Bankruptcy Judges and Creditor Rights

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Abstract

In this paper, we assess how bankruptcy judges' characteristics affect their decisions in bankruptcy cases. Exploiting judge assignments to different courts based on administrative rules, random case assignments, combined with micro-level data on judges' personal and professional characteristics and their decisions in bankruptcy cases, we find that female judges, judges with overseas education, and judges from politically more conservative regions make more creditor-friendly decisions. Differences in creditor-friendliness are driven by judges rejecting more cases and liquidating more firms during proceedings. In addition, judges who graduated from elite law schools and private high schools are more likely to actively intervene in cases, rejecting more restructuring plans and changes thereof. These findings suggest that the composition of judges significantly affects the creditor-friendliness of a bankruptcy system, which can drive a wedge between de jure and de facto creditor rights.

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1 Introduction

Creditor rights have far-reaching implications for financial markets and economic growth. Pioneered by La Porta et al. (1997, 1998), a rich empirical literature documents positive effects of stronger creditor protection on credit supply and economic growth (e.g., Levine (1998, 1999); Djankov, McLiesh, and Shleifer (2007); Qian and Strahan (2007); Djankov et al. (2008); Haselmann, Pistor, and Vig (2010); Campello and Larrain (2016); Ponticelli and Alencar (2016); Calomiris et al. (2017); Favara, Gao, and Giannetti (2021)). However, excessive protection of creditors at the expense of shareholders and managers can also have adverse effects on credit demand and investment (e.g., Acharya and Subramanian 2009; Acharya, Amihud, and Litov 2011; Vig 2013).[1]

While most of the existing literature focuses on legal rules, formal laws are not the only determinant of creditor rights. Any law is subject to interpretation, and de facto creditor rights are shaped by those who apply the law. A growing number of studies uses differences in judges' preferences as an exogenous source of variation in creditor rights (e.g., Anderson, Kling, and Stith 1999, Kling 2006, Doyle 2007, Anwar, Bayer, and Hjalmarsson 2012, Chang and Schoar 2013, Galasso and Schankerman 2014, Dobbie and Song 2015, Bernstein et al. 2019, Bernstein, Colonnelli, and Iverson 2019, Antill 2022, Arnold, Dobbie, and Hull 2022), exploiting the fact that judges play an important role in shaping the outcome of bankruptcy cases. This suggests that if judges have systematically creditor-friendly or debtor-friendly biases, de facto creditor rights may differ from de jure creditor rights.

While it may seem straightforward to assess how judges' characteristics shape the application of bankruptcy law, it is subject to substantial empirical challenges. First, judicial decisions may be affected by a wide array of confounding factors that may be correlated with observable and unobservable judge characteristics. For instance, courts may endogenously assign judges with particular characteristics in response to - or in anticipation of - economic conditions, capital market fluctuations, or distressed firms' characteristics, etc. Second, economic agents' perception of judges can affect their own behavior ex ante which in turn affects filing decisions, credit market conditions, and the characteristics of filing firms. Finally, establishing a credible link between judge charac-

[1] Schoenherr and Starmans (2022) demonstrate that the relative importance of the supply and demand effects depends on the relative severity of different frictions in credit markets.

teristics and creditor rights requires micro-level data on judge characteristics, their rulings, and a reliable way to link these datasets.

To address these challenges, we leverage detailed micro-level data on judges and bankruptcy cases within a unique institutional environment in Korea. This setting offers several features that improve identification. First, firms in Korea are strictly assigned to a specific court based on jurisdiction, effectively ruling out forum shopping. Second, within each court, bankruptcy cases are randomly assigned to judges, mitigating concerns that case characteristics are endogenously correlated with judges' traits after controlling for court-month fixed effects. Third, judges rotate across courts and court divisions according to institutional rules tied to career progression and unrelated to economic conditions and individual judge characteristics. Moreover, newly appointed judges inherit ongoing cases filed under their predecessors, creating a subset of cases in which firmsâ filing decisions were decided before the current judges' characteristics could be known eliminating remaining concerns about endogenous filing decisions (see Section 2 for details.). Fourth, two judges handling the same case allows us to saturate the estimation with case fixed effects controlling for all observable and unobservable case characteristics by comparing judges' decisions for the same case. Sections 2 and 3 describe the institutional setting and data in detail.

To estimate the impact of judge characteristics on judges' decisions in bankruptcy cases, we first classify decisions into creditor-friendly and debtor-friendly decisions, following Lee, Schoenherr, and Starmans (2025). We then proceed by regressing judges' individual decision on their characteristics to assess how these characteristics affect their decision making. The characteristics that we consider are age, gender, private high school attendance as a proxy for socio-economic background, attendance of elite law schools and judges bar exam performance as proxies capturing different aspects of academic excellence, experience of overseas training (mainly in the U.S.), experience with bankruptcy cases, and political leanings proxied by the vote share of right-leaning and left-leaning parties in the region where a judge graduated from high school.[2].

We find that female judges are more creditor-friendly than male judges. In addition, judges that went to high school in regions in which the Conservative Party (more right-leaning, similar to the U.S.) historically has a higher vote share make significantly more creditor-friendly deci-

[2]The definition of all variables in provided in Table A1

sions than judges from more Democratic areas. Finally, judges with overseas training (mostly in the U.S.) make more creditor-friendly decisions than judges without such experience. The effects are economically large with female judges being 4.9 percent more likely to make creditor-friendly decisions relative to the mean, conservative judges being 3.6 percent more likely to make creditor-friendly decisions, and judges with overseas training being 3.0 percent more likely to make creditor-friendly decisions.

Most of the differences in creditor-friendliness arise from female judges, conservative judges, and judges with foreign experience being more likely to reject restructuring filings transferring them to liquidation proceedings and liquidating firms during proceedings. There is less variation in creditor-friendliness on procedural decisions such as the acceptance or acceptance of restructuring plans or changes to plans. In contrast, judges of elite law schools and private high schools are more interventionist, exhibiting more rejections of restructuring plans or changes to plans.

We next assess whether judges' characteristics affect their decisions to a different extent depending on economic conditions by splitting the sample into recessionary and non-recessionary periods. We find that with the exception of conservative judges, who also show a creditor-friendly preference in non-recessionary periods, for female judges and judges with overseas experience their creditor-friendly preference is only visible during recessionary periods. In addition, when splitting up the sample by economic conditions, judges that graduated from private high schools also show a strong creditor-friendly preferences in their rulings during recessionary periods. These results suggest that judge characteristics mainly affect their ruling under adverse economic conditions, whereas during good economic conditions judges' decisions seem to be more homogeneous.

Next, we assess whether judges' decisions are more homogeneous or more heterogeneous for different judge characteristics. We find that older judges show significantly higher variation in their types compared to younger judges, potentially reflecting higher confidence in reliance on their own judgment as they become more experienced. Similarly, judges with a higher bar exam score show more variation in their types, also potentially reflecting higher confidence in their judicial ability. Finally, conservative judges also show more variation in their type than judges from more left-leaning areas.

Most identification challenges in examining the effect of judges' personal and professional

characteristics on their decisions are resolved by our institutional setting. In Korea, bankruptcy judges are not specialized. Instead, judges rotate through courts and court divisions based purely on career progression rules and available court vacancies that are explicitly and strictly independent of political and economic conditions. Most bankruptcy judges arrive at the bankruptcy court division without any experience handling bankruptcy cases and stay in the bankruptcy court for 2-3 years.[3] When judges are appointed to a bankruptcy court, they take over ongoing cases, with their predecessors no longer actively involved in the cases. Bankruptcy cases are commonly filed by firms which are strictly assigned to a specific court ex ante based on their main address that is registered with the Court of Korea System. Once a case is filed at a court it is randomly allocated to one of the judges at the court.

This setting effectively rules out forum shopping and allows us to include court month fixed effects, effectively comparing differences in judges' decisions within the same court at the same time. This eliminates concerns about confounding factors for example differences in economic conditions, since the remaining variation is driven by random allocation of cases filed in the same month and at the same court. To further strengthen the validity of our results, we conduct additional robustness test that tighten the interpretation of the results and address remaining concerns about confounding factors.

First, since a large fraction of bankruptcy cases is handled by two judges, we can add case fixed effects to our estimation, which eliminates concerns about differences in case characteristics, as we compare differences in judges' decisions for the same case. Since the first and second judge on average handle roughly the same number of cases, this setting allows us to estimate the effect of judge characteristics on decisions in bankruptcy cases free from some estimation bias. We find that our results are robust to including case fixed effects, if anything, the results become stronger after including case fixed effects, potentially by eliminating noise from the estimation.

