



Next Generation Study

Fatal Attraction? Next
Generation Lawyers want to
work for Big Law. But can Big
Law fulifl their career
expectations?







Next Generation Study

As part of the Bucerius Center on the Legal Profession's 9th Autumn Conference on Managed Legal Services, we joined forces with TalentRocket and Legalhead in order to find out more about the expectations of future lawyers. Our study of over 200 "Next Generation" lawyers provided us with an interesting new insight into the attraction and retention of Next Generation lawyers: their career expectations, goals and preferred employer.

Bucerius Center on the Legal Profession

Under the umbrella of Bucerius Law School, the Bucerius Center on the Legal Profession operates at the interfaces of law and business, management and leadership, innovation and digitization, and personal development. The Bucerius Center on the Legal Profession conducts analyses on issues concerning the management and leadership of commercial law firms and in-house legal departments, and carries out research on the development of the legal market and the regulatory environment.

TalentRocket

With more than 30.000 registered users and over 250 partners, TalentRocket is the leading legal career platform in Germany. Using complex matching algorithms, TalentRocket disrupted the conservative recruiting in this highly specialized industry. The company was founded in Germany in 2012 and successfully expanded to the Austrian market last year.





Fatal attraction? The Next Generation of lawyer still wants to work for Big Law but doesn't believe that Big Law can fulfil its career expectations.

The Law Firm of the Future

Given the opportunity to design the law firm of the future, the Next Generation of lawyers would create a firm which is: "innovative, family-friendly, [has a] flat hierarchy, pro bono work...work-life balance, personal development opportunities, equal career opportunities...".¹ But surely, the law firm of the future is already here? Over half of the top 10 law firms in Germany have innovation hubs, all advertise family-friendly work-life balance on their career webpages. In the UK and US, some firms regularly feature in "Best Employer" lists.² However, according to the Next Generation of lawyers, today's law firms couldn't be further away from this ideal. Instead, Big Law firms are associated with antonyms such as "profit-orientated, hierarchical, in-transparent leadership [and] workhouse"³. Why does the Next Generation of lawyers still consider "Big Law" to be an attractive employer, despite falling short of their key career aspirations?

Finding out what the Next Generation wants

As part of the Bucerius Center on the Legal Profession's 9th <u>Autumn Conference</u> on Managed Legal Services, we joined forces with <u>TalentRocket</u> and <u>Legalhead</u> in order to find out more about the expectations of future lawyers, and carried out a study of over 200 "Next Generation" lawyers. The average age of the participants was 21 years' old, and both Bucerius Law School, as well as non-Bucerius law students, took part. The study focussed on uncovering what the Next Generation really think about law firms: their underlying views and opinions, as well as finding out more about what they want from future employers. Combined with previous research carried out by both the Bucerius Center on the Legal Profession⁴ and TalentRocket,⁵ this new study has led to an interesting new insight into the attraction and retention of Next Generation lawyers.

What attracts the Next Generation?

Participants were asked to rank a number of typical career factors according to their relative importance to their career decisions. The results (see Figure 1) are within usual expectations: a collegial working environment, interesting legal work, flexible working and good career development prospects are seen as the most important criteria for the Next Generation's careers.

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¹ Quote provided as part of the Next Generation Study carried out by Bucerius Center on the Legal Profession, TalentRocket and Legalhead.

² See for example, Fortune's Top 100 Employers, or The Times 100 Best Employers

³ Participants in the Next Generation Study were asked to select words from a list which they associated with big international law firms.

⁴ See for example <u>Is the law firm of the future a company?</u> and <u>Confused by Millennials? Three things law firms need to know about Millennials</u> for a brief overview of some of our research.

⁵ See TalentRocket's 2019 Whitepaper "Schöne neue Jurawelt"





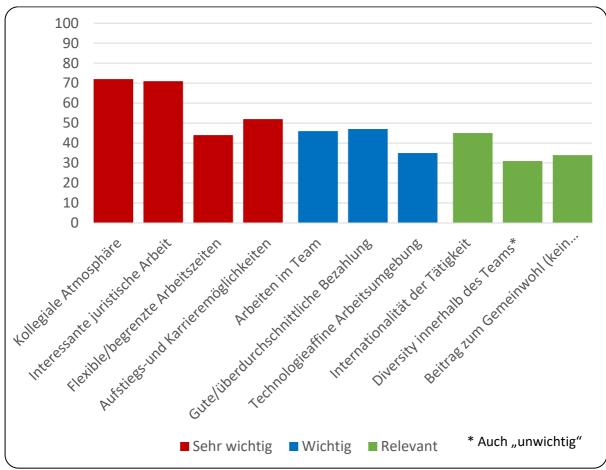


Figure 1 "Wie wichtig sind die folgenden Kriterien für Ihre Karriere?"

