth rates of women partners in their law firms. For three visible and important positions, woman-led clients increase the growth rates of women partners. Plausible alternative explanations exist,

Table 4. Interaction Effects between Women Corporate Client Leadership and Number of Clients: Fixed-Effects Regression of Women Corporate Client Leadership on Women Law Firm Partnership Growth

Variables	Model 1	Model 2	Model 3
Log number of clients	–.572	–.627	–.383
	(.547)	(.547)	(.559)
Woman CEO	9.500**	2.346*	2.558**
	(3.754)	(1.115)	(1.118)
Woman legal counsel	2.066*	1.157	2.055*
	(.999)	(2.897)	(.999)
Woman board director	.760*	.747*	2.872**
	(.413)	(.413)	(1.120)
Clients × Woman CEO	–2.233*	—	—
	(1.121)		
Clients × Woman legal counsel	—	.324	—
		(.979)	
Clients × Woman board director	—	—	–.755*
			(.369)

Note: Data shown are regression coefficients with standard errors in parentheses. Models with law firm (branch office) fixed-effects and controls from Table 3; N = 4,376 law firm-client cases across 187 law firms. CEO = chief executive officer.

* $p < .05$; ** $p < .01$ (one-tailed for hypothesized variables).

however, and they need to be addressed to increase confidence in our hypothesized mechanisms. Using Table 5, we address several alternative explanations.

One alternative is that we are modeling the growth rates of all partners rather than just the growth of women partners. This perspective would argue that women-led corporate clients are associated with law firms that are growing rapidly, increasing the number of men as well as women at the partnership level. To test this possibility, we use Model 1 of Table 5 to examine whether our women leadership variables increase the growth rates of male partners. Model 1 has several noteworthy results. First, in support of our arguments, none of the woman leadership variables affects the growth rate of men partners. There is no support for their influence on the growth rates of male partners. Woman-led clients only increase the growth rate of women partners and thus are not a predictor of firm growth. Second, the proportion of minority associates has the opposite influence on the growth rate of men partners than it does on the growth rate of women partners (see Table 3, Model 2, for comparison). This suggests that a high proportion of minority associates tends to support the attainment of women, but attenuates the growth rate of men partners.[14] Combined with the negative effects of the covariates for women associates squared and women partners on growth rates for men partners, this suggests the possibility of competition between white males and minority groups.[15] While longer partnership tracks do not benefit women, a longer partnership track is beneficial for men (and minorities in Table 5, Model 2). At the same time, law firms with Boston clients have lower growth rates of male partners. Law-firm starting salary and the other corporate client variables are not significant.

A second category of alternative explanations is that rather than women in client leadership positions being influential as we argue, corporate clients with women in leadership positions are somehow different from other corporate clients. For instance, corporate clients with women in leadership positions may share a political or social ideology that leads to the firm acting in a more "politically correct" or socially responsible way. In this case, we would expect woman-led clients to impact the growth of partners in other underrepresented groups within the law firm, such as racial minorities. In Table 3, Model 2 we examine the influence of women in the corporate client on the growth rates of racial minority partners. As in Model 1, none of the woman leadership variables increased the partnership growth rates for other demographic minorities. Again we conclude that the positive effects of woman-led clients are specific to the growth rate of women partners and are driven by the bargaining power of the exchange relationship rather than driven by the corporate client's ideology. We see that minority partnership grows with minority associate representation. Model 2 shows that, similar to the influence of women associates on women partners, minority associates increase the growth of minority partners at a decreasing rate.

We also see that law firms with increasing salary levels have lower growth rates for minority partners. Law firms with many clients and more male partners have higher promotion rates of minorities. These effects may both be capturing a size effect with large law firms promoting more minorities to partner. Increasing the length of the partnership track improves the growth of minority and male partners but has no effect for women (comparing the effects across the models in Tables 3 and 5). A longer track appears to improve minority and male partner promotion rates, but not for women, an effect that suggests that women's partnership track is complicated by familial responsibilities (Bielby 1982; Chambliss 1997). Finally, Models 1 and 2 of Table 5 together suggest that Boston-based clients have law firms with lower minority and male partner growth.

