

Transforming Women's Leadership in the Law.

Current approaches to improving gender diversity at senior levels in law firms and correlated success

Research study 2019



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Executive summary

Identifying the main factors causing the lack of gender diversity in senior levels in law firms is an emotive subject. The same applies when trying to uncover the most effective solutions. It's hard to deduce the critical issues because people draw on their personal experiences and it doesn't always reflect the overall picture. Acritas and Thomson Reuters, as part of the Transforming Women's Leadership in the Law programme, conducted a research study to find objective evidence, aiming to reduce debate and help firms focus on initiatives that will deliver success.

The research started with an initial qualitative phase, uncovering the full range of approaches to increasing gender diversity at senior levels within ten representative law firms. The second phase sought to measure the uptake of each approach and correlate this with the levels of diversity found at each level of seniority. In other words, do firms that adopt initiative 'A' have a higher or lower retention of women into Equity partner ranks from Junior Associate level?

The research has been fascinating and produced some potentially controversial findings, which are worthy of consideration by all law firms. Four main themes emerged:

1) Make gender diversity a strategic goal and reinforce with action

By clearly stating gender diversity as a strategic goal, appointing a board level representative and openly declaring targets, the firm is demonstrating a serious commitment to progress. It is critical to track and share progress in the same way the firm would for any strategic goal. This will ensure that every initiative is taken seriously.

2) Female lawyers need to get their fair share of matter experience and client exposure

Bias, whether conscious or unconscious, is still perceived to be commonplace. Firms that consciously seek to ensure matter teams are representative of both genders have the highest retention rate of women from junior associate to equity partner level. The same goes for winning business. Firms that ensure requests for proposal (RFP) and pitch teams represent both genders also achieve higher levels of retention. Unconscious bias training also showed a positive correlation with higher retention levels. This is an area where inviting client pressure can really help.

3) Lawyers need training to know when they are behaving badly

Sexual harassment and bullying are commonplace in the legal industry and most firms will have serious and repeated issues happening underneath the radar. The International Bar Association (IBA) in its recent research report, *'Us Too? Bullying and Harassment in the Legal Profession'*, found that very few victims report incidents. It is therefore not a surprise that our study found that training on sexual harassment and bullying was an effective tool in retaining more women into senior levels. Not only does training help people to be aware of what bad behaviour is (and hopefully adjust their actions), it can also help people to know how to deal with issues when they do arise—both for bystanders and victims. Firms that deal with bad behaviours in the correct way also achieved higher retention rates. It is critical to eradicate signs of a toxic environment as they arise.

4) Reconsider initiatives that create silos or put women off

Unfortunately, some diversity initiatives correlated with less success. Cross-industry academic research also suggests that some diversity initiatives can have a negative impact. Initiatives that create deeper silos such as women-only networks were one example. However, opening those networks to men moved it into positive territory. Mentoring and coaching also produced negative correlations. Well-meaning mentors unwittingly can give advice that puts women off senior roles. Sometimes these programmes can be very successful, but for all firms this is a wake-up call to assess whether all their programmes are working as intended. Feedback is key.

For those that are responsible for driving diversity efforts in law firms, there was overwhelming recognition that the tone from the top made a serious difference to the success of diversity initiatives. The tone from the top needs to be consistent across all leaders, both male and female, because it will take everyone, or at least the majority, to make a difference at each and every firm.



