

**HOW CORPORATE SOCIAL RESPONSIBILITY REDUCES EMPLOYEE
TURNOVER: EVIDENCE FROM ATTORNEYS BEFORE AND AFTER 9/11¹**

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ABSTRACT

Tragic events may cause employees to reevaluate how much pro-social impact they desire from their jobs. If they find this facet of their jobs unsatisfactory, employees may quit, taking their valuable human capital with them. Firms that engage in high levels of corporate social responsibility (CSR) may be better positioned to retain workers following tragedies because CSR initiatives may provide employees an increased sense of pro-social impact. Using detailed secondary data to examine job choices of attorneys before and after the 9/11 terrorist attacks, supplemented by qualitative interviews, we find support for these propositions. We focus on attorneys working in large law firms located outside of New York City and we find that attorneys born in New York City (who, we argue, are likely to be more psychologically impacted by the attacks) are about 30% more likely than their officemates to exit legal services in 2002. Firm investments in pro bono activities, the most common CSR program in the legal services industry, significantly attenuate this effect.

INTRODUCTION

“We all kind of felt what I was doing didn’t seem significant in the scheme of the world. It wasn’t personally satisfying” –Anonymous Attorney #11 describing her realization that her work lacked pro-social impact after the 9/11 terror attacks.

“One lawyer who I worked with decided she’d always wanted to be a teacher, so she quit [after 9/11] and went . . . and became a teacher. . . . She’d always had that idea in the back of her head and she decided she’d go.” –Anonymous Attorney #13 describing his co-worker’s search for pro-social impact through work following the 9/11 terror attacks.

Mortality-related shocks, such as the death of loved ones (Tedeschi & Calhoun, 2004) or a tragedy like the terrorist attacks of 9/11, may cause individuals to desire greater pro-social impact in their lives — i.e. they may search for more of “the experience of helping others” (Grant & Sonnentag, 2010: 13). As part of this search, they may reevaluate their careers (Jonas, Schimel, Greenberg, & Pyszczynski, 2002; Landau *et al.*, 2004), potentially quitting if they do not feel that their jobs provide sufficient opportunities to help others (Grant & Wade-Benzoni, 2009). We find anecdotal evidence of a search for pro-social impact following 9/11 in our

interviews with attorneys who changed jobs in 2002, exemplified by the quotations above, as well as in reported increases in applications to Teach for America (Goodnough, 2002), to the Peace Corps (Bruni, 2002), and to other pro-social occupations like those in healthcare and in the military (Grant & Wade-Benzoni, 2009).

We have little understanding of the strategic investments organizations can make to help prevent the departure of employees who experience mortality-related shocks. An employee's departure removes valuable human capital from the firm, disrupts organizational routines, and potentially leads to lower firm performance. If some firms are better able to retain their employees following such shocks, those firms may be better positioned to realize human capital-based competitive advantages (Campbell, Coff, & Kryscynski, 2012; Chadwick & Dabu, 2009; Coff, 1997).

We argue that investments in Corporate Social Responsibility (CSR) initiatives and activities—i.e. “discretionary corporate activit[ies] intended to further social welfare” (Barnett, 2007)—may help to buffer the firm against unwanted employee departures after mortality-related shocks. Firm investments in CSR may satisfy employees' desires for pro-social impact both by affording them opportunities to engage in service-oriented activities (Grant, 2012a) and by allowing them to affiliate with “good” organizations (Davis, 2014; De Roeck & Delobbe, 2012; Turban & Greening, 1997). Thus, when employees experience mortality-related shocks that cause them to reevaluate their jobs, they may be more likely to believe that their work makes a difference in the lives of others if their employer invests in CSR and, as a result,, they may be less likely to quit in search of greater pro-social impact elsewhere.

We examine this core prediction using both quantitative and qualitative data on the careers of attorneys employed by large US law firms from 1999 to 2010. We utilize the 9/11 terror attacks

as a tragic shock in the lives of attorneys, constructing a treatment group of attorneys who were born in New York City (and thus likely to be more psychologically affected by the attacks) and a control group of their officemates. We focus on individuals working outside of New York City (NYC) in order to better isolate psychological rather than economic effects, and we find that NYC-born lawyers are about 30% more likely than their non-NYC-born colleagues, working in the same office, to leave the legal services industry in the year following 9/11.

We then examine the moderating effect of the law firm's investments in pro bono legal services, the most common form of CSR investments in the legal services industry (cf. Burbano, Mamer, & Snyder, 2013). We find that the impact of 9/11 on the turnover of NYC-born attorneys is substantially attenuated in firms with larger investments in pro bono. Following robustness tests and qualitative interviews with attorneys in our data, we conclude that the opportunity for pro-social impact provided by these CSR investments is a primary mechanism underlying the reduction in turnover.

Our paper joins a growing literature in strategy that considers the impact of CSR investments on employee-related outcomes. Scholars point to increased productivity (Gubler, Larkin, & Pierce, 2014), reduced shirking (Flammer & Luo, 2014), and increased retention (Bode, Singh, & Rogan, 2014) as important employee-related strategic benefits of CSR investments. Scholars often suggest that the pro-social impact of an employee's job is a primary mechanism underlying these results (e.g., Grant, 2012b). We contribute to this literature by suggesting a novel pathway through which the pro-social impact provided by CSR investments may reduce employee turnover: CSR investments may prevent employees from negatively evaluating their jobs following shocks that cause them to reflect on whether their work helps others.

Our work also extends the theoretical argument that firm investments in CSR may have

insurance-like properties (Godfrey, Merrill, & Hansen, 2009; Godfrey, 2005; Koh, Qian, & Wang, 2014; Minor & Morgan, 2011; Schnietz & Epstein, 2005). Researchers claim that firm investments in CSR create goodwill among stakeholders, and this goodwill buffers firms against adverse stakeholder reactions when negative events occur for which the firm has potential culpability (e.g. industrial accidents). Although this theory applies to stakeholders broadly, scholars have not yet examined the insurance-like effects of CSR on negative employee outcomes. Additionally, whereas prior literature has emphasized the importance of CSR in insuring against stakeholder reactions to negative events that are potentially attributable to the firm, our research suggests the insurance benefits of CSR in a context wholly outside of the firm's control, suggesting an expanded role for CSR as insurance.

We argue that employee perceptions of the pro-social impact of their jobs are subject to “time compression diseconomies” (Dierickx & Cool, 1989)—i.e., just as firms cannot generate goodwill among external stakeholders like customers and regulators instantaneously, they also cannot quickly change employee perceptions of the pro-social impact of their workplace. Thus, we suggest that firm investments in CSR probably need to occur over time and well before shocks that could spur employees to reevaluate the pro-social impact of their work, further emphasizing the insurance-like properties of CSR.

While the idea of CSR as insurance against shocks in the lives of employees is an important contribution to the work surrounding the strategic implications of CSR investments, it also contributes to the broader literature on the retention of human capital. Many of the firm's employee-related investments, such as training and compensation, can be viewed through the lens of time compression diseconomies. While we focus on the sense of pro-social meaning that an employee derives from her job, other drivers of employee attachment to the firm may also

require extended periods of time to develop (Chen, Ployhart, Thomas, Anderson, & Bliese, 2011). As a result, firms may be unable to respond quickly to shocks that alter these bases of attachment. For example, if a competitor offers an employee a job with significantly higher compensation, even if the current employer subsequently matches it, the employee still may leave because she feels that the firm has not been compensating her appropriately in the preceding periods (Wang, He, & Mahoney, 2009). Consequently, firms may raise employees' compensation in the current period, even in the absence of outside job offers, in order to "insure" against the possibility that offers arrive in the future. Thus, our analysis raises the intriguing notion that the timing, as well as the content, of employee inducements such as CSR investments may be important for retaining employees and achieving human capital-based competitive advantages.

EMPLOYEE DEPARTURES FOLLOWING MORTALITY-RELATED SHOCKS

Employee turnover may occur when there is a mismatch between an employee and her job. While both individuals and firms actively vet each other prior to an employment match, the quality of the match is difficult to determine beforehand due to limited information and other market frictions (Jovanovic, 1979). Consequently, the employee and the firm learn about the quality of the match over time. When mismatches become apparent to the employees and/or the firms, employee turnover may result (Jovanovic, 1979).

The unfolding model of voluntary employee turnover (Lee, Mitchell, Holtom, McDaniel, & Hill, 1999; Lee, Mitchell, Wise, & Fireman, 1996; Lee & Mitchell, 1994) provides the insight that a "shock to the system" often helps reveal a mismatch, particularly to the employee. Lee and Mitchell (1994) define shocks broadly as events that cause an employee to reflect on her job and consider whether it is consistent with her desires and goals. Examples of shocks include

“unsolicited job offers, random events (a colleague dies in a car accident), unexpected circumstances (a spouse receives a job offer in another city), and luck (you win the lottery)” (Lee & Mitchell, 1994: 71). These shocks may cause an employee to reexamine her preferences and the extent to which her current job matches those preferences.

Different shocks may have different effects on employees (Holtom, Mitchell, Lee, & Inderrieden, 2005). Job offers may cause employees to reevaluate the financial rewards of their current positions (Lee, Gerhart, Weller, & Trevor, 2008), while marriages and births may lead employees to reexamine the value they place on time with their families (e.g. Bhagat, 1983). Employees that find their current jobs lacking on a given dimension following such shocks may leave the organization for a different job that better matches their preferences. We focus in particular on mortality-related shocks, and we argue that these shocks may cause employees to reevaluate the pro-social aspects of their work, leading them, potentially, to leave the firm if they find their jobs lacking on this dimension (Grant & Wade-Benzoni, 2009). These shocks can be personal events, such as the death of a friend or family member (Tedeschi & Calhoun, 2004), or general events such as natural disasters (Murphy, 1987) or terrorist attacks (e.g., Byron & Peterson, 2002)² that lead to loss of life.