Second, we conduct a placebo test in which we assign all decisions not to the judge that made them but to their successor. This test allows us to assess whether judge assignments to a court are correlated with the type of cases currently handled by court or whether there is a persistent assignment of similar judges to the same role that could bias our estimates. We find no relationship

[3] After our sample period the court system underwent changes allowing bankruptcy judges to be appointed for longer terms, but for our sample period no term exceeds three years.

between current decisions and characteristics of the current judges' successors' characteristics. This suggests that our results are not driven by endogenous assignment of judges to courts.

Finally, we show that our results are virtually identical for the full sample of decisions and for the subset of decisions for which information on judges high school are available, and that the results are robust to clustering at the case, court, or judge level.

Our analysis has important economic and policy implications. Our findings suggest that the composition of bankruptcy judges has important implications for decisions in bankruptcy cases and case outcomes. Thus, when designing bankruptcy law and determining the optimal level of creditor rights, policymakers should take into account the current and expected representation of different judge characteristics in the courts. If judges with characteristics that systematically bias their decisions in bankruptcy cases in a certain way are overrepresented in the judicial system, de facto creditor protection can significantly deviate from de jure creditor protection as intended by policymakers. For example, if a large fraction of bankruptcy judges are female or conservative judges, our findings imply that de facto creditor protection is significantly higher than de jure creditor protection compared to when a large fraction of bankruptcy judges is male or progressive. While different judge characteristics may have different implications in different cultural and legal contexts, an interesting avenue for future research, a more diverse pool of judges mitigates the risk that the wedge between de jure and de facto creditor protection is large.[4]

The findings in our paper contribute to the law and finance literature studying how creditor rights affect credit markets and economic growth. Empirical studies in this literature highlight both the positive supply effects of stronger creditor rights (see, e.g., Calomiris et al., 2017; Campello and Larrain, 2016; Djankov et al., 2008; Djankov, McLiesh, and Shleifer, 2007; Favara, Gao, and Giannetti, 2021; Haselmann, Pistor, and Vig, 2010; La Porta et al., 1997, 1998; Levine, 1998, 1999; Ponticelli and Alencar, 2016; Qian and Strahan, 2007) and its adverse effects on credit demand (Acharya, Amihud, and Litov, 2011; Acharya and Subramanian, 2009; Vig, 2013). While existing studies focus on understanding the optimal legal design and optimal level of creditor protection, our analysis highlights that bankruptcy judges play an important role in determining the de facto level of creditor protection in the economy.

[4]One potential caveat of diversity in judge characteristics is that it can increase legal uncertainty, which in turn may have adverse effects on credit markets (Lee, Schoenherr, and Starmans, 2025).

Our findings also relate to the broader literature on how judges affect legal cases, which in turn has important implications for other important outcomes. While judge fixed effects are frequently exploited as an instrument in empirical studies (see, e.g., Anderson, Kling, and Stith, 1999; Antill, 2022; Anwar, Bayer, and Hjalmarsson, 2012; Arnold, Dobbie, and Hull, 2022; Bernstein et al., 2019; Bernstein, Colonnelli, and Iverson, 2019; Chang and Schoar, 2013; Dobbie and Song, 2015; Doyle, 2007; Galasso and Schankerman, 2014; Kling, 2006), those fixed effects currently are a black box, and we do not understand their determinants very well. Our analysis sheds light on some of the relevant judge characteristics that most significantly impact creditor protection and how they are related to judges' decisions. While our analysis focuses on bankruptcy cases and how judges' personal and professional characteristics affect decisions in those cases, the fact that strong judge fixed effects exit in other judicial branches as well (see, e.g., Arnold et al. (2018); Dobbie, Goldin, and Yang (2018)), it seems plausible that similar arguments apply more broadly. Examining whether similar judge characteristics determine decisions in other judicial branches is another promising avenue for future research.

2 Institutional Background

In this section, we provide a detailed description of the Korean Bankruptcy System, describing the role of judges and the relevant law to illustrate the steps at which bankruptcy judges in Korea make important decisions. In addition, we describe institutional features of the Korean Bankruptcy Court System that are relevant for our empirical strategy.

Bankruptcy Judges Korea does not have a system of specialized bankruptcy judges. Instead, Korean judges rotate through different courts and divisions throughout their career. During our sample period, judges' term at a bankruptcy court did not exceed three years, and in most cases bankruptcy judges' tenure was for two years. All judges in our sample had no prior experience with handling bankruptcy cases before being appointed to bankruptcy divisions. After bankruptcy judges end their terms at the court, they will be appointed at a different court in a different city and in a different division that does not handle bankruptcy cases. When a bankruptcy judge leaves the

court, they are replaced by a new judge, who takes over their existing cases. The judge leaving the court is no longer involved in the cases left behind.

The movement of judges through different courts and court divisions follows detailed rules based on career progression, geographic diversity (for example judges serve in Seoul or around Seoul at specific tenures, which depend on the individual and where they started their career), and variety in exposure to different types of court divisions and cases throughout a judge's career. This procedure is intended to generate fairness exposing all judges to a similar mix of geographic and court division variation over the course of their career. Due to the various constraints, the annual reshuffling of judges who completed their term at a court division is so complex that in practice a software program is used to allocate judges to their new position. This reshuffling occurs in February each year and except for special circumstances like illness, death, pregnancy, or judges quitting their job, judges start their new term at a court in February of a given year.[5] Importantly, judge appointments to specific court divisions are purely based on career progression rules that uniformly apply to all judges and may not take into account personal and ideological characteristics to maintain the court's political independence and prevent favoritism or other distortions in the allocation process.

At a given court, bankruptcy cases are randomly assigned to judges that handle bankruptcy cases. A rare exception occurs if a debtor is related to a debtor from a previous case. In this case, the new case is assigned to the same judge that was also assigned the related case. However, this exception affects less than 0.1 percent of cases and our analysis is not affected by including or excluding firms subject to these special cases.

2.1 Bankruptcy Courts

We select our sample period to coincide with a period in which both bankruptcy law itself, but also the institutional design of the Korean Bankruptcy Court System were stable and did not undergo major changes. During our sample period, there were 14 District Courts responsible for handling

[5] In case of special circumstances that require changes outside of the regular February reshuffling period, the length of the term of the new judge will be adjusted to also end in February in a future year to maintain a smooth transition across time.

bankruptcy cases in different regions. While some courts had a specific bankruptcy division, in other courts bankruptcy cases were handled together with other cases in other divisions. Among the 14 courts, nine had authority over a single local area, whereas five courts (located in major cities) had the authority to handle local cases and cases from a broader geographic area around the city in which they are located (see Figure 1). Specifically, the court in Seoul had authority over cases in the northern part of Korea, the court in Daejeon had authority over the western part of Korea, the court in Daegu had authority over the eastern part of Korea, the court in Gwangju had authority over the south-western part of Korea and Jeju Island, and the court in Busan had authority over the south-eastern part of Korea. The courts that only had authority over local cases were located in smaller cities, specifically Changwon, Cheongju, Chuncheon, Incheon, Jeju, Jeonju, Suwon, Uijeongbu, and Ulsan.

Jurisdiction In Korea, jurisdiction is determined by geography, including for bankruptcy cases. Article 3 of the Debtor Rehabilitation and Bankruptcy Act specifies that bankruptcy cases fall under the jurisdiction of the court that has the authority over the debtor's principal office or place of business, which is officially recorded in court documents for every firm in Korea and therefore not ambiguous. Given that, as described above, some courts have authority over an extended geographic area, the resulting geographical overlap allows firms outside of the five major metropolitan areas to choose to file in either of the two courts that have authority over their geographic location. Firms whose principle office is located in one of the five major cities of Busan, Daegu, Daejeon, Gwangju, and Seoul can only file in the local court and therefore have no choice between multiple courts. Jurisdiction is strictly enforced, and in our data, we do not observe any change of address of firms in the twelve months before their filing.

2.2 Bankruptcy Law

Our sample period starts after the Debtor Rehabilitation and Bankruptcy Act went into affect on April 1, 2006. For historical reasons, the restructuring proceedings under this law shared many features of Chapter 11 in the U.S., as the Debtor Rehabilitation and Bankruptcy Act culminated from efforts to modernize Korea's bankruptcy laws following the Asian Financial Crisis under

guidance of the IMF and the World Bank.

Figure 2 illustrates the restructuring process under the law and highlights the stages at which judges make either creditor-friendly or debtor-friendly decisions (orange boxes).