Considering a third alternative, corporate clients with women in leadership positions may have an organizational culture that values women and so they may choose a law firm, either consciously or unconsciously, that has a

---

[14] The inflection point for minority associates in Model 1 is somewhat higher (20 percent) and in the top quarter of our data.

[15] Further examination of our data reveals that firms with a high percentage of minority associates also have higher leverage ratios (the total number of associates to the total number of partners). This suggests that the effect of a high percentage of minority associates may be capturing the difficulty of making partner in law firms where there is a high associate–partner ratio (Galanter and Palay 1991).

Table 5. Fixed-Effects Regression of Women Corporate Client Leadership on Alternate Growth Models

Variables	Male PG, lag (Model 1)	Minority PG, lag (Model 2)	Female PG, no lag (Model 3)
Law Firm Variables			
Women associates	–.001	.308	.577**
	(.023)	(.848)	(.083)
Women associates, squared	–.001**	–.001	–.002**
	(.000)	(.003)	(.000)
Women partners	–.224**	—	—
	(.078)		
Men partners	—	1.582*	.632**
		(.709)	(.069)
Percent minority associates	2.004**	56.704**	.483
	(.090)	(2.764)	(.307)
Percent minority associates, squared	–.049**	–.970**	.022**
	(.002)	(.060)	(.007)
Percent minority partners	.249*	—	1.973**
	(.110)		(.369)
Percent minority partners, squared	–.001	—	–.052**
	(.003)		(.009)
Log law firm average salary	–4.014	–636.217**	.394
	(2.128)	(70.768)	(7.297)
Years on partnership track	2.132**	35.582**	–7.128**
	(.397)	(13.809)	(1.346)
Log number of clients	–.512	30.776**	5.732**
	(.299)	(10.459)	(1.033)
Corporate Client Variables			
Woman CEO	.005	4.171	–1.172
	(.612)	(21.435)	(2.078)
Woman legal counsel	.321	15.376	.270
	(.548)	(19.216)	(1.863)
Woman director	.060	–4.328	.307
	(.225)	(7.934)	(.773)
Woman secretary	.066	–14.138	.608
	(.310)	(10.883)	(1.059)
Woman officer	.052	5.575	.162
	(.207)	(7.262)	(.707)
Log client size	.031	1.420	.123
	(.063)	(2.207)	(.215)
Client based in Boston	–5.729**	–78.902**	–24.356**
	(.653)	(21.630)	(2.206)
Log board size	–.195	–3.330	1.130
	(.283)	(9.900)	(.963)
Institutional ownership	–.005	–.103	.016
	(.004)	(.152)	(.015)
Ownership concen.	–.004	–.022	.025*
	(.004)	(.127)	(.012)
Inside ownership	–.000	–.144	.001
	(.005)	(.170)	(.017)
Constant	22.960	6144.882**	–55.447
	(23.854)	(792.790)	(80.889)
N	4376	4373	4332
R^2	.309	.168	.179

Note: Data shown are regression coefficients with standard errors in parentheses. Models with law firm (branch office) fixed-effects and year controls. CEO = chief executive officer; PG = Partner Growth.
* $p < .05$; ** $p < .01$ (two-tailed tests).

similar set of values and culture. In fact, one could view this as an interpretation consistent with Ely and Thomas's (2001) access-and-legitimacy model. If this were the case, law firms that value having many women partners would be selected by corporate clients that value placing women in top leadership positions. A matching would occur at the time of selection of the law firm but the client would exert no real subsequent bargaining power. To minimize this concern in our original set of models (Table 3), we model growth rates with lagged independent variables and controls. To insure that we are not falling prey to this alternative, however, we rerun our models predicting the number of women partners using our independent and control variables from the same year in Model 3. This is equivalent to taking a snapshot of corporate client and law firm demographics at the same point in time. If the process is one of selection rather than bargaining power, our women leadership indicators should positively predict the number of women partners in the law firm. Model 3 of Table 5 demonstrates clients with women in leadership positions have no influence on the number of women partners in the same year. This suggests a time-ordered effect, which is not consistent with a corporate client selecting a law firm based on that law firm's past promotion of women.