The importance of mortality-related shocks for individuals is reflected in the rich multifaceted literature³ in social psychology that has emerged to study them. This literature suggests that one prominent way that individuals may respond to mortality-related shocks is by reevaluating the pro-social, generative aspects of their lives, such as interpersonal relationships

² See Grant and Wade-Benzoni (2009) for a rich discussion of the differences between on-the-job and off-the-job mortality salience.

³ Mortality salience theory, terror management theory, and post-trauma growth theory each examine how individuals react to heightened death awareness. See Burke, Martens, and Faucher (2010) for a recent meta-analysis of mortality salience effects, and Tedeschi and Calhoun (2004) for a summary of post-trauma growth theory. Pyszczynski, Solomon, and Greenberg (2003) summarize terror management theory and apply its concepts to the 9/11 terrorist attacks.

and opportunities to make a positive difference in the world (Joireman & Duell, 2005; Peterson & Stewart, 1996). Grant and Wade-Benzoni (2009: 604) suggest that mortality-related shocks spur this type of reevaluation because they remind an individual that life is finite, causing her to place newfound value on “mak[ing] lasting contributions and [feeling] connected with others.” These feelings may be tied to the person’s desire to transcend death and leave a durable legacy after her own demise (Becker, 1973, 1975; Fox, Tost, & Wade-Benzoni, 2010; McAdams & de St. Aubin, 1992) or arise from a desire to find fulfillment during life while it lasts (Tedeschi & Calhoun, 2004).

Experimental evidence provides strong support for the notion that individuals place more emphasis on forward-looking, altruistic behaviors following a mortality-related prime. For example, Jonas *et al.* (2002) find that experimental subjects were more likely to donate to a charity when the donation was solicited in front of a funeral home, and Wade-Benzoni, Tost, Hernandez, & Larrick (2012) find that subjects were more likely to allocate potential lottery winnings to a charitable cause when they were first asked to summarize a newspaper article about an airplane crash⁴.

While much of the literature about mortality focuses on off-the-job changes in behavior and preferences, scholars also suggest that mortality-related shocks may cause individuals to emphasize pro-social outcomes in their work lives (Grant & Wade-Benzoni, 2009), a natural connection given that adults spend about half of their waking hours at work (Wrzesniewski, McCauley, Rozin, & Schwartz, 1997). To the extent that mortality-related shocks cause employees to value pro-social outcomes, they may leave jobs that lack sufficient opportunities for making a pro-social impact.

⁴ See also Cozzolino, Staples, Meyers, and Samboceti (2004), Joireman and Duell (2005), and Lykins, Segerstrom, Averill, Evans, and Kemeny (2007) for additional experimental evidence.

Anecdotal evidence of this type of behavior following the 9/11 terrorist attacks abounds. Wrzesniewski (2002) describes powerful stories of individuals leaving existing careers to join fire departments and the military after the 9/11 terrorist attacks. Bruni (2002) finds that after those attacks applications to the Peace Corp jumped by 39%, and Goodnough (2002) reports that applications to Teach for America tripled and applications for teaching jobs in some parts of New York City increased by 50%, further suggesting the power of mortality-related shocks to spur significant job changes among employees, many of whom may have pro-social motivations for the change. We thus expect employees who experience mortality related shocks to be more likely to leave their jobs than their co-workers.

Hypothesis 1: Employees who experience mortality-related shocks will be more likely than their coworkers to leave their jobs after such shocks.

CSR INVESTMENTS AND EMPLOYEE RETENTION FOLLOWING MORTALITY-RELATED SHOCKS

Hypothesis 1 suggests a practical problem for firms: when employees quit their jobs following mortality-related shocks, they take their valuable human capital with them (Campbell et al., 2012), disrupting the firm's operations and potentially impacting firm performance. If employees are more likely to change jobs following mortality-related shocks, the crucial strategic question for researchers and managers is what type of investments firms can make to buffer against these departures. Because such departures may be related to employee desires for greater pro-social impact, firms that provide these opportunities on the job may be more likely to retain employees following these shocks (Grant & Wade-Benzoni, 2009). We suggest that a particularly important way for firms to accomplish this goal is via investments in Corporate Social Responsibility initiatives.

Corporate Social Responsibility (CSR) has become increasingly important to researchers and

managers, with hundreds of articles appearing in a variety of research fields. The relationship between the firm's CSR investments and the firm's financial performance has been the subject of substantial debate in the academic literature (see Barnett & Salomon, 2006, 2012). Due to the complex mechanisms connecting CSR investments to overall financial performance, researchers have begun to examine more bounded questions about how CSR investments affect specific groups of stakeholders, such as customers (Fosfuri, Giarratana, & Roca, 2014) and, most important for our purposes, employees (Bode et al., 2014; Flammer & Luo, 2014; Gubler et al., 2014; Rupp, Ganapathi, Aguilera, & Williams, 2006; Turban & Greening, 1997).

Researchers have shown several positive employee-related outcomes for firms that make CSR investments. Potential employees may be more inclined to work for firms that have CSR programs (Turban & Greening, 1997), and once they join the organization, they may be more productive (Gubler et al., 2014), less likely to shirk (Flammer & Luo, 2014), and less likely to quit (Bode et al., 2014), particularly if they participate in hands-on CSR projects. Investments in CSR are also correlated with higher job satisfaction, increases in citizenship behaviors, and higher job performance (Rupp et al., 2006).

Researchers argue that two primary mechanisms underlie the greater attachment that employees feel to firms with higher levels of CSR investment. First, CSR investments by firms allow employees to affiliate with organizations that have positive, pro-social reputations (Davis, 2014; De Roeck & Delobbe, 2012; Turban & Greening, 1997). Consequently, employees may derive a sense of meaning and purpose in their own work through a higher level of identification with the firm and a feeling that their employer is making a positive difference in the world (Bartel, 2001; Brammer, Millington, & Rayton, 2007). Second, employees may derive a sense of meaning and purpose at work (Bauman & Skitka, 2012) by producing a direct and visible social

impact (Grant, 2012a, 2012b) via CSR projects. This is most likely to occur when employees are themselves directly involved in CSR activities, such as in volunteer projects (Bartel, 2001) or in pro bono consulting engagements (Bode et al., 2014), and when the firm's products have an essential element of CSR. Employees at TOMS shoes, for example, derive significant personal value knowing that their work directly benefits some of the poorest children in the world by donating a free pair of shoes for every pair sold (Mycoskie, 2010).

If these pro-social mechanisms indeed enhance an employee's attachment to an organization, then firms with greater CSR investments should be more effective than others in retaining employees who have recently experienced mortality-related shocks in their lives. Since mortality-related shocks may spur employees to reevaluate the pro-social impact provided by their jobs, and employees may leave if their jobs are found to be lacking on this dimension, employees working for firms that make CSR investments may be less likely to look elsewhere in their search for pro-social impact. CSR investments allow employees to feel that they are affiliated with "good" organizations, and, to the extent that the firms' CSR programs are hands-on or product-centered, that they have the ability to engage in pro-social activities on the job. These employees may thus be less likely to make career changes.

Hypothesis 2: An employer's investments in CSR will attenuate the positive relationship between mortality-related shocks and the probability that employees will leave their jobs after such shocks.

EMPIRICAL DESIGN

We test these hypotheses by studying how the 9/11 terrorist attacks⁵ affected the career decisions of attorneys working for the largest 200 law firms in the United States. Using detailed,

⁵ Many researchers have utilized the 9/11 terrorist attacks to study the broad domain of mortality awareness. Examples of papers viewing 9/11 through an organizational lens include Byron and Peterson (2002); Wrzesniewski (2002); Pyszczynski *et al.* (2003); Paruchuri and Ingram (2012); Bacharach and Bamberger (2007); Lieb (2003); and Ryan, West, and Carr (2003). Readers interested in learning more about the effect of terrorism on organizations may consider referring to the October 2011 special issue in the *Journal of Organizational Behavior* entitled "Organizations and Disasters and Terrorism".

individual-level microdata that allow us to track attorneys over time, we construct a “treatment group” of NYC-born attorneys and a “control group” of their non-NYC-born colleagues working in the same offices (“officemates”). With the idea that NYC-born individuals are more likely than others to be psychologically affected by the attacks (Pyszczynski, Solomon, & Greenberg, 2003), we examine whether NYC-born attorneys are more likely than officemates to make a significant career change, namely, exiting the legal services industry, following the 9/11 terrorist attacks. We limit our analysis to attorneys working in offices located outside of New York City in order to avoid confounding effects more attributable to the substantial economic disruptions in New York City following 9/11. To identify the moderating effect of CSR investments, we examine whether NYC-born attorneys are less likely to exit the industry if their employer has made significant investments in pro bono legal services programs, which are the most common CSR investments in the legal services industry (Cummings & Rhode, 2010). We buttress these secondary data with qualitative interviews of twenty-three attorneys drawn from our analysis sample in order to better understand these individuals’ motivations for making job changes following the attacks.

Comparing New York City-born Lawyers to Officemates

The 9/11 attacks, unexpected and tragically resulting in the death of over 3,000 Americans, created a significant mortality-related shock for many (Ahern et al., 2002; Schlenger et al., 2002). Our analysis assumes, however, that individuals born in New York City are likely to be more psychologically affected than other Americans. Those born in New York City are more likely to have friends and family in New York City, increasing the likelihood that they had a personal relationship with someone killed or directly affected by the attacks. Additionally, though the attacks took place in more than one location in the United States, much of the media

coverage focused on lower Manhattan and New York City. These images of destruction are likely to have a stronger psychological effect on New York City natives relative to other Americans (Pyszczynski et al., 2003). Out of 23 interviews with attorneys randomly selected from our secondary data sample, all but one lawyer with a NYC affiliation indicated that 9/11 had a significant effect on subsequent career decisions. As one NYC-affiliated attorney from our interviews states:

I did have a reflection on where I was in my life, and where I was going, and whether I was happy, whether I was finding fulfillment in practicing the way I was. I wasn't—practicing in large law firms ... grueling hours ... a lot less control on work life, and non-work life.