The first step that initiates a case is a debtor's filing for restructuring at the court the firm is assigned to based on its recorded principle place of business. Upon filing, the case is randomly assigned to one of the judges at the court. The first action of the judge it to decide whether or not to accept the case. This is an important step, since in case of acceptance, the case proceeds to the next step, whereas in case of rejection, the case is directly transferred to liquidation proceedings. In deciding whether to accept the case, the judge in principle bases their decision on their subjective judgment whether the firm has a realistic chance to successfully emerge from restructuring proceedings and whether the firm's continuation value is higher than the liquidation value of its assets. This decision occurs within ten days of the filing date. This step is the first decision in the restructuring proceeding for which we code a decision as creditor-friendly (transferring the case to liquidation) or debtor-friendly (accepting a case). The judge may also block the execution of collateral, the sale of assets, the issuance of debt, and the hiring of new workers during the review process. Even after accepting a case, a judge has the authority to terminate the case and order liquidation of the firm at any stage of the process, which we also code as a creditor-friendly decision.

After accepting the case, the judge determines a period during which claimants may report their claims and set a date for the first assembly of interested parties. At the same time, they also appoint a custodian who controls the firm's business while the firm undergoes the restructuring process. Under the Debtor Rehabilitation and Bankruptcy Act, the incumbent CEO is usually named the custodian. After the claim filing period ends, the custodian's responsibility is to review and validate the claims. At this point, outside accountants provide support in updating the expected liquidation value and continuation value of the firm. If the outside accountants determine that the liquidation value of the firm is higher than the continuation value of the firm, the judge may decide to terminate the case and order liquidation of the firm. We also code the decision to liquidate the firm at this stage as a creditor-friendly decision. If the judge decides to proceed with the case, the first assembly of interested parties is held to share the custodian's report with all interested parties

and to decide a timeline for the restructuring procedure.

Following the initial meeting, the judge sets a deadline to submit a restructuring plan, which is the responsibility of the custodian in charge of the firm. The judge may extend the deadline at the custodian's request. After the restructuring plan is submitted, a second assembly of interested parties votes on the plan. The vote is non-binding and the judge has their own discretion whether to approve or reject the restructuring plan. If the plan is rejected, the judge may order to liquidate the firm or order the custodian to revise the plan. In the latter case, a third assembly of interested parties is held to vote on the revised plan. In principle, this procedure is repeated indefinitely until a plan is accepted or the judge orders to liquidate the firm. We code approval of the plan as debtor-friendly and a rejection and possible liquidation as creditor-friendly.

If a plan is approved, implementation of the plan is supervised by the court. The judge evaluates whether the firm implements the plan as agreed upon and whether they expect the firm to continue to be able to follow the plan. At any point during this process, the judge may consider the firm to be in violation of the plan, in which case liquidation of the firm is mandatory and automatic. Similarly, the judge may at any point declare that the firm has successfully implemented its commitments under the plan. In this case, the firm officially graduates from the restructuring process and the case ends. Achieving this is important for firms, since the firm no longer faces the threat that a deviation from the agreed upon plan triggers automatic liquidation. We code successful graduation as debtor-friendly and liquidation as a result of deviating from the plan as creditor-friendly.

3 Data

In this section, we describe the data that we use for empirical analysis. The sample period runs from April 2006 to December 2015. From April 2006 a substantially revised Korean Bankruptcy Code went into effect, making comparison to earlier decisions inconsistent. After 2015, the Korean Bankruptcy Court system was substantially reformed to include more bankruptcy courts and extended bankruptcy judge tenure at the Seoul Bankruptcy Court. Thus, the April 2006 to December 2015 time period provides a window in which both the legal framework and the judicial system are stable and did not undergo major changes.

Case Data We obtain bankruptcy filing data from the Court of Korea Registry.[6] The data has information on the time of the filing and the procedure the firm applies for. The data also lists the court where the case was filed, the case number, and the firm that filled the case. Data on individual decisions made in every bankruptcy case are available from the Court of Korea.[7] The data provides comprehensive information on all details of a case, including the filing date and the court where the case was filed, the type of procedure, the case number, the filing firm's name, the court division handling the case, the position of the judge whom the case is allocated to, the day when the case ends, and detailed information on every decision during the proceedings including their exact date. This allows us to observe all decisions made by each individual judge and the time when their decisions are made.

Table 1, Panel A, provides descriptive statistics for the legal data. We exploit data from 4,228 restructuring cases during the sample period. The average case length is 21.17 months. During the sample period, judges make 10,630 relevant decisions that we can link to data on judges' personal and professional characteristics (see below). Of the 10,630 decisions, 36 percent are coded as creditor-friendly.

Judge Data We obtain data on judges' personal and professional characteristics from a legal information database in South Korea, called LAWnB[8], which we complement with data from Lawpeople[9] in case of missing data in the generally more comprehensive LAWnB database. The data provide detailed biographical and career information on individual judges, such as their age, gender, education, judicial appointments, and other work experience.

Table 1, Panel B, provides descriptive statistics for the judge data. Our data includes 278 judges who have served in bankruptcy courts. 24 percent of these judges are women, and their average age during their bankruptcy court term is 36.93 years. Judges on average passed their examination when they are 25.9 years old and 25 percent were eligible to start their career in Seoul, which means they achieved the highest score in their combined bar exam and training institute scores. Before arriving at the bankruptcy court, bankruptcy judges have an average of 12.93 years of

[6]The data is available at `http://www.iros.go.kr/PMainJ.jsp`.
[7]The data is available at `https://www.scourt.go.kr/portal/information/events/search/search.jsp`.
[8]The data is available at `https://www.lawnb.com/`.
[9]The data is available at `https://lawtimes.co.kr/`.

experience as a judge in other court divisions and given that most judges have a two-year term at the bankruptcy court and some judges having a three-year term for the average decision, judges had 14.46 months of experience at the bankruptcy court when they made the decision. In terms of education, 59 percent of the judges graduated from a private high school and 21 percent grew up in a regions in which the Democratic (left-leaning) vote share did not exceed 20 percent on average. 62 percent of judges graduated from one of the elite law schools in Korea (Seoul National University, Korea University, or Yonsei University). Finally, 31 percent of judges have experience of studying abroad, mostly in the United States.

Data Merging The data on restructuring filings and the data on case details can be matched using information on the court where the case was filed and a unique case number. This allows us to identify the filing date for a given case. Information on the rank of the judge that a case is assigned to together with information on the name of judges in a given court position in a given year allows us to identify which judge handles a given case. Using information on the judge's name and judicial appointment history allow us to match judges with their characteristics in the LAWnB and Lawpeople databases.

4 Empirical Analysis

In this section, we describe how we measure judges' creditor-friendliness, explain our empirical strategy to estimate the effect of judges' individual characteristics on the creditor-friendliness of their decisions in corporate restructuring cases, and present the main results.

4.1 Creditor-friendliness of Judges

Assessing how judges' personal and professional characteristics affect their creditor-friendliness requires us to measure judges' creditor-friendliness. We classify judges' decisions in restructuring proceedings as either creditor-friendly or debtor-friendly, following the classification developed in Lee, Schoenherr, and Starmans (2025) and as described in Section 2.2 and illustrated in Figure 2. Specifically, creditor-friendly decisions comprise the dismissal of a case (liquidation order), allow-

ing the seizure of the firm's assets, rejecting the debtor's plan, rejecting a modification to the plan by the debtor, or rejecting an extension of the debtor's plan submission period, and declaring the restructuring unsuccessful resulting in liquidation of the firm. Debtor-friendly decisions comprise acceptance of the case, asset stay, approval of the debtor's plan, a modification to the plan by the debtor, or an extension of the plan submission period, and the decision to allow the firm to emerge from the proceedings, removing the threat of imminent liquidation from firms.

We initially aggregate all of a given judges' decisions into one measure of judges' creditor-friendliness by dividing the number of creditor-friendly decisions a judge makes by the total number of decisions the judge makes. Merging data on judge decisions from restructuring cases with data on judge characteristics results in a sample of 10,630 decisions made by 278 judges. The average creditor-friendliness of the judges in our sample is 0.36. Figure 3 shows the complete distribution of judge types illustrating a wide variation in creditor-friendliness between judges.

In our empirical analysis, we use data at the decision level, defining a dummy variable that indicates whether a decision is creditor-friendly based on the classification described above. The fraction of decisions classified as creditor-friendly is also 0.36.

4.2 Empirical Strategy and Results

Next, we outline the empirical strategy employed in the paper and describe the main results.