To check further whether our findings are due to corporate clients selecting woman-friendly law firms, we run same-year random effects models to capture between-firm variance. The results are similar to those reported in Model 3 of Table 5, suggesting that, in the cross-section, no matching of woman-led law firms and woman-led corporate clients has taken place. We also test whether the woman-led clients select law firms that have increased their number of women partners in the prior year rather than the same year to insure that clients are not linked to law firms that were growing before the tie is established. These results are also similar to Model 3 of Table 5.[16]

Several of the control variables in Model 3 are significant. Because this is a contemporaneous analysis, the significant control variables likely demonstrate a baseline correlation and not causality. Many of the controls are similar to Model 2 in Table 3. In addition, law firms with a higher percentage of minority partners also promote more women. Longer partnership tracks are associated with law firms with fewer women promoted to partner; whereas law firms with a large number of clients have higher promotion rates. Boston clients have a strong negative effect, which likely reflects the lower numbers of women lawyers in Boston.

Another related possibility is that law firms with woman-led corporate clients may practice in specialty areas more often populated by women. We find this alternative unlikely for three reasons. First, as we previously noted, we conduct branch-level fixed effects in all of our analyses. Thus, our estimations are net of time-invariant firm characteristics such as practice areas. Second, to the extent that there is demographic segregation by practice area, Chambliss (1997) find evidence of racial segregation, but little gender segregation by practice area. Third, Kay and Hagan (1995) find that the status of the specialty area does not influence the rates of promotion to partner for women or men in their study of elite Canadian law firms. Thus, we feel confident that our results are not confounded by a firm's practice areas.

DISCUSSION AND CONCLUSION

In this study, we find evidence for an interorganizational influence on the attainment of women in law firms. This research contributes to the structural approach to examining gender inequality by demonstrating that the pattern of relationships with exchange partners molds a firm's internal labor market. We find that corporate clients with women in leadership positions affect the growth of women partners in their law firm. In particular, when the corporate client has a female president or CEO, legal counsel, or director, its law firm has a higher

[16] We also consider whether women-led corporate clients reward law firms who promote women by maintaining strong ties with those law firms. This would offer further evidence that this is not a selection issue. We find that law firms who increase the number of women partners are more likely to keep their ties to their corporate client when that corporate client's legal counsel is a woman (b = .932, p = .002). We do not find statistically significant effects when the corporate client's CEO or one of its directors is a woman.

growth rate of women partners in the subsequent year.

It is important to consider that our data on corporate clients are publicly held corporations. As data on corporate client–law firm ties are only available for publicly traded corporations, we capture the effect of one type of client. While it is unclear whether public clients affect law firms differently than private clients, our interaction effects suggest that dependence on public clients is a distinctively powerful mechanism. The total number of clients, private and public, is not known, and so our interaction effect involves the strictest assumptions on the number of clients a law firm has (public clients only). One advantage of our research design is that our corporate clients list the law firm only if that law firm is their primary source of legal representation and services. Thus, the law firm–corporate client ties in our study are strong ties and thereby the most likely to influence action within the law firm.

We offer the significant relationship between women in client leadership positions and the promotion of women to partner in the law firm as strong support for a bargaining power hypothesis. Woman-led clients seem both to directly and indirectly influence law firms to improve the attainment of women attorneys. The inherent power asymmetry in the corporate client–law firm relationship points to bargaining power as an explanation. That women directors and women CEOs are more influential when they have a law firm with few clients further supports this explanation. Influence is a function of how dependent a law firm is on that particular client.

Our evidence of interorganizational influence demonstrates the importance of exchange partners on the internal labor market of law firms and is, to our knowledge, the first time such an interorganizational influence has been linked to internal labor markets. Our findings are also consistent with a homophily explanation whereby women leaders in corporate clients act on preferences to work with women in the law firm (without necessarily demanding the promotion of women). Support for this explanation lies with the positions where women in the client firm directly interact with the law firm (i.e., legal counsel and CEO).