In contrast, among the attorneys without NYC affiliations that we interviewed, none indicated that the 9/11 attacks had a significant effect—the common response of non-NYC attorneys, when primed, was that 9/11 was tragic, but it did not affect their career choices.

Pro Bono Activities as Investments in Corporate Social Responsibility

Latin for “for the good,” pro bono legal work is work done by an attorney free of charge, typically for underprivileged individuals and/or nonprofit organizations that do not have the resources to afford legal help. Encouraging pro bono legal work has a number of tangible benefits for law firms, including enhancing the firm’s image in the eyes of external stakeholders and providing lower-risk training and evaluation opportunities for newer associates (Burbano et al., 2013). A firm’s investment in pro bono activities (conditional on other organizational factors such as size, practice area, and profitability) also helps capture the extent to which it allows attorneys to derive pro-social impact from their jobs (Cummings & Rhode, 2010).⁶ Rhode (2003) describes the CSR-type benefits that pro bono work provides to attorneys:

⁶ As Burbano et al. (2013) convincingly argue, it is important to recognize the instrumental motivations behind firm’s investments in pro bono activities, such as the opportunity to provide associates with lower-risk leadership opportunities that allow the firm to evaluate their quality. We are agnostic about the firm’s motivation for investing in pro bono activities. We use pro bono investments as a proxy for an attorney’s ability to pursue meaningful work within the organization and to affiliate with an organization that is at least nominally concerned with social issues.

Examples [of cases] included death row criminal appeals, prison suits, sweatshop labor litigation, and political asylum claims. For many of those attorneys, pro bono matters provided their most rewarding professional experiences. As one ABA winner put it, after lawyers leave law school, the “altruistic sense of what the profession is about . . . disappears pretty quickly. Pro bono is a way to get this passion back. This makes you feel alive and like you are doing something worthwhile.” . . . One attorney noted, “If I couldn’t do pro bono, I wouldn’t practice law. It makes me feel like I am making a difference.” Lawyers often contrasted their public service with their largely commercial practices, and reported greater satisfaction from promoting social reform or helping a disadvantaged client than from wrangling over money (Rhode, 2003: 447).

Rhode’s (2003) surveys indicate the top two reasons that attorneys perform pro bono work are “personal satisfaction” and a “sense of professional obligation,” with motivations such as gaining new skills and experience following next.

Additionally, large law firms often place their investments in pro bono at the forefront of their labor market identity, as tangible markers of their culture and “core values.” Pro bono activities are extensively described on firms’ websites and their promotional materials, such as their profiles in law student guidebooks by Vault, *The American Lawyer*, and the National Association of Legal Professionals. It is also important to note that pro bono work is an “investment” with important trade-offs. Firms often emphasize the costliness of their pro bono activities. For example, Reed Smith LLP, a large international law firm headquartered in the United States, prominently advertises on its website that it commits about 4% of billable time to pro bono work, representing an opportunity cost of about \$30 million in 2013.⁷

Data

Our data source for attorneys and their career choices is an electronic version of the nationwide Martindale-Hubbell Legal Directory (Martindale) and our data source for pro bono investments is *The American Lawyer* Pro Bono Survey. Martindale is often referred to as the “white pages for lawyers” and has hosted previous organizational studies set in the legal services

⁷ <http://www.reedsmith.com/aboutus/probono/>; accessed November 13, 2014.

industry (e.g., Phillips, 2001), although not with the nationwide coverage that we utilize here. Firms from all geographic and practice areas have an incentive to list themselves and their attorneys in Martindale to advertise their services to potential clients (who can search the database for free); the directory has been in existence for over 140 years, and listing oneself in Martindale is a strong norm in the legal services industry, particularly for the large firms that form the basis for our sample. Our data extract covers the entire United States from 1999-2011.

The fundamental unit of analysis in the Martindale data is an attorney-firm-quarter. For each observation, Martindale provides a stable individual identifier and a stable firm identifier. It also includes information such as attorney education, birthplace, areas of practice (e.g. corporate versus family law), and the street address of the office where an attorney works. From this data, we identify an attorney's officemates. We collapse the data to attorney-year observations. In the small number of situations where attorneys are listed in multiple firms or multiple offices in the same period, we assign the attorney to a unique firm and unique office following the procedure described in Baker & Parkin (2006), who use similar data.

Variables

Dependent Variables

Job Change. This variable is dichotomous, taking a value of one when an attorney is no longer listed as a practicing attorney in the Martindale data at the beginning of the following year; it thus records the attorney's exit from a law firm job in the current year. Attorneys may be coded as exiting the industry for a number of reasons, including occupation changes (such as a transition to high school teaching), transitions to in-house legal positions, retirement, or death⁸.

⁸ Note that among the victims of the 9/11 attacks, two were employed by AmLaw 200 firms. We determined this by searching the eulogies and descriptions of the 9/11 victims maintained by CNN.com (<http://www.cnn.com/SPECIALS/2001/memorial/lists/by-name/>) and by matching the names of 9/11 victims to the attorneys in our database. One of the deceased worked in NYC and is thus excluded by our baseline design; the

Unfortunately, we lack data on the precise destination for most of these moves. While Martindale coverage is quite comprehensive, individuals may be coded as exiting the industry if they move to law firms that do not list themselves in the Martindale data, such as very small law firms. However, each move represents a significant career shift from employment in a large law firm, and this type of large career change is the focus of our theoretical arguments.

Explanatory variables

Born in New York City. The Martindale data contain self-reported place of birth information for attorneys. We identify New Yorkers as those whose place of birth includes “New York City,” “New York, New York,” “NYC,” or one of the five boroughs, including “Brooklyn,” “Manhattan,” “Queens,” “Staten Island,” or “Bronx.”

Pro bono ranking. *The American Lawyer* (AmLaw), a magazine covering the legal services industry, annually ranks the 200 largest law firms in the US (the AmLaw 200) on their commitment to pro bono activities based on firm-reported survey data. Two-thirds of the pro bono ranking comes from a firm’s average number of pro bono hours per lawyer, while the remaining third comes from the percentage of lawyers who have completed 20 or more hours of pro bono work. A small number of firms do not respond to the AmLaw survey; we rank them, as AmLaw does, at the bottom of the pro bono distribution, though results below are robust to excluding these firms from the analysis. Previous strategy researchers (Burbano et al., 2013) have utilized these data to study law firm’s pro bono programs.

Control variables

In an effort to account for stable individual job preferences, the analyses that follow include individual fixed effects. We also include the following time-varying control variables.

other worked in Washington DC and was a passenger on AA Flight 77. We exclude this person from the analysis. Thus, the deaths of individuals who lost their lives on 9/11 do not affect the measurement of our dependent variable.

Experience and demographic measures. We measure *attorney age* using self-reported date of birth information included in the Martindale data. For attorneys missing date of birth information, we estimate age by assuming that the attorney finished an undergraduate degree at age 22 or a law school degree at age 25. We also include a squared *attorney age* control. Dummy variables *partner* and *associate* indicate the attorney's position in the firm's hierarchy⁹. The excluded group includes attorneys who are off the partnership track, such as those in of counsel positions. Martindale surveys attorneys and asks them to rate the quality of their peers in other firms on a scale of A, B, and C. We include a dummy for each of these *attorney peer ratings* to help capture time-varying attorney quality. We include *percent of officemates who are alumni* as a proxy for the density of an attorney's social connections within the current firm.

To measure gender, we first match the attorneys' first names to the dominant gender indicated by US Social Security Data¹⁰, and second, to the greater than 95,000 first names present in the Gender Checker Directory (www.genderchecker.com). We report *male first name* and *female first name*, with the excluded group being individuals with unisex first names (e.g. Pat). The Martindale data include self-reported law school affiliation. The top of the law school status hierarchy is relatively rigid with only 18 schools making it into the top 15 of the US News and World Report rankings since they began in 1987. We create a dummy for *top law school* if the attorney graduated from one of these 18 schools.¹¹

Due to the economic disruptions in New York City following the 9/11 attacks, it is important that we account for an attorney's economic exposure to the New York City legal market to

⁹ Martindale does not provide information on equity versus non-equity partners.

¹⁰ <http://www.ssa.gov/oact/babynames/limits.html>

¹¹ *Top law schools* include those at Yale University, Harvard University, Stanford University, Columbia University, New York University, University of California—Berkeley, University of Chicago, University of Pennsylvania, Northwestern University, University of Michigan—Ann Arbor, University of Virginia, Cornell University, Duke University, Georgetown University, Vanderbilt University, University of Texas—Austin, University of California—Los Angeles, and University of Southern California.

ensure that the mobility we observe is voluntary rather than forced. The Martindale data include information on state bar admissions, so we include a dummy for *New York licensure* to capture whether an attorney may serve clients in New York City.

Areas of practice. The Martindale data contain self-reported, attorney-level information on the practice areas in which attorneys serve their clients, such as corporate versus family law. We categorize the practice area information provided by Martindale Hubbell into 26 unique practice areas using the procedure outlined in Appendix A. We include 26 dummies, one for each of these practice areas, in the analyses. We also include a *practice area overlap* measure, which varies from zero to one and increases with the extent to which an attorney's practice area portfolio overlaps with that of the other attorneys in her firm¹².

Firm characteristics. We use the Martindale data to measure *firm size*, *office size*, and *partner to associate ratio* since these variables are likely to be correlated with a firm's investment in pro bono activities (Burbano et al., 2013) and may also determine turnover rates. We account for organizational performance using *revenue per lawyer* and *profits per partner*, two standard measures of performance in the legal services industry (Campbell et al., 2012; Rider and Tan, 2014). Revenue and profit data come from AmLaw surveys. We account for a firm's exposure to the New York City legal market using *count of firm's attorneys in NYC*. We include a dummy, *firm fails*, that takes a value of one if the firm fails at the end of the year. We also include a dummy, *merger*, that takes a value of one if the firm merges at the end of the year. Results are robust to excluding failed and merged firms from the sample.