Decision-Level Analysis First, we analyze how judge characteristics affect judges' creditor-friendliness by estimating the following linear probability model

$$C_{jt} = \alpha_{ct} + \beta \cdot X_{jt} + \varepsilon_{jt}, \tag{1}$$

where C_{jt} is a dummy variable that takes the value of one if judge j makes a creditor-friendly decision in month t and zero when they make a debtor-friendly decision in month t. The variable X_{jt} is a set of time-varying and time-invariant judge characteristics. α_{ct} denotes court-month fixed effects. The inclusion of court-month fixed effects mitigates concerns about endogenous differences in case characteristics affecting firms' filing decisions. Since case allocation at a given court is

random, the remaining variation in judge characteristics after including court-month fixed effects is conditional on firm's filing decisions and therefore not subject to endogenous filing decisions.

The results from estimating equation (1) are reported in Table 3, column I. We find that female judges are 4.92 percentage points more likely to make creditor-friendly decisions than male judges. In addition, judges with overseas training, typically studying in the U.S., are 3.01 percentage points more likely to make creditor-friendly decisions. Finally, judges who grew up in regions in which the conservative party has a high voting share are 3.59 percentage points more higher likely to make creditor-friendly decisions.

Decision Breakdown To understand which types of decisions drive differences in creditor-friendliness for judges with different characteristics, we split up all decisions into three categories: 1) Allowing firms to graduate successfully from bankruptcy proceedings or forcing firms into liquidation, 2) accepting a restructuring case or dismissing a restructuring case and instead transferring firms to liquidation proceedings, 3) other decisions, mainly decisions whether or not to accept a debtor's proposed plan, a change thereof or an extension of the plan submission period. The relevant decisions and their decomposition in different decision types are also highlighted in orange in Figure 2.

The results are reported in Table 3, columns II to IV. We find that differences in creditor-friendliness between female and male judges are driven by female judges being 5.38 percentage points more likely to force liquidation of firms rather than allowing them to successfully graduate during bankruptcy proceedings (column II), and 5.10 percentage points more likely to dismiss rather than accepting a case, which implies that they send more cases to liquidation proceedings from the outset (column II). For judges with overseas experience or from more conservative regions we find similar patterns, however, after breaking up decisions into different categories, they are not individually statistically significant. We also find that judges graduating from elite law schools or a private high school intervene more actively in proceedings, rejecting debtors' restructuring plans more often, and declining changes to restructuring plans or extensions of the plan submission period more often altogether (column IV).

Economic Conditions Next, we examine whether judge characteristics matter consistently through time or whether they matter more when economic conditions are either good or bad. We split the sample into non-recessionary and recessionary periods in Table 4.

We find that, with the exception of political leanings for which differences in creditor-friendliness are consistent across non-recessionary and recessionary periods, the impact of judge characteristics on their decisions is mainly relevant during recessions. Female judges and judges with overseas experience make more creditor-friendly decisions exclusively during recessionary periods. When splitting up the sample by economic conditions, we also find that judges who graduated from a private high school graduation make more creditor-friendly, but only during recessionary periods. Altogether, these results suggest that judge characteristics are relevant mostly relevant under adverse economic conditions, whereas their impact is more muted during positive economic growth periods.

Heterogeneity of Decisions Finally, we examine whether certain judge characteristics are associated with higher or lower consistency in decision making.

To assess the association between judge characteristics and heterogeneity in decision making, we first residualize decisions by regressing them on court-time fixed effects, corresponding to our main empirical design:

$$C_{jt} = \alpha_{ct} + \alpha_{case} + \varepsilon_{jt}.$$

We then compare the distribution of the resulting residuals ε_{jt}, i.e., the part of the decisions purged for economic conditions and endogenous filing decisions. Figure 3 plots the residuals obtained from estimation equation 4.2 for different judge types, including information on the p-value from a Levene test, testing the hypothesis that the variance of the distributions is the same.

We find that while decisions of female judges look somewhat more heterogeneous, the difference in variance compared to male judges is not statistically strong (p-value: 0.13). In contrast, while averages are similar for younger and older judges, older judges show significantly more variation in their types (p-value: 0.00), potentially reflecting higher level of confidence in their own judgment. Similarly, judges with higher exam scores show more variation in their types (p-value:

0.07), also consistent with a higher level of confidence in their judgments. Finally, judges from more conservative regions show more heterogeneity in their types than judges from more progressive areas (p-value: 0.00). For other judge characteristics we do not observe significant differences in the variation of judge types within each group.

4.3 Additional Analysis

After presenting the main results, we provide additional evidence to support our interpretation of the results. We discuss alternative interpretations of the results in detail and explain how our institutional setting and the additional analysis address them.

Endogenous Filing Decisions and Case Characteristics Court-time fixed effects in principle control for differences in case filings and thereby case characteristics, since the remaining variation in cases across judges is based on purely random allocation of cases within a court. There could still be other layers of case selection. For example, when firms observe judge characteristics, learn from judges' decisions (Lee, Schoenherr, and Starmans, 2025), or from peers' experiences in bankruptcy cases (Kleiner, Stoffman, and Yonker, 2021), case filings may be related to the average characteristic of judges at a court. For example, if a high representation of female judges leads to more cases being filed by lower quality firms and female judges' decision correlate with firm quality in a different way than male judges' decisions, our estimates could be biased. Similarly, differences in judge composition could alter credit supply and demand in a way that changes the set of firms filing for bankruptcy in a systematic way that differentially correlates with male and female judges' decision-making.

We can eliminate this type of concern by adding case fixed effects to our estimation. When two judges work on the same case, whatever endogeneity in case filing decisions remains would apply both for the current judge handling the case, but also for either their predecessor or successor. Put differently, with case fixed effects, the remaining variation in decisions is purged from differences in case characteristics, including potential endogenous filing decisions.

We show the results from estimating equation 1 with case fixed effects in Table 5, column II

besides the baseline estimates without case fixed effects in column I. Overall, including case fixed effects makes the results stronger, potentially by eliminating noise from differences in case characteristics affecting judges' decisions. With case fixed effects, we observe that judges graduating from private high schools make more creditor-friendly decisions and judges with high exam scores are more likely more make debtor-friendly decisions. This suggests that our results are not driven by either endogenous filing decisions or differences in case characteristics.

Endogenous Judge Allocation to Courts While the rules governing the allocation of judges to different courts and different divisions explicitly forbid taking into account political or personal characteristics, there may be unintended persistent correlations in judge appointments to certain ranks at certain courts if personal or professional characteristics correlate with the allocation rules based on tenure and initial exam scores. For example, as a result of career progression and regional requirements, judges with similar characteristics may happen to be allocated to similar courts and ranks over time. In this case, if also the cases filed in the same court are similar over time case characteristics could be correlated over time and judge characteristics could be correlated over time.

To rule out this concern and to more generally assess whether judge allocations to courts depict persistent patterns, we conduct a placebo test in which we match judges with their predecessors' decisions. If the characteristics of judges in the same court and rank correlate over time, current judges' characteristics could similarly explain the decision of their predecessor, as they would be correlated with their predecessors characteristics. Instead, if there is no time-series correlation between judge characteristics within the same court and rank, we should not observe any correlation between current judges' characteristics and their predecessors' decision.

The results from the robustness tests are reported in Table 6. In column I, we match all of a judge's decisions with the characteristics of their successor. We find that there is no correlation in decisions of the current judge and characteristics of their successor. Similarly, when we limit the sample to cases that are handled by the current judge and their successor in column II, we find that the current judge's decisions on the same case are not correlated with their successor's characteristics. Together, these results show that there are is no endogeneity in judge appointments

leading to correlated judge characteristics in the same court over time and even for the same case judge allocations show no sign of endogeneity.

Remaining Robustness Tests Finally, we conduct two final robustness tests. Since for a small number of judges high school information is not available, we lose 242 decisions (2 percent) from the full sample of decisions in our analysis. In Table A2, we show that the estimates for the non-high school related variables are very similar for the full sample of decisions and the 98 percent for which judges' high school information is available. In Table A3, we compare standard errors with case and judge level clustering and find that standard errors are similar with both levels of clustering and that statistical significance is almost identical with both levels of clustering.

5 Policy Implications

In this section, we discuss the policy implications of our analysis.

Legal System A large literature examines the economic implications of different designs of creditor rights for credit markets and economic growth (see, e.g., Djankov, McLiesh, and Shleifer, 2007; La Porta, Lopez-De-Silanes, and Shleifer, 1999; La Porta et al., 1998). These studies focus on de jure creditor rights and the interpretation of their findings assumes that de facto creditor rights are closely aligned with de jure creditor rights. Our analysis suggests that their can be significant variation in de facto creditor rights depending on personal and professional characteristics of bankruptcy judges.