Although the CEO and legal counsel coefficients are larger than the director coefficients in Model 2 of Table 3, women directors are more common both in our sample and in the corporate world. In 1997, the beginning of our study, Catalyst reported that women held 10.6 percent of large board seats (Javetski 1997:44) and 45 percent of Fortune 500 boards had at least one woman in 1996 (KLD 1998). In contrast, only two women were CEOs of Fortune 500 firms in 1996 (Daily et al. 1999) and 9 percent of the Fortune 500 had women leading their in-house legal counsel departments in 1999 (Minority Corporate Counsel Association 1999). Although our sample includes a greater proportion of mid-sized client corporations, the magnitude of female representation is similar. In our sample, 28 percent of the corporate clients have at least one female director; whereas 2 percent of the corporate clients have a female CEO and 3 percent have a female legal counsel. Although an increasing number of women are the legal counsel in their corporations, representation is still very low, and the number of women CEOs is also small. Despite these small numbers, we find support for our main hypothesis. We suspect that each of our interactions with "logged number of clients" would be even stronger with greater statistical power.

In addition to examining other contexts and exchange partners, the influence exerted by corporate clients may change over time. The influence of clients may have been greater in an earlier time period when the even-lower representation of women partners drew attention; at the same time however, there were fewer woman-led corporate clients to apply pressure on law firms. During the time of our study (the late 1990s), women legal counsel in corporate clients championed the reduction of gender inequality within law firms. As the number of women partners continues to increase, there may be less pressure to reduce gender inequality. A concurrent increase in woman-led corporate clients, however, will give rise to more women in influential positions. Moreover, corporate clients may have women in visible and prominent positions that do not exert direct pressure. This indirect influence may not be time dependent because the mere presence of women leaders can trigger an isomorphic response. As a result, it is difficult to forecast how influence will change over time.

While we did not explicitly build our arguments using institutional theory, our findings confirm a relationship between dependence and isomorphism. Despite the abundance of studies using institutional theory, comparatively few examine coercive isomorphism (see Mizruchi and Fein 1999 for a review). Those that do, generally focus on the influence of the state rather than exchange partners (see Rao and Sivakumar 1999 for an exception). In this way, our study is a rare empirical contribution to one of the pillars of organizational sociology.

The influence of the corporate client on the law firm links this work with a broader research agenda that examines the influence of interorganizational relationships on a focal organization. Research has demonstrated that other firms with whom a firm has ties impact that firm's likelihood of adopting a wide range of practices and that firm's ability to learn and change (Davis and Greve 1997; Mizruchi and Stearns 2001). Moreover, firms are influenced by the interorganizational partners on whom they are dependent (Pfeffer and Salancik 1978). This article suggests that the tie between two exchange partners has a significant effect beyond what has been documented to date: the presence of women in the corporate client impacts internal attainment of women in the law firm. Rather than creating or changing somewhat peripheral structures and departments as a response to dependence (e.g., Rao and Sivakumar 1999), we demonstrate changes to the essential core of the organization—the elite partnership. Future research should examine the extent to which other internal labor market practices are influenced by exchange partners.

While our study does not examine gender stratification in terms of wage inequality, there are direct implications for the community of scholars who investigate wage inequality by gender (examples of recent work include Budig and England 2001; Petersen and Saporta 2004). To our knowledge, none of the studies in this vein has examined interorganizational determinants of a focal organization's wage inequality. Yet, there are compelling reasons to believe that an organization's relationships with its exchange partners would influence the male-female wage gap. In law firms the promotion to partner necessarily involves a substantial increase in income. Because of this, the increases in the growth rate of women partners that our main analyses highlight would lessen the income inequality at the firm and occupational level, since we are identifying factors that increase the number of women at the highest income levels. In other settings, where wages are less coupled with rank and authority, we would still expect that exchange relations with more powerful organizations would reduce the wage inequality in the focal organization when the powerful alters are led by women.

Future research should also address the extent to which similar influences extend to other sources of inequality. Our study suggests that corporate clients impact the law firm's promotion practices and thus are a useful avenue for reducing inequality within the law profession. Similar influences may be seen for other groups underrepresented in the ranks of corporate partners. It must be noted, however, that the lack of racial minority representation in this setting is so severe that there may be insufficient statistical power to demonstrate the influence. Accordingly, it may be useful to examine the interorganizational influence in other contexts where women and minorities have made greater inroads. As women gain power in one domain (e.g., corporate clients), they reduce inequality in exchange partners (e.g., law firms), especially to the extent that there is a power asymmetry as we have identified in the private practice of law. As Hillman et al. (2002) find, however, women are making slow progress in the executive suite as well. Our findings put even more of a premium on such progress because it demonstrates the sensitivity of firms to their exchange partners. The promise of an interorganizational approach is also the possibility of a structural solution, one where small inroads across multiple exchange partners significantly alter the patterns of inequality in organizations today.