¹² We first define the position of each attorney and her law firm in "legal specialty" space by constructing a 26-dimension vector – one dimension for each of 26 legal specialties listed in Appendix A. The overlap measure takes the cosine of the angle between the attorney's vector and the employer's vector. If A_i and F_j represent the vectors for attorney i and law firm j , *practice area overlap* would be computed as: $A_i \bullet F_j / |A_i||F_j|$, meaning that we use the dot product to compute the angle between the vectors.

Sample

While lawyers from firms of all sizes list themselves in Martindale, we limit our “at-risk” sample to attorneys employed by the AmLaw 200, the largest 200 US firms based on revenues, because pro bono investment information is only available for these firms. These attorneys comprise about 20-25% of the attorney-year observations in the Martindale data during our sample window. We identify all NYC-born attorneys working for these firms in 1999, which constitute our treatment group. We then identify the NYC-born attorneys’ 1999 officemates, which constitute our control group. Note that since our outcome entails exit from the industry, we identify our treatment and control groups in 1999 (rather than, say, 2001) in order to allow us to evaluate the difference in exit rates prior to the attacks. We drop attorneys working in offices located in New York City from the analysis because the consequent economic impact of the attacks on the city make it difficult for us to separate voluntary job changes based on attorney preferences from other attorney departures there¹³, although results below are robust to their inclusion¹⁴. We are left with 2,884 unique NYC-born attorneys and 32,715 unique officemates, constituting 221,753 attorney-years. While the data extend to 2011, our sample ends in 2010 since we must measure exit in the following year.

Estimation Model

We use a linear probability model with individual fixed effects for our primary analysis because this allows us to account for time-invariant attorney characteristics, including individual quality and stable preferences, while estimating a model that has easily interpretable coefficients (Campbell et al., 2012; Bennett, Pierce, Snyder & Toeffel, 2013). Changes in an attorney’s

¹³ Because we are using secondary data, we are unable to discern the precise reason behind the attorney departures that we observe. We want to limit the possibility that attorneys in our sample are simply laid off. We address explore this alternative explanation extensively in robustness tests and qualitative interviews below.

¹⁴ A handful of attorneys in this group move to NYC offices between 1999 and 2002. Our results are robust to their inclusion or exclusion from the analyses; we exclude them below.

exposure to 9/11 and to pro bono activities identify our results. Huber-White standard errors that are clustered at the firm-year level help account for the heteroskedasticity that typically occurs when fitting a linear model to a dichotomous dependent variable. Results are unchanged with different clusters, such as by individual or by office-year. The primary model we estimate (Equation 1) is

$$(1) \Pr(Y_{it}) = \sum_{t=1998}^{2010} \beta_t NYC_Birth_i * Year_t + \sum_{t=1998}^{2010} \beta_t Year_t + ProBonoHigh_{ijt} \\ + \beta_2 Controls_{it} + \beta_2 Controls_{ijt} + \gamma_i + \varepsilon_{it}$$

where Y_{it} is a dummy variable indicating whether attorney i exits legal services in period t , NYC_Birth_i is a dummy which indicates whether attorney i was born in New York City, $Year_t$ is a vector of dummy variables indicating whether the current year is one of 1999-2010 (inclusive), $ProBonoHigh_{ijt}$ indicates whether attorney i 's employer firm j is above the median AmLaw 200 ranking of pro bono activities in year t . $Controls_{it}$ is a vector of control variables for attorney i at time t , $Controls_{ijt}$ is a vector of control variables for firm j which employs attorney i at time t , γ_i is a vector of fixed effects for each individual i , and ε_{it} is a vector of standard errors. To test Hypothesis 2, we split the sample based on pro bono rankings that are above (i.e. $ProBonoHigh_{ijt} = 1$) or below the median in the current year and compare the NYC*Year interactions.

Results

Table 1 displays descriptive statistics for the full sample as well as subsets of NYC-born attorneys and their officemates and Table 2 shows the correlations between the variables. Approximately 3% of the attorneys in a given year exit the industry. Additionally, about 3% of attorneys move to a different law firm in a given year; these mobility rates are similar to those indicated by studies of the legal services industry using US Census data (Campbell, Ganco,

Franco, & Agarwal, 2012), which gives us confidence in the quality of the Martindale data. About 8% of the attorney-years in the sample belong to attorneys born in New York City. Approximately 51% of the attorney years in the sample occur in firms that are above the median pro bono ranking of AmLaw's annual pro bono survey. Looking at differences between NYC-born attorneys and their officemates, we see some predictable differences. NYC-born attorneys are more likely to have attended a top and/or NYC-based law school, they are slightly more likely to be licensed to practice in New York State, and they are more likely to be found in larger, higher revenue firms that have more attorneys located in New York City.

 INSERT TABLE 1 ABOUT HERE

 INSERT TABLE 2 ABOUT HERE

Table 3 presents simple mean differences in industry exit rates for NYC-born attorneys and their officemates. Exit rates between the two groups are quite similar in 1999-2001, which gives us confidence that the two groups are comparable prior to the 9/11 attacks. NYC-born attorneys are about 1% more likely than officemates to exit the industry in 2002. Given that the base rate of exit is 3% for the overall sample, this 1% marginal increase is quite large – about 33% of the base rate. This provides initial support for Hypothesis 1. The exit rate of NYC-born attorneys declines relative to officemates somewhat in 2006 and 2007.

 INSERT TABLE 3 ABOUT HERE

Next, we examine whether these results remain consistent in the regression framework described in Equation 1 above. Table 4 presents the coefficients on the control variables in the model. We see predictable results – partner and associate attorneys are less likely to exit the

industry than those in of counsel positions, attorneys with high peer ratings are less likely to exit, and older attorneys are more likely to exit.

 INSERT TABLE 4 ABOUT HERE

Table 4, Model 1 presents the formal test of Hypothesis 1, where we interact the NYC_Birth dummy variable with dummy variables for each year in the analysis. This approach allows the effect of an attorney's NYC-birth status to vary each year and permits us to identify an effect from the 9/11 attacks. The results are also displayed graphically in Figure 1. We see that 2002 is the only year in which the exit rate of NYC-born attorneys differs statistically ($p < .05$) from that of their officemates in 2001 (the base year). The size of the effect here is 1%, nearly identical to the unconditional effect seen in Table 3, if we use 2001 as a base year for a difference-in-difference comparison ($.009 - (-.002) = .011$). Additionally, Figure 1 also shows that the effect sizes of the regression estimates are insensitive to the inclusion and exclusion of control variables. Comparing the specifications, we find no differences in the pre-treatment trends for our treatment and control groups and no significant changes in effect sizes and statistical significance, which suggests that unobserved differences between NYC-born attorneys and their officemates do not drive our results. Absent these indicators of unobserved differences, our results suggest strong support for Hypothesis 1.

 INSERT FIGURE 1 ABOUT HERE

Next, we examine whether the higher exit rate for NYC born attorneys is attenuated when the employer has higher pro bono investments. Inspecting Table 4, we see that an employer's investments in pro bono do not have a statistically significant *average* effect on the probability that an attorney exits the industry. This result makes sense when considering prior work that

suggests that employees will select into a given organization based at least in part on that organization's level of CSR investments (Bode et al., 2014; Turban & Greening, 1997). Given that pro bono programs are well publicized by firms and sticky over time (the year-over-year correlation of a firm's pro bono rank is .88 in our data), attorneys likely select purposefully into firms that provide the level of pro bono that they prefer.

INSERT TABLE 5 ABOUT HERE

Hypothesis 2 is not about the steady-state employee retention benefits of pro bono work. Rather, it emphasizes employee retention benefits following mortality-related shocks. We test this hypothesis in Table 5, where we re-estimate Equation 1, this time splitting the sample into attorneys working for firms with an above-median pro bono ranking in the current year (Model 2) and attorneys working for firms with below-median pro bono ranking in the current year (Model 3). Results are displayed graphically in Figure 2.

INSERT FIGURE 2 ABOUT HERE

Supporting Hypothesis 2, NYC-born attorneys are no less likely than officemates to exit the industry in 2002 when they work for firms with above-median investments in pro bono CSR programs (Model 2). Most of the effect in H1 is driven by NYC-born attorneys exiting firms that have below-median investments in pro bono CSR – indeed, the difference in exit rates between NYC-Born attorneys and officemates is 2% in this group, which is twice as high as the overall 1% rate seen in Figure 1. Comparing the coefficients of NYC_Born*2002 across Models 2 and 3 using a Wald test, we see that they are significantly different from each other at $p=0.06$.

Alternative explanations and robustness tests

Involuntary exits: Since our secondary data do not allow us to discern the reason for an attorney's departure, an alternative explanation for our results is that NYC-born attorneys are more likely than officemates to be laid off or forced into retirement following the terror attacks. This might occur because NYC-born attorneys withdraw from work following the attacks (Byron & Peterson, 2002) or because they are more reliant than officemates on economic ties (such as clients) located in New York City and New York City suffered disproportionate economic harm from the terror attacks and the recession of the early 2000s. We address this concern in several ways in our main analyses: by excluding attorneys working in New York from the sample, and by controlling for whether or not an attorney is licensed to practice in New York State. Additionally, although potentially driven by selective recall, none of the NYC-born attorneys in our qualitative interviews pointed to disaffection, low performance, or involuntary turnover as the reason for their departure from their firm. The shape of the results over time in Figures 1 and 2 (a sharp increase in exit, followed by a gradual decrease) also suggest a sudden shift in attorney job preferences, rather than a slow decline in performance that leads to termination.

We also implement several robustness tests. First, we exclude the 17% of observations in the sample where the attorney is licensed to practice in New York State, leaving only attorneys who should be relatively insulated from NYC-specific economic effects. Results (available upon request) are the same as those reported above. Second, we limit the sample only to partner attorneys who are under the age of 60. Because junior attorneys are potentially easier to replace and do not typically control client relationships, law firms may be much more likely to lay off associates rather than partners during downturns (e.g. Gearon, 2012). Firms may also nudge older partners into retirement. Partners under age 60 should be less exposed to both of these

sources of involuntary turnover and, limiting the sample to only these individuals, we see similar results (Figure 3). In sum, while it is possible that some of the NYC-born attorneys in our data are laid off following 9/11, our empirical design and multiple robustness tests give us confidence that layoffs are not driving our results.