Specifically, we find that a system with more female judges and more judges from politically conservative regions is significantly more creditor-friendly than a system with more male judges and judges from more progressive areas.

These results suggest that the composition of bankruptcy judges' personal and professional characteristics is an important determinant of de facto creditor rights and therefore should inform policy choices. For example, if a larger fraction of bankruptcy judges is male it may be optimal to design de jure creditor rights more creditor friendly to counter the bias of male judges.

Judicial System If judges with certain characteristics show certain biases, a more diverse judicial system in terms of the representation of different judge characteristics exhibits less systematic bias than a system in which a large fraction of judges share similar characteristics. While our analysis focuses on bankruptcy courts, it is conceivable that similar arguments apply to other judicial branches given that strong judge fixed effects have been documented and exploited in other areas as well (Arnold et al., 2018; Dobbie, Goldin, and Yang, 2018).[10]

While different personal and professional characteristics may be relevant in other contexts, our findings that judge characteristics can have strong implications for creditor rights suggest that diversity in judge composition provides a general insurance against strong average deviations between de jure and de facto creditor rights, irrespective of the specific characteristics that are more important in a specific cultural and legal context.

We also find that older judges, judges with higher exam scores, and judges from regions with more conservative political leanings show more variation in their types. This suggests that judicial experience can increase variation in decisions and therefore makes case outcomes less predictable, which can increase legal uncertainty. Thus, policies that increase consistency in judicial decisions, such as more strict guidelines, can reduce legal uncertainty, in particular in systems in which judges form stronger biases as they get more experienced.

6 Conclusion

In this paper, we study how the personal and professional characteristics of bankruptcy judges affect their decisions. Specifically, we document that female judges, judges with overseas experience (mostly in the U.S.) and judges from more politically conservative areas make significantly more creditor-friendly decisions. These differences are mainly driven by judges forcing more firms into liquidation rather than allowing them to enter restructuring proceedings in the first place or to graduate from restructuring proceedings successfully. We also find that the effect of judge char-

[10] A caveat to the diversity argument is that a more diverse judicial bench can lead to more variation in legal outcomes, which could increase legal uncertainty and negatively affect economic outcomes (Lee, Schoenherr, and Starmans, 2025).Bubb and Dari-Mattiacci (2024) show that higher legal uncertainty can also have positive effects on economic outcomes by smoothing out discontinuous incentives generated by coarse legal rules

acteristics mainly manifests in different decisions during adverse economic conditions, whereas differences in decisions due to personal and professional characteristics is more muted when the economy is doing well.

We also find that attending an elite law school or a private high school makes judges more interventionist, rejecting more restructuring plans and changes to restructuring plans suggested by debtors, potentially as a result of higher confidence in their decision making. Similarly, we find that older judges show more variation in judge types, which suggests that judicial experience increases variation in decisions and therefore makes bankruptcy case outcomes less predictable and more uncertain, again potentially as a result of higher confidence in their decision making.

Together, these findings suggests that judges' personal and professional characteristics can drive a wedge between de jure and de facto creditor rights. Thus, a lack of diversity in represented judge characteristics can systematically alter the level of creditor protection in the economy. While our analysis focuses on bankruptcy judges, it is plausible that the insights extend beyond bankruptcy courts. The question of which specific characteristics are important in other institutional and cultural contexts is an interesting avenue for future research.

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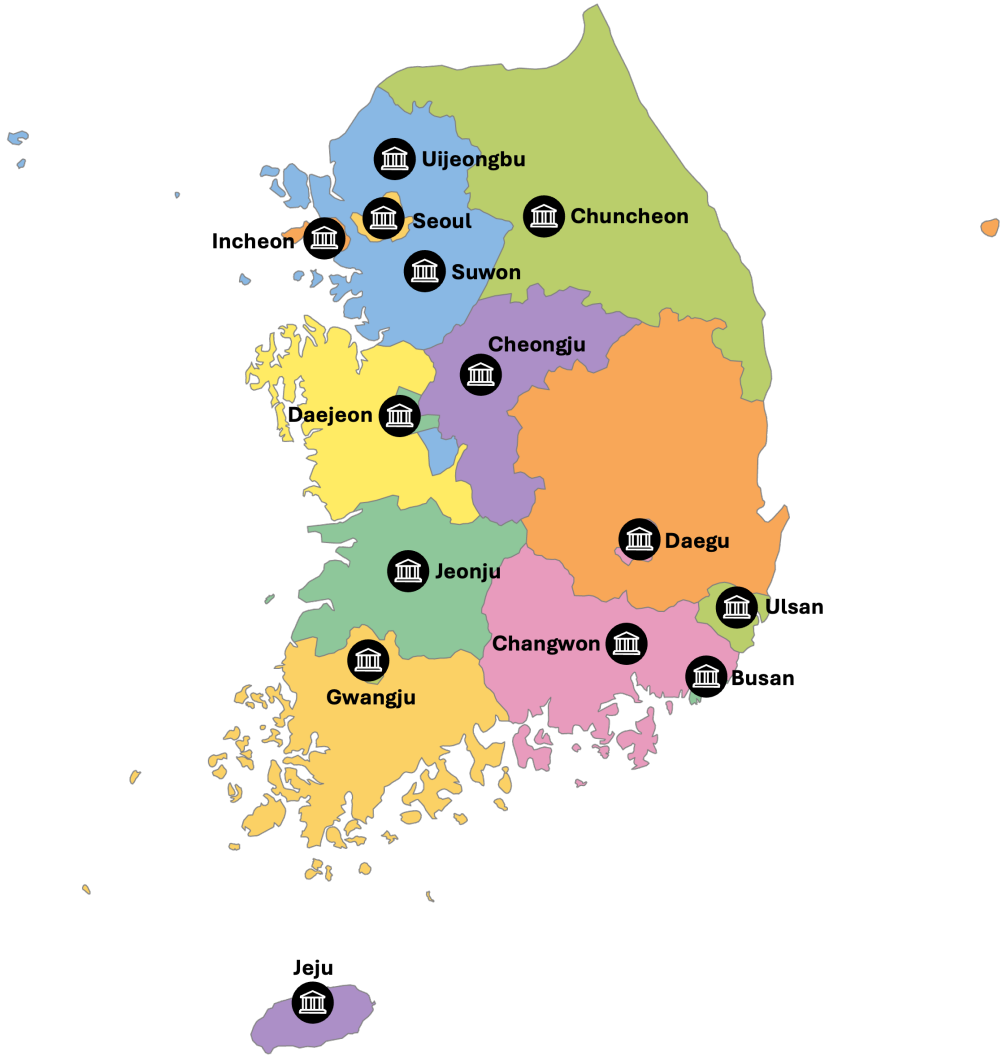
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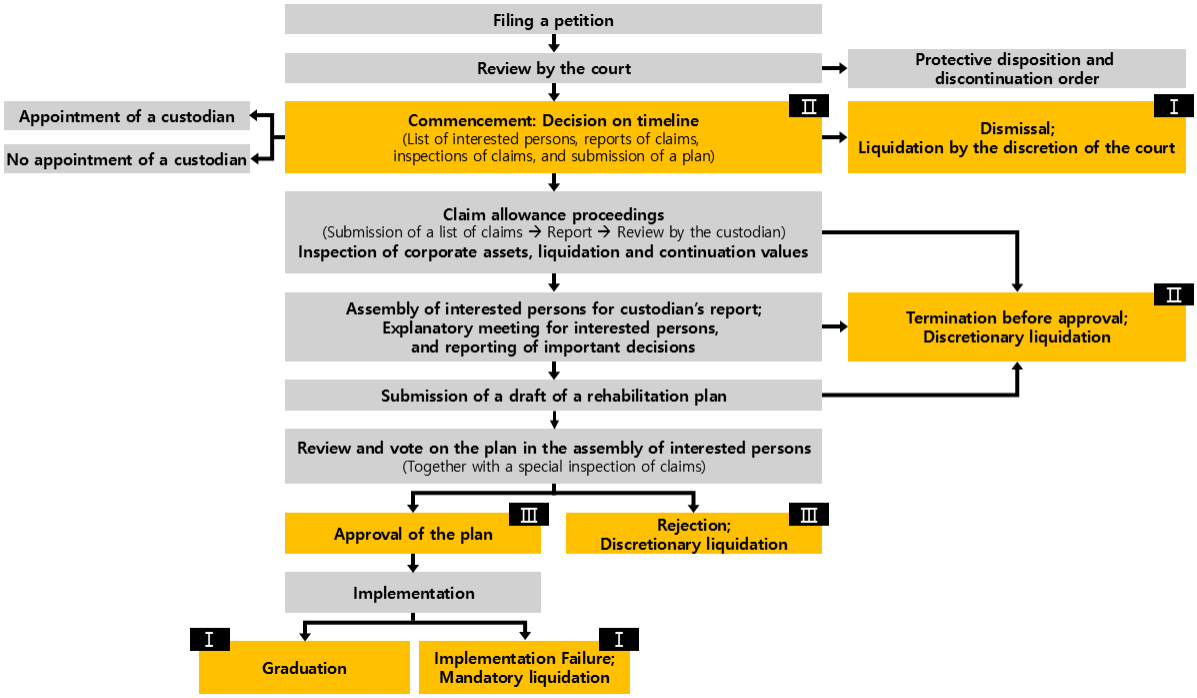
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Figure 1: Courts Handling Bankruptcy Cases in Korea