Christine M. Beckman *is Assistant Professor at the Graduate School of Management, University of California, Irvine. Her research focuses on the ways in which organizations learn through and are influenced by their networks, and the ways in which this influence, in turn, affects an organization's strategic decisions. Current research also focuses on networks and team evolution in entrepreneurial companies.*

Damon J. Phillips *is Associate Professor of Organizations and Strategy in the Graduate School of Business at the University of Chicago. His research focuses on the relationship between organizational and career processes; the social structure of career*

mobility; and sociological models of organizations and markets in service industries such as law. Current research also focuses on organizational and individual identity in cultural industries. He has a recent article (with D. Owens) on the early jazz music industry in Poetics entitled, "Incumbents, Innovation, and Competence: The Emergence of Recorded Jazz, 1920 to 1929."

REFERENCES

Abel, Richard L. 1989. *American Lawyers*. New York: Oxford University Press.

Baker, Wayne E., Robert R. Faulkner, and Gene A. Fisher. 1998. "Hazards of the Market: The Continuity and Dissolution of Interorganizational Market Relationships." *American Sociological Review* 63:147–77.

Baron, James N. and William T. Bielby. 1980. "Bringing the Firms Back In: Stratification, Segmentation, and the Organization of Work." *American Sociological Review* 45:737–65.

Baron, James N., Brian S. Mittman, and Andrew E. Newman. 1991. "Targets of Opportunity: Organizational and Environmental Determinants of Gender Integration Within the California Civil Service, 1979–1985." *American Journal of Sociology* 96:1362–401.

Baron, James N. and Andrew E. Newman. 1989. "Pay the Man: Effects of Demographic Composition on Prescribed Wage Rates in the California Civil Service." Pp. 125–26 in *Pay Equity: Empirical Inquiries*, vol. 107, edited by R. T. Michael et al. Washington DC: National Academy Press.

Bielby, Denise D. 1982. "Commitment to Work and Family." *Annual Review of Sociology* 18:281–302.

Blair-Loy, Mary. 1999. "Career Patterns of Executive Women in Finance: An Optimal Matching Analysis." *American Journal of Sociology* 104:1346–97.

Bridges, William P. and Robert R. Nelson. 1989. "Markets in Hierarchies: Organizational and Market Influences on Gender Inequality in a State Pay System." *American Journal of Sociology* 95:616–58.

Broschak, Joseph. 2005. "Will They Miss You When You're Gone? The Effect of Managers' Career Mobility on the Dissolution of Market Ties." *Administrative Science Quarterly*.49: 608–40.

Budig, Michelle J. and Paula England. 2001. "The Wage Penalty for Motherhood." *American Sociological Review* 66:204–25.

Byrne, D., Gerald L. Clore Jr., and P. Worchel. 1966. "The Effect of Economic Similarity-Dissimilarity on Interpersonal Attraction." *Journal of Personality and Social Psychology* 4:220–24.

Chambliss, Elizabeth. 1997. "Organizational Determinants of Law Firm Integration." *American University Law Review* 46:669–744.

Chase, Ivan D. 1991. "Vacancy Chains." *Annual Review of Sociology* 17:133–54.

Cohen, Lisa E., Joseph P. Broschak, and Heather A. Haveman. 1998. "And Then There Were More? The Effect of Organizational Sex Composition on the Hiring and Promotion of Managers." *American Sociological Review* 63:711–27.

Daily, Catherine M., S. Trevis Certo, and Dan R. Dalton. 1999. "A Decade of Corporate Women: Some Progress in the Boardroom, None in the Executive Suite." *Strategic Management Journal* 20:93–99.

Davis, Gerald F. and Henrich R. Greve. 1997. "Corporate Elite Networks and Governance Changes in the 1980s." *American Journal of Sociology* 103:1–37.