INSERT FIGURE 3 ABOUT HERE

Pro bono as a proxy for slack resources rather than meaningful work: Pro bono investments are not randomly distributed across firms; rather, firms make purposeful investments in pro bono programs. It is possible that pro bono programs are “luxury goods” available only to high quality firms with slack resources. Indeed, inspection of Table 2 suggests that a firm’s pro bono ranking is highly correlated with its performance, as proxied by revenues per attorney and profit per equity partner. This creates an alternative explanation that is closely related to the lay-off explanation explored above. Perhaps firms with better pro bono programs are better able to deploy slack resources and, consequently, they did not have to lay off NYC-born attorneys following 9/11. Our empirical design and results argue against this explanation. First, we see no main effect of pro bono programs on the probability that an attorney exits the industry (Table 4), suggesting that pro bono firms are not somehow less likely to lay off employees. Second, we do not see any NYC-specific effect of pro bono programs following the 2008 recession, which, given its Wall Street origins, may have hit NYC-born attorneys disproportionately harder than their officemates. We take the additional step of splitting the sample at the yearly median of revenue per attorney, rather than pro bono ranking. Revenue per attorney is a primary performance metric in the legal services industry and helps capture slack resources. Figure 4 shows no difference in NYC-born exit rates for firms above and below the median of revenue per

attorney. This gives us confidence that slack resources at the firm level are not the main driver of our results.

 INSERT FIGURE 4 ABOUT HERE

Job destination: A challenge with our data is that we cannot observe what careers attorneys pursue when they leave the industry. Anecdotally, we know that some go into teaching, social services, the military, and so forth, but we cannot observe those destinations in our data. We can provide some additional evidence by examining whether we see similar effects for within-industry mobility (i.e. mobility to another law firm in the Martindale data). In unreported analyses (suppressed to save space), we see that NYC-born attorneys have similar rates of within-industry mobility as compared to their officemates, both before and after 9/11, and that pro bono investments do not moderate this result. Along with our interviews, this gives us additional confidence that 9/11 causes NYC-born attorneys to make significant career changes.

Model dependence: To ensure that our results are not driven by our choice of a linear probability model with individual fixed effects, we re-estimate the results using a pooled logit model. Results in Figure 5, which plot marginal effects using Stata's `-margins-` command, holding other covariates at their sample means, show that results remain consistent, though the statistical significance of the comparison of the NYC_Birth*2002 coefficient across high and low pro bono firms declines somewhat ($p=0.12$).

 INSERT FIGURE 5 ABOUT HERE

DISCUSSION

Theoretical Implications

Our study makes at least three key theoretical contributions. First, it extends the growing literature in strategy that considers the impact of CSR investments on employee-related outcomes. By linking the unfolding model of voluntary turnover with the CSR literature, we provide a novel causal pathway that enriches our understanding of why firms with higher CSR investments are better able to retain employees. While prior work suggests that CSR investments increase employees' attachment to the firm via strengthened affiliation and better opportunities for pro-social impact (Davis, 2014; De Roeck & Delobbe, 2012; Turban & Greening, 1997), it is unclear precisely how these mechanisms lead to reduced turnover. Since turnover is often preceded by a "shock" that causes an employee to re-evaluate her job (Lee & Mitchell, 1994; Holtom et al., 2005), our study suggests that the reduction in turnover may stem, at least in part, from the fact that the employee will be more likely to evaluate her job positively following life events that increase her desire for pro-social impact. Our combination of quantitative and qualitative data allow us to develop this insight and test it rigorously.

Second, our work extends research that highlights the insurance-like properties of investments in CSR (Godfrey et al., 2009; Koh et al., 2014) by extending the focus to employees and to shocks outside of the purview of the firm. Extant arguments suggest that CSR investments build a reservoir of goodwill that prevents shareholders, customers, regulators, and other stakeholders from "blaming" the firm for negative events like oil spills, product recalls, and industrial accidents (Godfrey, 2005). In this view, CSR investments can help insulate the firm from negative events for which it is potentially culpable. We argue that CSR investments can also help shield the firm from negative events for which it is unlikely to be culpable: negative shocks in employees' personal lives. Because such shocks may cause employees to quit their

jobs in search of greater pro-social impact, firms that satiate this preference via CSR investments may be buffered against these individuals' departures.

Firms that wait to invest in CSR until after negative events occur, however, may not be able to benefit from its buffering effect. Dierickx & Cool (1989) suggest that a firm's reputation is a depreciable asset that builds only with repeated investments. Similarly, an employee's perception of her job develops over time. As a consequence, firms may need to consistently invest in CSR programs so that employees see and experience those investments. Then, when a shock occurs and employees evaluate the pro-social impact of their jobs, they will be more likely to appreciate the pro-social impact of their current employers.

Finally, this "insurance against shocks to employees" idea extends the broader literature on human capital strategy by linking it with the notion of time compression diseconomies. While time compression diseconomies are typically used to explain why first-mover advantages can be difficult to overcome in technology-based areas like investments in R&D (Dierickx & Cool, 1989), we extend the logic to explain why firms may make proactive investments in their human capital. Because an employee's attachment to her job likely develops over time (Chen et al., 2011), it may be difficult for the firm to increase or salvage that attachment when an external shock causes the employee to consider leaving the organization. As a result, firms that undertake human capital investments—such as higher compensation, better training, or more flexible work arrangements—in advance of shocks that cause employees to value or request these inducements may be better able to retain employees and achieve human capital-based competitive advantages.

Empirical Implications

Our study also makes several clear empirical contributions. First, our data and empirical approach provide clear evidence that the 9/11 terror attacks caused NYC-born lawyers to exit the

industry at a higher rate than their officemates, and our interviews with the individuals in the data help illuminate the mortality-salience mechanisms driving the results. Our longitudinal, difference-in-difference empirical design, which allows us to compare pre-shock and post-shock rates of departure for thousands of high human capital individuals, is an important new piece of evidence for two prominent organizational literatures, mortality salience theory, and employee turnover theory.

Prior empirical examinations of mortality salience theory have either relied on small sample cases studies (cf. Tedeschi & Calhoun, 2004), lab experiments (e.g. Wade-Benzoni et al., 2012), or ex-post surveys that do not allow the comparison of pre-treatment trends between treatment and control groups (e.g. Byron & Peterson, 2002). In addition, data limitations have prevented prior studies from demonstrating that mortality salience can impact important strategic outcomes like the loss of human capital via employee turnover. By overcoming each of these hurdles, our study demonstrates the importance of death in organizational life and may spur additional inquiries into this area of scholarship (Grant & Wade-Benzoni, 2009).

Similarly, while empirical research in employee turnover has examined how shocks can spur employee departures (Holtom et al., 2005), data limitations have forced researchers to rely on self-reported survey measures to capture shocks like the receipt of job offers (Lee et al., 2008) or the departure of a mentor (Seibert, Kraimer, Holtom, & Pierotti, 2013). We enrich this literature by examining an unambiguous shock and demonstrating its causal effect on turnover via a longitudinal, difference-in-difference design. This contribution provides rigorous evidence that shocks play an important role in the employee turnover process and should continue to be examined by management researchers.

We also provide the first multi-firm examination of the correlation between CSR investments and employee turnover. We do not find that law firms with higher pro bono rankings are more effective than other firms at reducing attorney departures from the legal services industry. Rather, we find that firms with more intensive pro bono activities are less likely to lose attorneys who acutely experience the tragedy of the 9/11 terrorist attacks. This pattern is consistent with the selection effects outlined by Bode et al. (2014), whereby employees will likely select into firms that provide their ex ante preferred levels of CSR investments (Turban & Greening, 1997).

Opportunities for Future Research

While our empirical approach lends strong support to our proposed mechanisms, our study is not without limitations and opportunities for further refinement. Two key challenges with the present study are data-related: we cannot observe the level of involvement of any individual attorney in CSR activities, as AmLaw's pro bono rankings only provide firm-level data, and we cannot observe the destination of attorneys that leave the industry. We expect that the individual involvement in pro bono activities may provide a stronger explanation for whether an attorney stays with the firm after a personal tragedy. Other work, such as Bode et al. (2014), is able to more carefully examine the effects of individual involvement in similar pro-bono activities. Thus, while our paper examines pro bono across organizations, research using individual-level data may be better positioned to explore how direct individual involvement in CSR activities affects employee outcomes. Future work may also be better positioned to explore whether CSR investments directly affect the jobs chosen by employees when they depart the firm.

We use the 9/11 terror attacks as an empirical proxy for personal tragedy because it allows us to examine a single shock to a large group of similar workers. However, these kinds of large-scale terror attacks are infrequent, so it may not necessarily make sense for firms to invest in

CSR as insurance against them. Personal tragedies, such as the loss of a loved one, are far more common. Our data do not allow us to examine whether these other personal tragedies have similar effects. Future research may benefit from exploring these idiosyncratic tragedies to see if pro bono work also helps prevent departures in these situations.

Additionally, the legal services industry is unique in many ways. Lawyers tend to be high on the income scale and tend to have high mobility options, especially those in the top 200 law firms. Lawyers also report high levels of dissatisfaction with their jobs—for example, CareerBliss.com listed “associate attorney” as the unhappiest job in America in 2013¹⁵. It is not clear that the same effects will hold for other workers and/or contexts: the search for pro-social impact may be a luxury of employees who are wealthy and mobile, or who have particularly unsatisfying jobs (Rodell, 2013). Future work may seek to explore these mechanisms in different settings to see whether the search for pro-social impact, triggered by personal tragedy, is universally relevant across industries and workers.