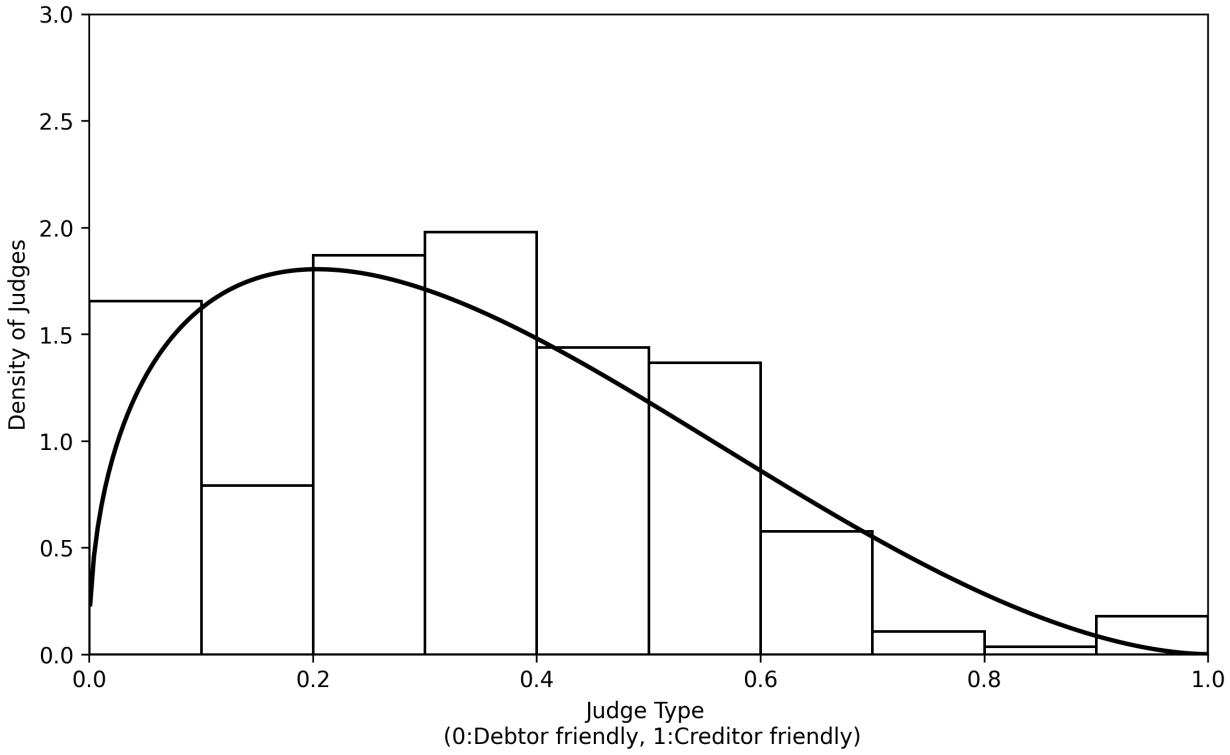
This figure illustrates the geographic distribution of district courts that handled corporate bankruptcy cases in South Korea during our sample period. Each of the fourteen courts and their geographic location are indicated on the map. The different colors depict the administrative provinces representing Korea's formal administrative structure. These provinces comprise the capital city of Seoul; Gyeonggi Province, which surrounds Seoul and contains courts such as Suwon and Uijeongbu; and several major metropolitan areas including Incheon, Busan, Daegu, and Ulsan, as well as Gangwon Province (Chuncheon), Chungcheong Provinces (Daejeon and Cheongju), Jeolla Provinces (Jeonju and Gwangju), and Gyeongsang Provinces (Changwon), as well as Jeju Island.

Figure 2: In-court Restructuring Process



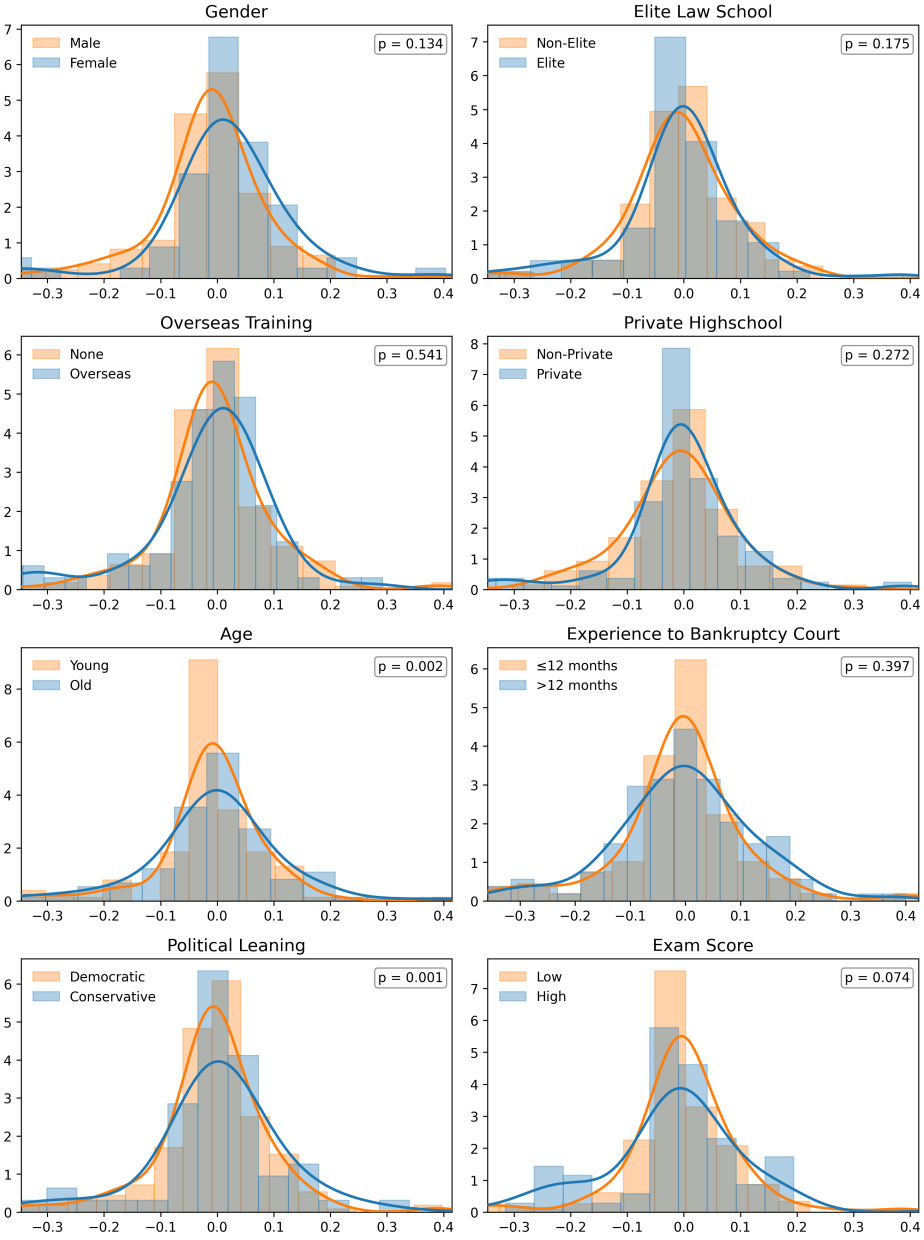
This figure depicts the stages of the in-court restructuring process in Korea. The stages at which bankruptcy judges make important debtor-friendly or creditor-friendly decisions are highlighted in orange. The roman numbers relate to the different decision categories separately examined in part of the empirical analysis.

Figure 3: Judge Type Distribution



This figure depicts the histogram of the empirical distribution of judge types in the data, where the x-axis shows judges' creditor-friendliness, defined as the fraction of their decisions classified as creditor-friendly during their tenure.