Dick, Donna. 2001. "International Paper's Diversity Trail." *Diversity and the Bar.* Minority Corporate Counsel Association (MCCA), December. Retrieved July 2003 (http://www.mcca.com/site/data/corporate/BP/ip1201.htm).

DiMaggio, Paul J. and Walter W. Powell. 1983. "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields." *American Sociological Review* 48:147–60.

DiPrete, Thomas A. and K. Lynn Nonnemaker. 1997. "Structural Change, Labor Market Turbulence, and Labor Market Outcomes." *American Sociological Review* 62:386–404.

Dunne, Timothy, Mark J. Roberts, and Larry Samuelson. 1989. "The Growth and Failure of U.S. Manufacturing Plants." *The Quarterly Journal of Economics* 104:671–98.

Edelman, L. B. 1992. "Legal Ambiguity and Symbolic Structures: Organizational Mediation of Civil Rights Law." *American Journal of Sociology* 97:1531–76.

Ely, Robin J. 1995. "The Effects of Organizational Demographics and Social Identity on Relationships among Professional Women." *Administrative Science Quarterly* 39:203–38.

Ely, Robin J. and David A. Thomas. 2001. "Cultural Diversity at Work: The Effects of Diversity Perspectives on Work Group Processes and Outcomes." *Administrative Science Quarterly* 46:229–73.

England, Paula. 1982. "The Failure of Human Capital Theory to Explain Occupational Sex Segregation." *Journal of Human Resources* 17:358–70.

Epstein, Cynthia F. [1981] 1993. *Women in Law.* 2nd ed. Urbana, IL: University of Illinois Press.

Ferguson, Hope E. 2001. "Diversity Efforts Provide Competitive Edge to Philip Morris Companies Inc." *Diversity and the Bar.* Minority Corporate Counsel Association (MCCA), December.

Retrieved July 2003 (http://www.mcca.com/site/data/corporate/BP/ip1201.htm).

Galanter, Marc and Thomas Palay. 1991. *Tournament of Lawyers: The Transformation of the Big Law Firm.* Chicago, IL: University of Chicago Press.

Galaskiewicz, Joseph. 1985. "Interorganizational Relations." *Annual Review of Sociology* 11:281–304.

Giesel, Grace M. 1993. "The Business Client Is a Woman: The Effect of Women as In-House Counsel on Women in Law Firms and the Legal Profession." *Nebraska Law Review* 72:760–802.

Guthrie, Doug and Louise M. Roth. 1999. "The State, Courts, and Equal Opportunities for Female CEOs in U.S. Organizations: Specifying Institutional Mechanisms." *Social Forces* 78:511–42.

Halliday, Terence C. 1986. "Six Score Years and Ten: Demographic Transitions in the American Legal Profession." *Law and Society Review* 20:53–78.

Hillman, Amy J., Albert A. Cannella Jr., and Ira C. Harris. 2002. "Women and Racial Minorities in the Boardroom: How Do Directors Differ?" *Journal of Management* 28:747–63.

Hull, Kathleen E. and Robert L. Nelson. 2000. "Assimilation, Choice or Constraint? Testing Theories of Gender Differences in the Careers of Lawyers." *Social Forces* 79:229–64.

Ibarra, Herminia. 1992. "Homophily and Differential Returns: Sex Differences in Network Structure and Access in an Advertising Firm." *Administrative Science Quarterly* 37:422–47.

Jacobs, Jerry A. 1989. "Long-Term Trends in Occupational Segregation by Sex." *American Journal of Sociology* 95:160–73.

Javetski, Bill. 1997. "Et Cetera..." *Business Week*, October 13, p. 44.

Judge, William Q. Jr. and Carl P. Zeithaml. 1992. "Institutional and Strategic Choice Perspectives on Board Involvement in the Strategic Decision Process." *Academy of Management Journal* 35:766–94.

Kanter, Rosabeth Moss. 1977. *Men and Women of the Corporation.* New York: Basic Books.

Kay, Fiona M. and John Hagan. 1995. "The Persistent Glass Ceiling: Gendered Inequalities in the Earnings of Lawyers." *The British Journal of Sociology* 46:279–310.

———. 1998. "Raising the Bar: The Gender Stratification of Law-Firm Capitalization." *American Sociological Review* 63:728–43.