Finally, pro bono legal work is a unique CSR activity that allows individual lawyers to be directly involved with people who need help. As Grant (2007) suggests, the closer the connection between the service provider and the end customer, the greater the purpose, motivation, and impact of the work. In contrast, corporate philanthropic giving (cf. Godfrey, 2005) generally does not directly engage employees. The unique features of pro bono work suggest important potential boundary conditions to our theory—CSR may only insure firms against human capital losses when that CSR directly engages employees in the work as part of their jobs. Future work may explore this potential boundary condition by examining the effects of different types of CSR activities that vary in the level of employee engagement.

¹⁵ <http://www.careerbliss.com/facts-and-figures/careerbliss-happiest-and-unhappiest-jobs-in-america-2013/>; accessed November 13, 2014

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TABLE 1: Summary Statistics

	(1) Full sample				(2) NYC-born attys				(3) Non NYC-born attys			
	Mean	SD	Min	Max	Mean	SD	Min	Max	Mean	SD	Min	Max
Exits legal services industry	0.03	0.18	0.0	1.0	0.03	0.17	0.0	1.0	0.03	0.18	0.0	1.0
Moves to any law firm	0.03	0.18	0.0	1.0	0.04	0.19	0.0	1.0	0.03	0.18	0.0	1.0
Born in NYC	0.08	0.27	0.0	1.0	1.00	0.00	1.0	1.0	0.00	0.00	0.0	0.0
Pro bono rank (1=best)	96.48	53.53	1.0	200.0	94.02	55.90	1.0	200.0	96.69	53.32	1.0	200.0
Pro bono rank above median	0.52	0.50	0.0	1.0	0.56	0.50	0.0	1.0	0.52	0.50	0.0	1.0
Age	47.23	10.46	24.0	100.0	48.56	9.92	25.0	90.0	47.12	10.50	24.0	100.0
Tenure	6.03	3.58	0.0	13.0	6.15	3.64	0.0	13.0	6.02	3.58	0.0	13.0
Partner	0.75	0.43	0.0	1.0	0.77	0.42	0.0	1.0	0.75	0.44	0.0	1.0
Associate	0.19	0.39	0.0	1.0	0.16	0.36	0.0	1.0	0.19	0.39	0.0	1.0
Atty peer rating: A	0.47	0.50	0.0	1.0	0.48	0.50	0.0	1.0	0.47	0.50	0.0	1.0
Atty peer rating: B	0.05	0.22	0.0	1.0	0.04	0.19	0.0	1.0	0.05	0.22	0.0	1.0
Atty peer rating: C	0.00	0.06	0.0	1.0	0.00	0.05	0.0	1.0	0.00	0.06	0.0	1.0
JD from top law school	0.37	0.48	0.0	1.0	0.47	0.50	0.0	1.0	0.36	0.48	0.0	1.0
Office alumni ties	0.22	1.23	0.0	104.0	0.25	1.44	0.0	48.0	0.22	1.22	0.0	104.0
NYC law school	0.04	0.19	0.0	1.0	0.15	0.36	0.0	1.0	0.03	0.17	0.0	1.0
Licensed to practice in NY	0.17	0.37	0.0	1.0	0.19	0.39	0.0	1.0	0.16	0.37	0.0	1.0
Male first name	0.74	0.44	0.0	1.0	0.77	0.42	0.0	1.0	0.74	0.44	0.0	1.0
Female first name	0.21	0.41	0.0	1.0	0.19	0.39	0.0	1.0	0.22	0.41	0.0	1.0
Atty lists one practice area	0.00	0.00	0.0	0.0	0.00	0.00	0.0	0.0	0.00	0.00	0.0	0.0
Atty lists two practice areas	0.39	0.49	0.0	1.0	0.38	0.49	0.0	1.0	0.39	0.49	0.0	1.0
Atty lists three practice areas	0.32	0.47	0.0	1.0	0.31	0.46	0.0	1.0	0.32	0.47	0.0	1.0
Atty lists four practice areas	0.18	0.39	0.0	1.0	0.19	0.39	0.0	1.0	0.18	0.39	0.0	1.0
Practice area overlap with colleagues	0.51	0.25	0.0	1.0	0.52	0.26	0.0	1.0	0.51	0.25	0.0	1.0
Firm size (atty count)	549.41	327.59	7.0	2002	552.14	345.58	46.0	2002	549.18	326.04	7.0	2002
Office size (atty count)	173.08	116.73	1.0	709	149.44	114.34	1.0	701.0	175.05	116.71	1.0	709.0
Revenue per lawyer (1000s)	545.36	163.99	245.0	1600	566.12	173.81	245.0	1600	544.55	162.90	245.0	1520
Profit per equity partner (1000s)	663.60	376.56	195.0	4435	715.75	404.42	195.0	4435	659.40	373.91	195.0	4435
Count of firm's attys in NYC	60.73	93.82	0.0	870.0	78.83	111.58	0.0	870.0	59.22	92.02	0.0	870.0
Firm fails	0.00	0.02	0.0	1.0	0.00	0.03	0.0	1.0	0.00	0.02	0.0	1.0
Firm merges with another	0.00	0.04	0.0	1.0	0.00	0.04	0.0	1.0	0.00	0.04	0.0	1.0
Partner to associate ratio	0.49	0.10	0.2	1.0	0.48	0.12	0.2	1.0	0.49	0.10	0.2	1.0
<i>N atty year obs</i>	221,753				17,114				204,639			

TABLE 2: Correlation Matrix

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	
1 Exits legal services industry	1.00																									
2 Moves to any law firm	-0.03	1.00																								
3 Born in NYC	0.00	0.00	1.00																							
4 Pro bono rank (1=best)	0.00	0.02	-0.01	1.00																						
5 Pro bono rank above median	0.00	-0.01	0.02	-0.84	1.00																					
6 Age	-0.07	-0.09	0.04	-0.01	0.02	1.00																				
7 Partner	-0.15	-0.09	0.02	0.02	0.00	0.41	1.00																			
8 Associate	0.14	0.10	-0.02	0.00	-0.01	-0.55	-0.83	1.00																		
9 Atty peer rating: A	-0.07	-0.05	0.01	0.02	-0.01	0.59	0.40	-0.44	1.00																	
10 JD from top law school	-0.01	-0.02	0.06	-0.13	0.11	0.06	0.06	-0.06	0.03	1.00																
11 Office alumni ties	-0.01	-0.01	0.01	-0.01	0.01	0.03	0.02	-0.02	0.02	-0.01	1.00															
12 NYC law school	0.00	0.00	0.17	-0.02	0.02	-0.01	0.00	0.00	-0.02	0.16	-0.01	1.00														
13 Licensed to practice in NY	-0.01	-0.01	0.02	-0.01	0.01	0.09	0.08	-0.09	0.06	0.02	0.00	0.00	1.00													
14 Male first name	-0.07	-0.01	0.02	0.01	-0.01	0.20	0.22	-0.20	0.17	0.06	0.01	0.01	0.03	1.00												
15 Female first name	0.06	0.01	-0.02	-0.01	0.00	-0.21	-0.21	0.19	-0.18	-0.06	-0.01	-0.01	-0.03	-0.89	1.00											
16 # atty practice areas	-0.04	0.00	0.01	-0.01	0.01	0.14	0.15	-0.15	0.15	-0.01	0.02	-0.01	0.03	0.07	-0.07	1.00										
17 Practice area overlap with colleagues	-0.02	0.00	0.01	0.07	-0.07	-0.01	0.10	-0.08	0.01	0.02	0.02	0.01	0.01	0.06	-0.06	0.21	1.00									
18 Firm size (atty count)	-0.01	-0.03	0.00	-0.29	0.27	0.10	0.06	-0.08	0.03	0.07	0.01	0.02	0.03	0.02	-0.02	0.00	-0.05	1.00								
19 Office size (atty count)	0.00	-0.04	-0.06	-0.22	0.16	0.00	-0.01	0.00	0.02	0.11	-0.14	-0.02	-0.01	-0.01	0.01	-0.07	-0.07	0.21	1.00							
20 Revenue per lawyer (1000s)	-0.04	-0.04	0.04	-0.30	0.26	0.19	0.13	-0.15	0.07	0.15	0.02	0.05	0.04	0.03	-0.03	-0.01	0.04	0.41	0.19	1.00						
21 Profit per equity partner (1000s)	-0.03	-0.04	0.04	-0.25	0.23	0.12	0.08	-0.10	0.02	0.13	0.02	0.06	0.04	0.02	-0.02	-0.03	0.02	0.45	0.15	0.89	1.00					
22 Count of firm's attys in NYC	-0.01	-0.01	0.06	-0.24	0.23	0.06	0.03	-0.04	-0.02	0.11	0.01	0.08	0.04	0.02	-0.02	-0.03	-0.05	0.70	0.09	0.50	0.59	1.00				
23 Firm fails	0.02	0.09	0.00	0.03	-0.01	0.00	-0.01	0.01	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	-0.03	-0.02	-0.01	-0.01	-0.01	1.00			
24 Firm merges with another	0.00	0.17	0.00	0.03	-0.02	0.01	0.01	-0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.02	0.00	-0.02	-0.02	0.00	1.00		
25 Partner to associate ratio	-0.02	-0.01	-0.03	0.18	-0.12	0.11	0.15	-0.12	0.12	-0.10	0.00	-0.06	0.00	0.02	-0.01	0.09	-0.02	-0.28	-0.16	-0.27	-0.34	-0.34	-0.01	0.02	1.00	

TABLE 3: Unconditional Differences in Industry Exit Rates: NYC-Born Attorneys and Officemates

Year	Non-NYC- Born	NYC- Born	Diff	Chi-sq stat
1999	0.045	0.048	0.003	0.30
2000	0.065	0.064	-0.002	0.07
2001	0.032	0.030	-0.002	0.18
2002	0.039	0.048	0.009	3.56 *
2003	0.031	0.029	-0.002	0.26
2004	0.035	0.031	-0.004	0.59
2005	0.031	0.023	-0.008	2.22
2006	0.019	0.012	-0.007	3.39 +
2007	0.013	0.008	-0.005	3.13 +
2008	0.022	0.020	-0.002	0.33
2009	0.014	0.011	-0.003	0.61
2010	0.025	0.020	-0.005	1.16
N obs	204,639	17,114		