Around 70% of the participants identified two key criteria as being "very important" to their career choices: a collegial working environment and interesting legal work. For the participants, this meant (i) collaboration between lawyers; (ii) feedback and mentoring from more experienced lawyers; and (iii) intellectually stimulating work. Collegiality did not however translate into working in an open plan office, which only got a thumbs up from 3% of the participants.

Career opportunities was a very important factor for choosing an employer for around 50% of the participants. When asked to articulate their career goals, around one third of the participants said "partnership" or a "leadership position". In fact, contrary to other studies, which indicate that the Next Generation like to "job hop", the participants in our survey were prepared to invest significantly more time in their legal careers. The participants were prepared to spend an average of 6.9 years in a law firm and wait an average 6.6 years to become partner. Furthermore, around one quarter are prepared to work hard to fulfil this





ambition and would work more than 50 hours a week for the same pay, if it would improve their career chances.⁶

According to the Anwaltsblatt, "Time is the new money" and graduates are increasingly more attracted to law firms that are able to offer flexible working models. Indeed, 44% of our participants found flexible working models "very important" and work-life balance, as well as family-friendliness featured as one of the most sought after career factors in the free-text responses. For 59% of the participants the most important aspect of flexible working was being able to work at different times of day, rather than work less or "fixed" hours (23%) or being able to work from home (18%). This echoes our findings from previous studies where the element of choice is paramount: The Next Generation would like to be able to choose when and where to work; more or less pay; monetary or other non-monetary rewards.

The gap between expectation and reality

As highlighted above, the participants aspired to work for an organisation that had a collegial environment, interesting work, flexible-working and career development opportunities. However, a majority of the participants believe that Big Law cannot fulfil these aspirations. In fact, only 7% of participants thought that Big Law provided a collegial working environment and only 17% associated Big Law firms with a collaborative working environment. Furthermore, only 1% of the participants thought that large international law firms could offer flexible working and only 2% associated Big Law with "family-friendliness".

Regarding the other top career criteria, 45% believed that large international law firms could offer career development opportunities. However, only 3% of the participants regarded Big Law as having a transparent leadership and a flat hierarchy. In fact, 60% of participants felt that large international law firms were the most hierarchical type of legal market employer.

With regard to having a say in law firm business, Next Generation lawyers believe that law firms have some catching up to do: At least 50% believed that associates should have a representative committee, 34% considered that associates should be part of the management team and 28% thought that associates should be allowed to participate in the partnership elections. Furthermore, the participants felt that law firm leadership was opaque. This impression mirrors a recent survey amongst 7,500 lawyers in the UK in which less than half were "satisfied" with law firm leadership⁸ and shows that this impression is not limited to the German legal market.

In fact, when participants were asked to select words which they associated with "Big Law", instead of the characteristics that they associated with their career aspirations and ideal law

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⁶ Participants were asked on the basis of a 50-hour working week and a base salary of €120,000 whether they would work longer for the same pay, keep the status quo, or work fewer or more flexible hours for less pay.

⁷ Wienfort, D. (2019) <u>Zeit ist das neue Geld – Flexible Arbeitszeitmodelle im Anwaltsberuf</u>

⁸ Roll on Friday Employer Survey 2020





firm (innovative, family-friendly and a flat hierarchy) they chose words such as "workhouse", "competitive working environment", "hierarchical" and "in-transparent leadership" (see Figure 2 below).



Figure 2 The bigger the word, the more often it was selected by the participants, conversely, the smaller the word the less often it was selected.

Surprisingly, and despite this negative impression of Big Law, when our participants were asked which type of employer they were most likely to choose to work for on a mid-term basis (5-10 years), they chose international law firms. Thus, Big Law received an average of 3.6 out of a possible 5 "thumbs up".

Fatal attraction

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We measured seven types of legal market employer⁹ against the participants' top career criteria. On the top four criteria, large international law firms fared worse than small/national law firms (see Figure 3 below). However, once salary (highlighted in red) is taken into account, Big Law suddenly becomes the favourite employer across these five criteria. In fact, a staggering 95% of participants believed that Big Law was most likely to provide a good or above average salary. Thus, despite the fact that Big Law fared badly on a number of key career criteria and are considered to be the antithesis of the "law firm of the future", participants would still choose to work for them ahead of other legal market employers. But is this attraction to Big Law sustainable?