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LISA HART SHEPHERD

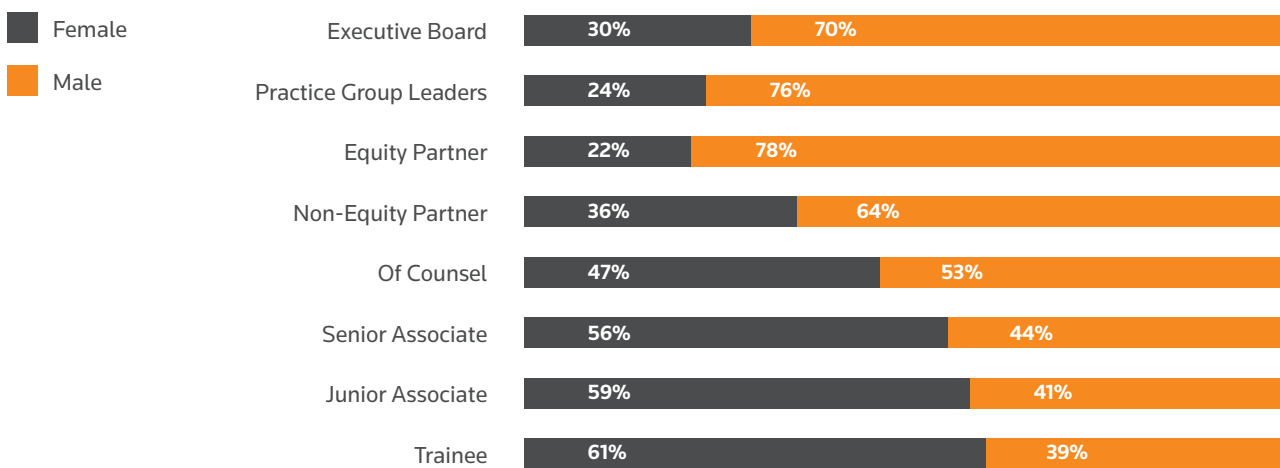
CEO, Acritas, Advisory Board Member, Transforming Women's Leadership in the Law

The current metrics

At the average law firm, a majority of trainees are female—making up 61 percent of the intake at our participating firms. Women are slightly more likely to leave the firm than men during the first few years, but women still make up more than half of Senior Associate roles. For law firms that have 'Of Counsel' roles, the ratio drops below half for the first time at 47 percent.

At Partner level, the proportion of women drops dramatically. Of Non-Equity Partners, 36 percent are female and just 22 percent are Equity Partners. That is an average reduction in the proportion of women of 63 percent from Junior Associate to Equity Partner level.

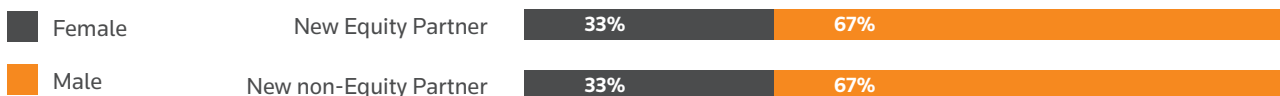
Within leadership roles, women get a boost. Of practice group leaders 24 percent are female and 30 percent of board members are female.

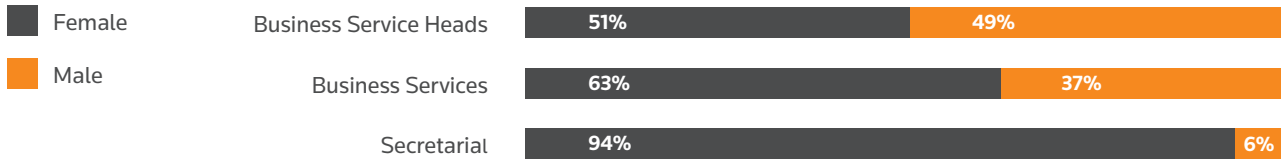


People usually hold Partner roles for more than a decade, so many firms hope that this issue will be fixed with time. As more and more New Partners are female and retiring Partners are predominantly male, surely, we will see the numbers start to rise? Unfortunately, the New Partner ratios were not encouraging. Only a third of New Partners, both

salaried and Equity, were female. That means that male Senior Associates are two and a half times (250 percent) more likely to become Partners than their female counterparts.

In western society, women are more likely than men to leave the workplace to look after family. Therefore, some level of reduction is to be expected—but what is a normal level?