Figure 4: Judge Type Residual Distribution by Judge Characteristics



This figure plots the distribution of judge-level residuals after regressing the pro-creditor decision dummy variable on court-month fixed effects separately for the different judge characteristics used in the empirical analysis. Each subplot reports the p-value from a Levene test that tests the hypothesis that the variances of both distributions are the same.

Table 1: Descriptive Statistics

Panel A: Legal case data	
Number of cases	4,228
Case duration (months)	21.17
Number of decisions	10,630
Fraction of creditor-friendliness of decisions	0.36
Standard deviation of creditor-friendliness	0.48
Panel B: Judge data	
Number of judges	278
Fraction of female judges	0.24
Age	36.93
Age when passing their examination	25.9
Judicial experience when they start at the bankruptcy court (years)	12.93
Judicial experience at a bankruptcy court (months)	14.46
Fraction of judges who started their career in Seoul	0.25
Fraction of judges from private high schools	0.59
Fraction of judges from elite law schools	0.62
Fraction of judges with international educational experience	0.31
Fraction of judges who grew up in highly politically conservative region	0.21

This table reports descriptive statistics from legal case data in Panel A, including the number of cases, the average duration of the cases, number of decisions, as well as the mean and standard deviation of the creditor-friendliness of judges' decisions. Panel B reports descriptive statistics on judges, including the number of judges in the data, the share of female judges, judges' age, judges' average age when they passed their examination, the number of years of judicial experience before entering the bankruptcy court, judges' experience at the bankruptcy court in months, the fraction of judges that started their career in Seoul, the fraction of judges from the private high schools, the fraction of judges from elite law schools, the fraction of judges with international educational experience, and the fraction of judges grew up in a more politically conservative region.

Table 2: Classification of Legal Decisions

Decision	Coding
Accept case	Debtor-friendly
Prohibit seizure of assets	Debtor-friendly
Extension of plan submission period	Debtor-friendly
Approve debtor's plan	Debtor-friendly
Grant debtor request for modification of plan	Debtor-friendly
Successful graduation from procedure	Debtor-friendly
Dismissal of case	Creditor-friendly
Allow seizure of assets	Creditor-friendly
Reject extension of plan submission period	Creditor-friendly
Reject debtor's plan	Creditor-friendly
Reject debtor request for modification of plan	Creditor-friendly
Failed graduation from procedure	Creditor-friendly

This table lists the debtor-friendly and creditor-friendly decisions of judges in the data following the classification in Lee, Schoenherr, and Starmans (2025) and as described in Section 4.

Table 3: Judge Characteristics and Creditor Rights

	I	II	III	IV
Dep. var.:	C_{jt}	Liquidation/Graduation	Dismissal/Acceptance	Other
Mean:	0.36	0.75	0.17	0.03
$female_j$	0.0492***	0.0538*	0.0510**	0.0039
	[0.0160]	[0.0295]	[0.0237]	[0.0132]
age_{jt}	0.0027	0.0021	0.0041	0.0003
	[0.0021]	[0.0040]	[0.0031]	[0.0011]
$private\ high_j$	0.0190	0.0086	-0.0104	0.0393***
	[0.0137]	[0.0246]	[0.0260]	[0.0117]
$elite\ law_j$	-0.0048	-0.0379	0.0182	0.0254**
	[0.0139]	[0.0240]	[0.0203]	[0.0112]
$overseas_j$	0.0301**	0.0429	0.0269	0.0109
	[0.0146]	[0.0265]	[0.0217]	[0.0110]
$experience_{jt}$	0.0006	-0.0003	0.0007	-0.0004
	[0.0005]	[0.0008]	[0.0007]	[0.0003]
$exam\ score_j$	-0.0235	-0.0320	0.0253	-0.0403***
	[0.0156]	[0.0292]	[0.0218]	[0.0119]
$conservative\ leaning_j$	0.0359***	0.0312	0.0308	0.0049
	[0.0165]	[0.0300]	[0.0220]	[0.0145]
Court Month FE	yes	yes	yes	yes
Clustered SE	case	case	case	case
Observations	10,388	4,111	3,567	2,710
R-squared	0.200	0.312	0.368	0.242

This table shows the results of estimating equation (1). Column I shows estimation results for the full sample, column II shows estimation results the subsample of decisions to allow the firm to graduate from proceedings or declare proceedings as failed, column III for the subsample of decisions to accept or dismiss a case, column IV for the subsample of all remaining decisions. The dependent variable C_{jt} takes the value of one for a creditor-friendly decision and zero for a debtor-friendly decisions made by judge j in time t. The variable $female_j$ is a dummy variable taking the value of one for women and zero for men, age_{jt} denotes judge j's age in month t, $private_high_j$ is a dummy variable taking the value of one for judges who graduated from a private high school, and zero otherwise, $elite_j$ is a dummy variable taking the value of one for judges who attended an elite law school in Korea (Seoul National University, Korea University, Yonsei University) and zero otherwise, $overseas_j$ is a dummy variable taking the value of one for judges who experienced training overseas, and zero otherwise, $experience_{jt}$ is judge j's experience as a bankruptcy judge up to month t in months, $exam_score_j$ is a dummy variable taking the value of one for judges who started their career in the Seoul region (which is based on having achieved the highest exam scores), and zero otherwise, and $conservative\ leaning_j$ is a dummy variable taking the value of one for judges who graduated from high school in regions with a low Democratic vote, and zero otherwise. The bottom section provides information on fixed effects and the clustering of standard errors. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 4: Judge Characteristics and Creditor Rights: Economic Conditions

	I	II
Dep. var.: C_{jt}	Non-Recession	Recession
Mean:	0.35	0.38
$female_j$	0.0047	0.0987***
	[0.0220]	[0.0234]
age_{jt}	0.0019	0.0040
	[0.0027]	[0.0031]
$private\ high_j$	-0.0098	0.0528**
	[0.0180]	[0.0214]
$elite\ law_j$	-0.0215	0.0076
	[0.0194]	[0.0199]
$overseas_j$	-0.0028	0.0614***
	[0.0205]	[0.0207]
$experience_{jt}$	0.0006	0.0011
	[0.0005]	[0.0010]
$exam\ score_j$	-0.0139	-0.0362
	[0.0221]	[0.0226]
$conservative\ leaning_j$	0.0475**	0.0343
	[0.0227]	[0.0252]
Court Month FE	yes	yes
Clustered SE	case	case
Observations	5,409	4,979
R-squared	0.183	0.221

This table shows the results of estimating equation (1). Column I shows estimation results for non-recessionary periods, and column II shows estimation results for recessionary period. The dependent variable C_{jt} takes the value of one for a creditor-friendly decision and zero for a debtor-friendly decisions made by judge j in time t. The variable $female_j$ is a dummy variable taking the value of one for women and zero for men, age_{jt} denotes judge j's age in month t, $private_high_j$ is a dummy variable taking the value of one for judges who graduated from a private high school, and zero otherwise, $elite_j$ is a dummy variable taking the value of one for judges who attended an elite law school in Korea (Seoul National University, Korea University, Yonsei University) and zero otherwise, $overseas_j$ is a dummy variable taking the value of one for judges who experienced training overseas, and zero otherwise, $experience_{jt}$ is judge j's experience as a bankruptcy judge up to month t in months, $exam_score_j$ is a dummy variable taking the value of one for judges who started their career in the Seoul region (which is based on having achieved the highest exam scores), and zero otherwise, and $conservative\ leaning_j$ is a dummy variable taking the value of one for judges who graduated from high school in regions with a low Democratic vote, and zero otherwise. The bottom section provides information on fixed effects and the clustering of standard errors. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.respectively.