Cells display the unconditional probability that a given attorney exits the legal services industry in a given year. Exit rates for attorneys born in and outside of New York City are compared on a yearly basis using a Wald test. + p<0.10, * p<0.05, ** p<0.01, *** p<0.001, two-tailed tests

TABLE 4: Linear Probability Models with Individual Fixed Effects. DV: Exits legal services industry. Full sample. Controls Only

	(1) Pro bono meas: dummy	(2) Pro bono meas: continuous
Pro bono rank above median	0.002 (0.002)	
Pro bono rank (1=best) (Divided by 1000)		0.006 (0.033)
Age	0.012*** (0.001)	0.012*** (0.001)
Age squared	-0.000*** (0.000)	-0.000*** (0.000)
Partner	-0.041*** (0.005)	-0.041*** (0.005)
Associate	-0.022*** (0.005)	-0.022*** (0.005)
Atty peer rating: A	-0.025*** (0.002)	-0.025*** (0.002)
Atty peer rating: B	-0.005* (0.003)	-0.005* (0.003)
Atty peer rating: C	0.005 (0.007)	0.005 (0.007)
Office alumni ties	-0.001+ (0.000)	-0.001+ (0.000)
Licensed to practice in NY	-0.005 (0.003)	-0.005 (0.003)
Practice area overlap with colleagues	-0.030***	-0.031***

	(0.008)	(0.008)
Firm size (atty count)(1,000s)	-0.001	-0.001
	(0.013)	(0.013)
Office size (atty count)(1,000s)	0.019	0.018
	(0.019)	(0.019)
Revenue per lawyer (100,000s)	0.002	0.002
	(0.003)	(0.003)
Profit per equity partner (100,000s)	-0.001	-0.001
	(0.001)	(0.001)
Count of firm's attys in NYC (1,000s)	0.020	0.020
	(0.049)	(0.049)
Firm fails	0.023***	0.023***
	(0.003)	(0.003)
Firm merges with another	0.023**	0.023**
	(0.008)	(0.008)
Partner to associate ratio	-0.028 ⁺	-0.027 ⁺
	(0.015)	(0.015)
Year=1999	-0.052***	-0.052***
	(0.004)	(0.004)
Year=2000	0.006	0.006
	(0.004)	(0.004)
Year=2002	0.014***	0.014***
	(0.002)	(0.002)
Year=2003	0.013***	0.013***
	(0.003)	(0.003)
Year=2004	0.018***	0.018***
	(0.003)	(0.003)
Year=2005	0.016***	0.016***
	(0.003)	(0.003)
Year=2006	0.005	0.004
	(0.003)	(0.003)
Year=2007	-0.003	-0.003
	(0.003)	(0.003)
Year=2008	0.002	0.002
	(0.004)	(0.004)
Year=2009	-0.008*	-0.008*
	(0.004)	(0.004)
Practice area dummies	Yes	Yes
Atty fixed effects	Yes	Yes
N atty-year obs	221753	221753
N atty Fes	2154	2154
R-sq within	.036	.036
Log Lik.	130818.5	130689.1
Mean of DV	0.03	0.03

Robust standard errors clustered on firm-years

+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001, two-tailed tests

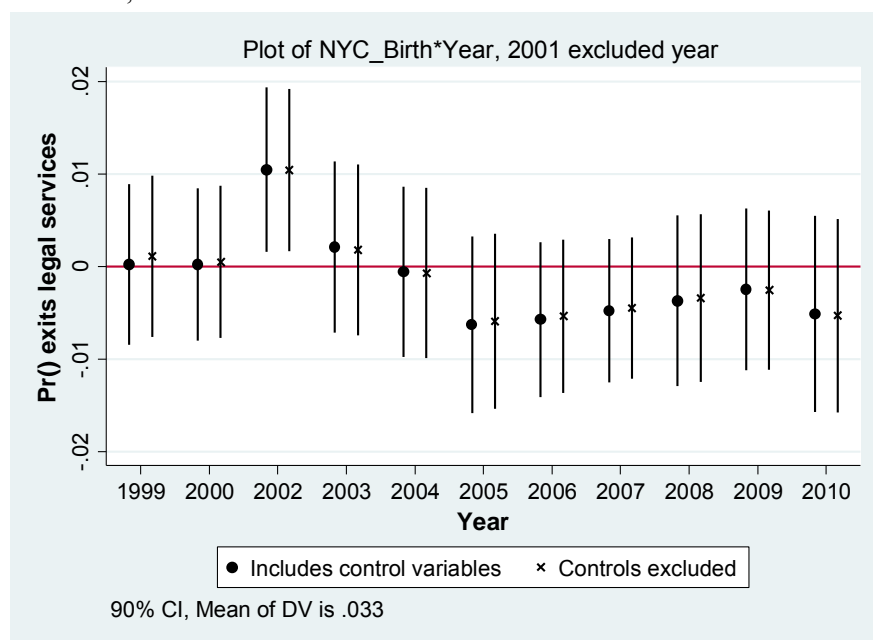
TABLE 5: Linear Probability Models with Individual Fixed Effects. DV: Exits legal services industry.

	(1) Full sample	(2) Pro bono above median	(3) Pro bono below median
NYC-born*1999	0.000 (0.005)	-0.003 (0.008)	-0.000 (0.009)
NYC-born*2000	0.000 (0.005)	-0.003 (0.007)	-0.002 (0.008)
NYC-born*2002	0.010* (0.005)	-0.006 (0.008)	0.021* (0.009)
NYC-born*2003	0.002 (0.006)	-0.001 (0.008)	-0.001 (0.008)
NYC-born*2004	-0.001 (0.006)	-0.004 (0.008)	-0.000 (0.008)
NYC-born*2005	-0.006 (0.006)	-0.003 (0.009)	-0.013+ (0.007)
NYC-born*2006	-0.006 (0.005)	-0.008 (0.008)	-0.004 (0.007)
NYC-born*2007	-0.005 (0.005)	-0.010 (0.007)	-0.001 (0.008)
NYC-born*2008	-0.004 (0.006)	-0.010 (0.008)	0.004 (0.010)
NYC-born*2009	-0.002 (0.005)	-0.010 (0.007)	0.007 (0.010)
Year=1999	-0.052*** (0.004)	-0.038*** (0.006)	-0.049*** (0.005)
Year=2000	0.006 (0.004)	0.009 (0.005)	0.007 (0.005)
Year=2002	0.013*** (0.002)	0.014*** (0.004)	0.013*** (0.003)
Year=2003	0.013*** (0.003)	0.014*** (0.004)	0.014*** (0.003)
Year=2004	0.018*** (0.003)	0.020*** (0.005)	0.017*** (0.003)
Year=2005	0.017*** (0.003)	0.020*** (0.004)	0.015*** (0.004)
Year=2006	0.005 (0.003)	0.005 (0.004)	0.007+ (0.004)
Year=2007	-0.002 (0.003)	-0.003 (0.005)	0.001 (0.004)
Year=2008	0.002 (0.004)	-0.001 (0.007)	0.004 (0.004)
Year=2009	-0.008* (0.004)	-0.010 (0.006)	-0.006 (0.005)
Controls included?	Yes	Yes	Yes
Practice area dummies	Yes	Yes	Yes
Atty fixed effects	Yes	Yes	Yes
N atty-year obs	221753	115525	106228
N atty FEs	2154	1084	1070
R-sq within	.038	.037	.038
Log Lik.	130825.7	73114.6	71748.8
Mean of DV	0.03	0.03	0.03

Robust standard errors clustered on firm-years

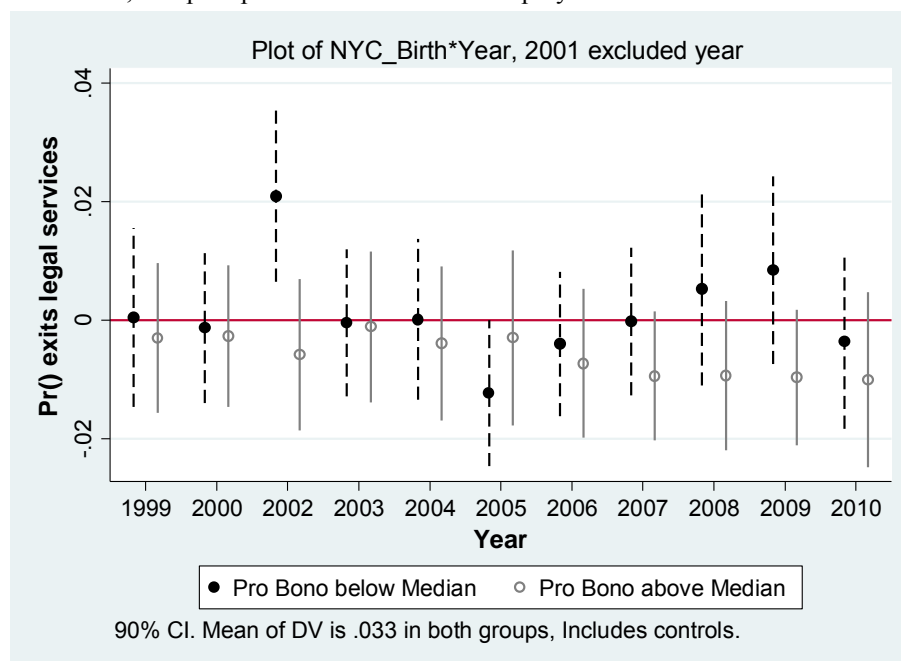
+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001, two-tailed tests

FIGURE 1: Test of Hypothesis 1: Comparing Differences in Exit Rates between NYC-Born Attorneys and Officemates, with and without Control Variables