⁹ Large international law firm, Full-service law firm, Small/domestic law firm, In-house legal team, Big Four, Legal Tech Provider





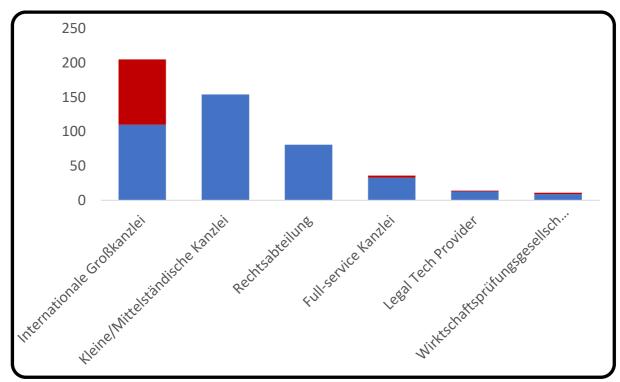


Figure 3 Welche zukünftigen Arbeitgeber erfüllen [diese Kriterien] am ehesten?

A recipe for disaster?

If we consider the findings from our survey in light of Herzberg's "Intrinsic Motivators and Hygiene Factors" ¹⁰, then we can see that some of the key career criteria are motivational factors, whilst others are hygiene factors (see Figure 4 below). Motivational factors drive employees to perform well. If motivational factors are absent, employees tend not to be satisfied with their employment. Hygiene factors do not affect performance, but if a hygiene factor is absent, employees tend to be dissatisfied and are inclined to leave the organisation.

Intrinsic Motivators -> Satisfaction	Hygiene Factors -> Dissatisfaction
Achievement	Company policy
Recognition	Supervision
Work *	Relationship with supervisors and peers *
Responsibility	Working conditions *
Advancement *	Salary *
Growth	Status
	Security

Figure 4 * Factors which the Next Generation of lawyers expect their future employers to fulfil.

¹⁰ Herzberg, F. (2003) "One more time: how do you motivate employees?" Harvard Business Review January





Whilst salary, working conditions (i.e. working hours) and relationships with supervisors and peers (i.e. a collegial working atmosphere) will, according to Herzberg, not necessarily motivate lawyers to perform well, their *absence* leads to dissatisfaction. Therefore, the fact that Next Generation lawyers don't believe that Big Law can offer flexible working conditions or a collegial working atmosphere is a recipe for disaster. The problem is exacerbated by the fact that the Next Generation aspires to work for a law firm that, among other things, fosters a collegial working environment, and flexible working conditions, and it will be disappointed if these aspirations are not met. In fact, according to TalentRocket's White Paper, after salary, the main reasons for lawyers to change jobs are relationships with supervisors and colleagues, as well as long working-hours.

Attracting and retaining the Next Generation

Despite having a positive experience during internships in law firms, and despite Big Law's best marketing initiatives, Next Generation lawyers generally do not have a positive impression of Big Law. In order to reduce the risk that Next Generation lawyers are attracted to Big Law on the strength of the salary alone, Big Law needs to ensure that the other "hygiene factors" are fulfilled: If Big Law is to retain Next Generation lawyers on a long-term basis, it needs to ensure it actually provides a collegial working environment – this means (i) collaboration, not competition, between lawyers; (ii) regular feedback from partners and other senior lawyers; and (iii) intellectually stimulating work. Furthermore, it needs to shake its reputation for being a "workhouse" and provide genuine work-life balance solutions as well as open up different paths to provide career opportunities.

Although our study confirms that money attracts the Next Generation of lawyer, if the other key career criteria are absent, Big Law will have difficulties retaining the Next Generation of lawyer. Disappointment is the measure of the gap between expectation and reality: The Next Generation of lawyer aspires to work for a very different type of law firm than its impression of Big Law. Only by becoming the "law firm of the future" will Big Law be able to meet the expectations of the Next Generation of lawyer.

Emma Ziercke, Bucerius Center on the Legal Profession Carina Knipping, TalentRocket





About the authors

Emma Ziercke emma.ziercke@law-school.de



Emma Ziercke is a senior research associate at the Bucerius Center on the Legal Profession and a nonpractising solicitor. Between 2002 and 2009, Emma worked as a Corporate Solicitor (Managing Associate) for Linklaters in London, mainly in the fields of private international M&A and public takeovers by scheme of arrangement. In 2014 she completed an Executive MBA with distinction and received an award for best overall performance from Nottingham University Business School. During her MBA studies she focused on Law Firm Management and won an award for her dissertation on gender diversity in law firms. Her work as a research associate at the Bucerius Center on the Legal Profession focuses on law firm management, gender diversity and organizational behaviour.

Carina Knipping ck@talentrocket.de

Carina Knipping is responsible for the PR of TalentRocket – Germany's leading legal career platform. During her Master-Studies at Freie Universität Berlin (2016-2018), she was researching on political communication in an ever-changing media world with a strong focus on international and comparative perspectives. In her master thesis, she researched on the German media-coverage of the G20-protests in Hamburg. With her background in social science, she researched on the labour market for lawyers during her work for TalentRocket and published TalentRocket's White Paper "Schöne neue Jurawelt" as a result.