Table 5: Judge Characteristics and Creditor Rights: Case Characteristics

Dep. var.: C_{jt} (mean: 0.36)	I	II
$female_j$	0.0492***	0.0725**
	[0.0160]	[0.0354]
age_{jt}	0.0027	0.0023
	[0.0021]	[0.0041]
$private\ high_j$	0.0190	0.0529*
	[0.0137]	[0.0272]
$elite\ law_j$	-0.0048	-0.0330
	[0.0139]	[0.0240]
$overseas_j$	0.0301**	0.0225
	[0.0146]	[0.0246]
$experience_{jt}$	0.0006	0.0009
	[0.0005]	[0.0007]
$exam\ score_j$	-0.0235	-0.0656**
	[0.0156]	[0.0311]
$conservative\ leaning_j$	0.0359**	0.0689**
	[0.0165]	[0.0301]
Court Month FE	yes	yes
Case FE	no	yes
Clustered SE	case	case
Observations	10,388	10,388
R-squared	0.200	0.747

This table shows the results of estimating equation (1). The dependent variable C_{jt} takes the value of one for a creditor-friendly decision and zero for a debtor-friendly decisions made by judge j in time t. The variable $female_j$ is a dummy variable taking the value of one for women and zero for men, age_{jt} denotes judge j's age in month t, $private_high_j$ is a dummy variable taking the value of one for judges who graduated from a private high school, and zero otherwise, $elite_j$ is a dummy variable taking the value of one for judges who attended an elite law school in Korea (Seoul National University, Korea University, Yonsei University) and zero otherwise, $overseas_j$ is a dummy variable taking the value of one for judges who experienced training overseas, and zero otherwise, $experience_{jt}$ is judge j's experience as a bankruptcy judge up to month t in months, $exam_score_j$ is a dummy variable taking the value of one for judges who started their career in the Seoul region (which is based on having achieved the highest exam scores), and zero otherwise, and $conservative\ leaning_j$ is a dummy variable taking the value of one for judges who graduated from high school in regions with a low Democratic vote, and zero otherwise. The bottom section provides information on fixed effects and the clustering of standard errors. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 6: Judge Characteristics and Creditor Rights: Placebo test

Dep. var.: C_{jt} (mean: 0.36)	I	II
$female_j$	0.0166	0.0023
	[0.0209]	[0.0049]
age_j	-0.0022	-0.0001
	[0.0026]	[0.0002]
$private\ high_j$	0.0023	-0.0030
	[0.0179]	[0.0038]
$elite\ law_j$	-0.0122	0.0003
	[0.0181]	[0.0033]
$overseas_j$	-0.0182	-0.0045
	[0.0193]	[0.0046]
$exam\ score_j$	0.0140	0.0017
	[0.0234]	[0.0016]
$conservative\ leaning_j$	0.0322	-0.0047
	[0.0204]	[0.0033]
Court Month FE	yes	yes
Clustered SE	case	case
Observations	6,586	2,396
R-squared	0.237	0.511

This table shows the results of estimating equation (1). The dependent variable is predecessors' decisions and independent variables are successors' characteristic. The dependent variable C_{jt} takes the value of one for a creditor-friendly decision and zero for a debtor-friendly decisions made by judge j in time t. Column I shows estimation results without case restriction, and column II shows estimation results with case restriction. The variable $female_j$ is a dummy variable taking the value of one for women and zero for men, age_j denotes judge j's age when they join the bankruptcy court, $private_high_j$ is a dummy variable taking the value of one for judges who graduated from a private high school, and zero otherwise, $elite_j$ is a dummy variable taking the value of one for judges who attended an elite law school in Korea (Seoul National University, Korea University, Yonsei University) and zero otherwise, $overseas_j$ is a dummy variable taking the value of one for judges who experienced training overseas, and zero otherwise, $exam_score_j$ is a dummy variable taking the value of one for judges who started their career in the Seoul region (which is based on having achieved the highest exam scores), and zero otherwise, and $conservative\ leaning_j$ is a dummy variable taking the value of one for judges who graduated from high school in regions with a low Democratic vote, and zero otherwise. The bottom section provides information on fixed effects and the clustering of standard errors. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

A Appendix

Table A1: Variable Definitions

Variable Name	Symbol	Definition
Judge Type	C_j	Fraction of creditor-friendly decisions made by judge j over their full tenure in the bankruptcy court.
Creditor-friendly Indicator	C_{jt}	Dummy variable taking the value of one for creditor-friendly decisions in bankruptcy cases and zero for debtor-friendly decisions by judge j in month t.
Gender	$female_j$	Dummy variable taking the value of one for women and zero for men.
Age (constant)	age_j	Judge j's age at the start of their term at the bankruptcy court.
Age (time-varying)	age_{jt}	Judge j's age in month t.
Bankruptcy Court Experience	$experience_{jt}$	Judge j's experience as a bankruptcy judge up to month t in months.
Elite Law School Indicator	$elite_j$	Dummy variable taking the value of one for judges who attended an elite law school in Korea (Seoul National University, Korea University, Yonsei University) and zero otherwise.
Private High School Indicator	$private_high_j$	Dummy variable taking the value of one for judges who graduated from a private high school, and zero otherwise.
Overseas Training Indicator	$overseas_j$	Dummy variable taking the value of one for judges who experienced training overseas, and zero otherwise.
Exam Score Indicator	$exam_score_j$	Dummy variable taking the value of one for judges who started their career in the Seoul region (which is based on having achieved the highest exam scores), and zero otherwise.
Political Leaning	$conservative\ \ leaning_j$	Dummy variable taking the value of one for judges who graduated from high school in regions with a low Democratic vote (no more than 20 percent), and zero otherwise.

Table A2: Judge Characteristics and Creditor Rights: High School and No-High School Samples

Dep. var.: C_{jt} (mean: 0.36)	I High School Sample	II Full Sample
$female_j$	0.0430**	0.0436***
	[0.0169]	[0.0167]
age_{jt}	0.0022	0.0019
	[0.0022]	[0.0022]
$elite\ law_j$	-0.0054	-0.0034
	[0.0148]	[0.0144]
$overseas_j$	0.0267*	0.0259*
	[0.0154]	[0.0150]
$experience_{jt}$	0.0004	0.0005
	[0.0005]	[0.0005]
$exam\ score_j$	-0.0204	-0.0165
	[0.0164]	[0.0159]
Court Month FE	yes	yes
Clustered SE	case	case
Observations	10,388	10,630
R-squared	0.199	0.198

This table shows the results of estimating equation (1). Column I shows estimation results for all decisions, and column II shows estimation results for the sample of decisions for which judges' high school information is available. The dependent variable C_{jt} takes the value of one for a creditor-friendly decision and zero for a debtor-friendly decisions made by judge j in time t. The variable $female_j$ is a dummy variable taking the value of one for women and zero for men, age_{jt} denotes judge j's age in month t, $elite_j$ is a dummy variable taking the value of one for judges who attended an elite law school in Korea (Seoul National University, Korea University, Yonsei University) and zero otherwise, $overseas_j$ is a dummy variable taking the value of one for judges who experienced training overseas, and zero otherwise, $experience_{jt}$ is judge j's experience as a bankruptcy judge up to month t in months, and $exam_score_j$ is a dummy variable taking the value of one for judges who started their career in the Seoul region (which is based on having achieved the highest exam scores), and zero otherwise. The bottom section provides information on fixed effects and the clustering of standard errors. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table A3: Judge Characteristics and Creditor Rights: Alternative Clustering

Dep. var.: C_{jt} (mean: 0.36)	I	II
$female_j$	0.0492***	0.0492***
	[0.0160]	[0.0179]
age_{jt}	0.0027	0.0027
	[0.0021]	[0.0028]
$private\ high_j$	0.0190	0.0190
	[0.0137]	[0.0164]
$elite\ law_j$	-0.0048	-0.0048
	[0.0139]	[0.0147]
$overseas_j$	0.0301**	0.0301**
	[0.0146]	[0.0147]
$experience_{jt}$	0.0006	0.0006
	[0.0005]	[0.0006]
$exam\ score_j$	-0.0235	-0.0235
	[0.0156]	[0.0192]
$conservative\ leaning_j$	0.0359**	0.0359**
	[0.0165]	[0.0170]
Court Month FE	yes	yes
Clustered SE	court-month	judge
Observations	10,388	10,388

This table shows the results of estimating equation (1). The dependent variable C_{jt} takes the value of one for a creditor-friendly decision and zero for a debtor-friendly decisions made by judge j in time t. The variable $female_j$ is a dummy variable taking the value of one for women and zero for men, age_{jt} denotes judge j's age in month t, $private_high_j$ is a dummy variable taking the value of one for judges who graduated from a private high school, and zero otherwise, $elite_j$ is a dummy variable taking the value of one for judges who attended an elite law school in Korea (Seoul National University, Korea University, Yonsei University) and zero otherwise, $overseas_j$ is a dummy variable taking the value of one for judges who experienced training overseas, and zero otherwise, $experience_{jt}$ is judge j's experience as a bankruptcy judge up to month t in months, $exam_score_j$ is a dummy variable taking the value of one for judges who started their career in the Seoul region (which is based on having achieved the highest exam scores), and zero otherwise, and $conservative\ leaning_j$ is a dummy variable taking the value of one for judges who graduated from high school in regions with a low Democratic vote, and zero otherwise. The bottom section provides information on fixed effects and the clustering of standard errors. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.