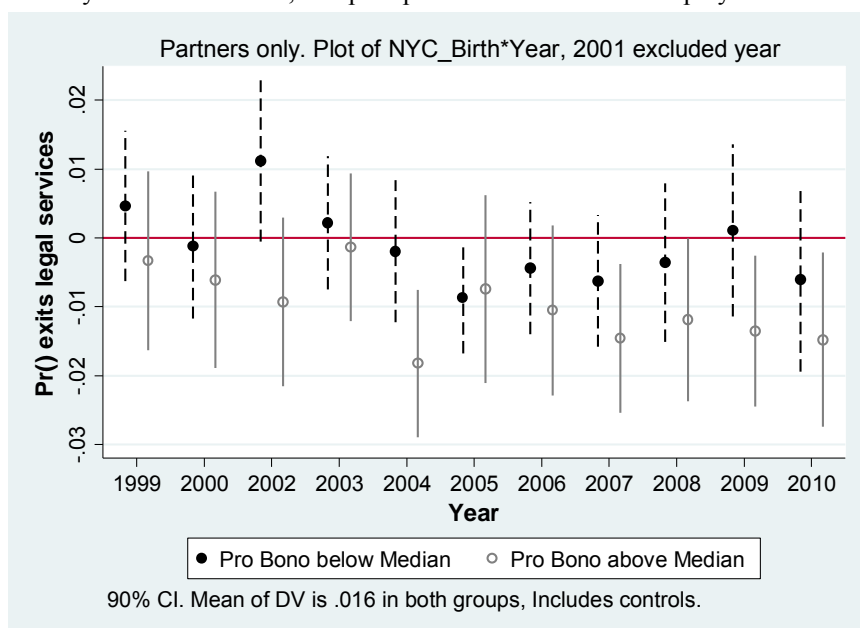
Estimates display results from Table 4, Model 1, the year-by-year difference in the probability that a NYC-born attorney exits the legal services industry, relative to a control group of her officemates. Coefficients estimated using a linear probability model with individual fixed effects, standard errors clustered by firm-year.

FIGURE 2: Test of Hypothesis 2: Comparing Differences in Exit Rates between NYC-Born Attorneys and Officemates, Sample Split Based on Level of Employer's Investment in Pro Bono CSR Programs



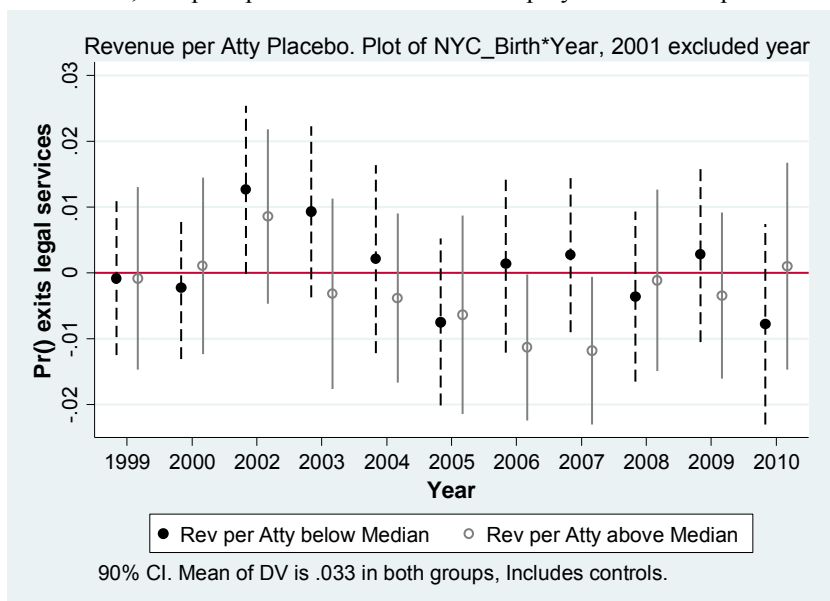
Estimates display results from Table 4, Models 2 and 3, the year-by-year difference in the probability that a NYC-born attorney exits the legal services industry, relative to a control group of her officemates. The sample is split based on AmLaw's current year ranking of the employer's pro bono legal services program. Coefficients estimated using a linear probability model with individual fixed effects, standard errors clustered by firm-year.

FIGURE 3: Robustness Test: Partner Attorneys Only. Comparing Differences in Exit Rates between NYC-Born Attorneys and Officemates, Sample Split Based on Level of Employer’s Investment in Pro Bono CSR Programs.



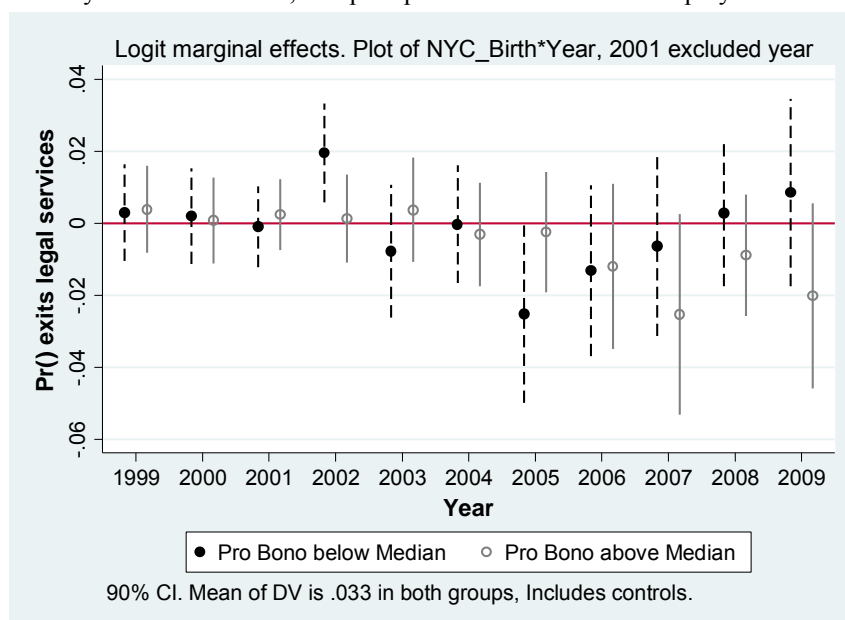
This sample only includes individuals who are partners under the age of 60. Estimates display the difference in the probability that a NYC-born attorney exits the legal services industry, relative to a control group of her officemates. Sample split based on AmLaw’s current year ranking of the employer’s pro bono program. Estimates from linear probability model with individual fixed effects, standard errors clustered by firm-year. The “Above Median” group contains 73,677 attorney-year observations, while the “Below Median” group contains 68,777.

FIGURE 4: Robustness Test: Comparing Differences in Exit Rates between NYC-Born Attorneys and Officemates, Sample Split Based on Level of Employer’s Revenue per Attorney.



Estimates display the difference in the probability that a NYC-born attorney exits the legal services industry, relative to a control group of her officemates. The sample is split based on the employer’s revenue per lawyer in the current year. Coefficients estimated using a linear probability model with individual fixed effects, standard errors clustered by firm-year. The “Rev per Atty above Median” group contains 98,534 attorney-year observations, while the “Pro Bono below Median” group contains 123,219 attorney-year observations.

FIGURE 5: Robustness Test: Logit estimates. Comparing Differences in Exit Rates between NYC-Born Attorneys and Officemates, Sample Split Based on Level of Employer’s Investment in Pro Bono CSR Programs.



Estimates display the year-by-year difference in the probability that a NYC-born attorney exits the legal services industry, relative to a control group of her officemates. Sample split based on AmLaw’s current year ranking of the employer’s pro bono legal services program. Marginal effects determined using Stata 13’s `-margins-` command following estimation of a pooled logit model. Other covariates held at sample means. Standard errors clustered by firm-year.

APPENDIX A: Areas of Practice

The Martindale data contain self-reported information on each attorney's legal specialty. Attorneys can list multiple specialties in a given year. These 3,000 unique free-text strings were pared down to list of 26 cleaned legal specialties using a three step process. First, we matched the strings with an exact match to 215 different areas of practice provided by Martindale. For the last several years, Martindale has forced attorneys to choose specialties from this list. This exact match covered about 75% of the records in the data. Second, for those strings that did not match, one of the authors, who holds a JD from a top five law school and who worked for six years as an attorney before entering academia, matched the strings by hand to the list provided by Martindale, using his/her expert judgment to choose the most appropriate match. This matching process covered another 15% of the records in the data, for a total coverage of 90%. Remaining unmatched strings were coded as "Other". In the third and final step, s/he matched the 215 areas of practice to a list of 25 areas of practice provided by MLAGlobal, a prominent legal consulting firm¹⁶, again using expert judgment. The table below displays the frequency of each specialty area in the sample.

(1)				
	Mean	SD	Min	Max
Administrative	0.09	0.29	0.0	1.0
Bankruptcy	0.05	0.21	0.0	1.0
Civil Rights	0.02	0.12	0.0	1.0
Corporate	0.46	0.50	0.0	1.0
Criminal	0.03	0.16	0.0	1.0
Education	0.01	0.08	0.0	1.0
Energy	0.03	0.17	0.0	1.0
Entertainment	0.03	0.16	0.0	1.0
Environmental	0.07	0.25	0.0	1.0
Family	0.00	0.07	0.0	1.0
General Practice	0.00	0.07	0.0	1.0
Government	0.07	0.25	0.0	1.0
Healthcare	0.05	0.21	0.0	1.0
Immigration	0.00	0.07	0.0	1.0
Insurance	0.06	0.24	0.0	1.0
Intellectual Property	0.16	0.37	0.0	1.0
International	0.02	0.14	0.0	1.0
Labor	0.13	0.34	0.0	1.0
LGBT Rights	0.00	0.00	0.0	1.0
Litigation	0.38	0.48	0.0	1.0
Military	0.00	0.02	0.0	1.0
Native Populations	0.00	0.04	0.0	1.0
Personal Injury	0.01	0.10	0.0	1.0
Other	0.12	0.33	0.0	1.0
Real Estate	0.12	0.32	0.0	1.0
Tax	0.07	0.25	0.0	1.0
Trusts & Estates	0.04	0.18	0.0	1.0
N atty-year obs	221,753			

¹⁶ <http://www.mlaglobal.com/community/thought-leadership/practice-area-summary>