Kerckhoff, Alan C. 1995. "Institutional Arrangements and Stratification Processes in Industrial Societies." *Annual Review of Sociology* 21:323–47.

KLD. 1998. *Kinder, Lydenberg, and Domini Social Performance Database.* Boston, MA: KLD Research & Analytics, Inc.

Levinthal, Daniel A. and Mark Fichman. 1988. "Dynamics of Interorganizational Attachments: Auditor-Client Relationships." *Administrative Science Quarterly* 33:345–69.

Lucas, Jeffrey W. 2003. "Status Processes and the Institutionalization of Women as Leaders." *American Sociological Review* 68:464–80.

Mattar, Edward P. and Michael Ball. 1985. *Handbook for Corporate Directors.* New York: McGraw-Hill.

McPherson, J. Miller, Lynn Smith-Lovin, and James M. Cook. 2001. "Birds of a Feather: Homophily in Social Networks." *Annual Review of Sociology* 27:415–44.

Minority Corporate Counsel Association. 1999. Retrieved July 2003 (http://www.mcca.com/).

Mizruchi, Mark S. and Lisa C. Fein. 1999. "The Social Construction of Organizational Knowledge: A Study of the Uses of Coercive, Mimetic, and Normative Isomorphism." *Administrative Science Quarterly* 44:653–83.

Mizruchi, Mark S. and Linda B. Stearns. 2001. "Getting Deals Done: The Use of Social Networks in Bank Decision-Making." *American Sociological Review* 66:647–71.

Nelson, Robert L. 1988. *Partners with Power: The Social Transformation of the Large Law Firm.* Berkeley, CA: University of California Press.

Olsen, Craig and Brian E. Becker. 1983. "Sex Discrimination in the Promotion Process." *Industrial and Labor Relations Review* 36:624–41

Partner's Report. 2004. "New Data Suggest Partners Must Work Harder to Mend Weak Client Relationships" 4:1 (http://www.ioma.com/pub/PRLAW/2004_02/587659-1.html).

Passante, Lisa M., Gretchen A. Bender, and Suzi Pomerantz. 1999. "Creating the DuPont Women Lawyers' Network." Pp. 12–13 in *Diversity and the Bar,* Minority Corporate Counsel Association. August.

Petersen, Trond and Ishak Saporta. 2004. "The Opportunity Structure for Discrimination." *American Journal of Sociology* 109:852–901.

Pfeffer, Jeffrey and Gerald Salancik. 1978. *The External Control of Organizations: A Resource Dependence Perspective.* New York: Harper and Row.

Rao, Hayagreeva and Kumar Sivakumar. 1999. "Institutional Sources of Boundary-Spanning Structures: The Establishment of Investor Relations Departments in the Fortune 500 Industrials." *Organization Science* 10:27–42.

Reskin, Barbara. 1993. "Sex Segregation in the Workplace." *Annual Review of Sociology* 19:241–70.

Rhode, Deborah. 1988. "PROJECT: Gender, Legal Education, and the Legal Profession: An Empirical Study of Stanford Law Students and Graduates." *Stanford Law Review* 40:1209.

Rosenbaum, James E. 1984. *Career Mobility in a*

Corporate Hierarchy. Orlando, FL: Academic Press.

Seabright, Mark A., Daniel A. Levinthal, and Mark Fichman. 1992. "Role of Individual Attachments in the Dissolution of Interorganizational Relationships." *Academy of Management Journal* 35:122–60.

Securities and Exchange Commission. 1934. Securities Exchange Act of 1934. Retrieved July 2004 (http://www.sec.gov/).

Smigel, Erwin O. 1969. *The Wall Street Lawyer: Professional Organization Man?* Bloomington, IN: Indiana University Press.

Spurr, Stephen J. 1990. "Sex Discrimination in the Legal Profession: A Study of Promotion." *Industrial and Labor Relations Review* 43:406–17.

Stewman, Shelby. 1986. "Demographic Models of Internal Labor Markets." *Administrative Science Quarterly* 31:212–47.

Wholey, Douglas R. 1985. "Determinants of Firm Internal Labor Markets and Large Law Firms." *Administrative Science Quarterly* 30:318–35.