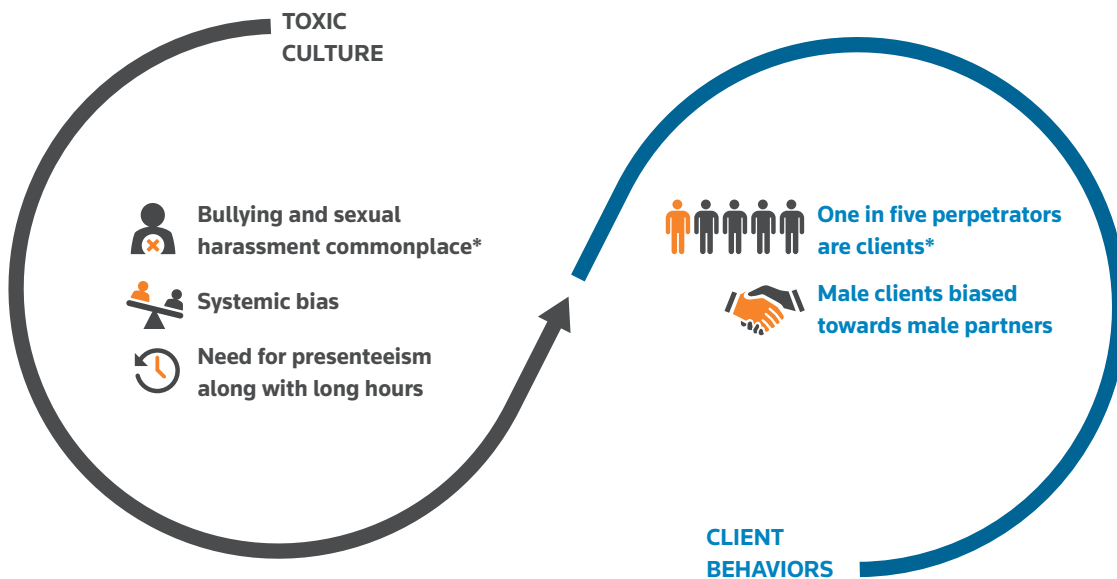
Looking at the business services side of law firms we see a much lower reduction rate. Women make up 63 percent of business services roles below head and 51 percent of head roles. This means that men are 65 percent more likely to achieve business services head roles—considerably better than the 250 percent seen on the legal side.

If we use the reduction rate observed on the business services side as an achievable rate within a law firm environment then we would hope to see between 45 and 50 percent of New Partners being female moving forwards. What’s getting in the way on the legal side?

Causes of lack of gender diversity at Partner levels

More female lawyers are leaving law firms than male lawyers before making Partner. And fewer female lawyers are applying for and achieving partnership roles. Acritas' market research

has shown that clients perceive male and female lawyers to perform at the same level, so this is not a quality or client experience issue.



*IBA study on bullying & sexual harassment in the legal profession 2019

The respondents to our survey identified bias as the number one cause. Examples of bias included not getting to work on as interesting a range of matters, or work with as many partners, or get to work with as wide a range of clients.

“Unconscious bias where a predominantly male partnership sees merit in men who are ‘like them’—which in turn means that male lawyers may be given more client opportunities than some women resulting in the male having a better business case for partnership.”

The role of women at home was also cited as a key cause, along with the need for ‘presenteeism’ in the office. Respondents talked about the demands of the job often involving excessive hours and the lack of flexibility which makes it difficult for people who have responsibilities outside of work such as childcare. As it tends to fall to women as the primary carer, this makes the ‘partner track’ challenging at best and unmanageable at worst.

“The fact that the job seems very demanding with a heavy workload and (perceived) lack of time for family, combined with the personal desire of female lawyers to spend time caring for their children and the pressure of society on women to be the primary caregiver. It is often perceived that one cannot have it all.”

Industry market research has also uncovered some other causes. The IBA recently released a report based on a global survey with over 7,000 lawyers across the world. One in two female lawyers had been bullied and one in three had been sexually harassed. The incidences were far higher for women than for men. Most women chose not to report for fear of reprisal affecting their careers. Whilst the majority of perpetrators were more senior colleagues, one in five perpetrators were clients. This can make women uneasy about networking and developing relationships both inside and outside the firm.

Acritas' research with clients uncovered a bias from male clients in that they are far less likely than female clients to select female lawyers to lead their work. Equity Partnership usually requires the Senior Associate to be managing a significant book of business. This will be more difficult for women simply because of this bias, as there are more men than women in senior in-house roles.

It seems that in some firms, women can face more than their fair share of hurdles at many stages: getting the right experience; getting to build relationships; getting the chance to win work on a fair basis; and, risking being treated badly along the way. It is therefore not a surprise that when combined with the pressures of home, many women choose to stay off the partner track, or to leave the workplace entirely.

How are firms tackling this issue?

In the survey we asked firms to tell us which of 45 different levers they were using. The average firm had 25 levers in place. It seems that firms really are trying to make progress on this issue, although we have to consider that those who participated in our survey may be more inclined than the average firm to be taking this issue seriously.

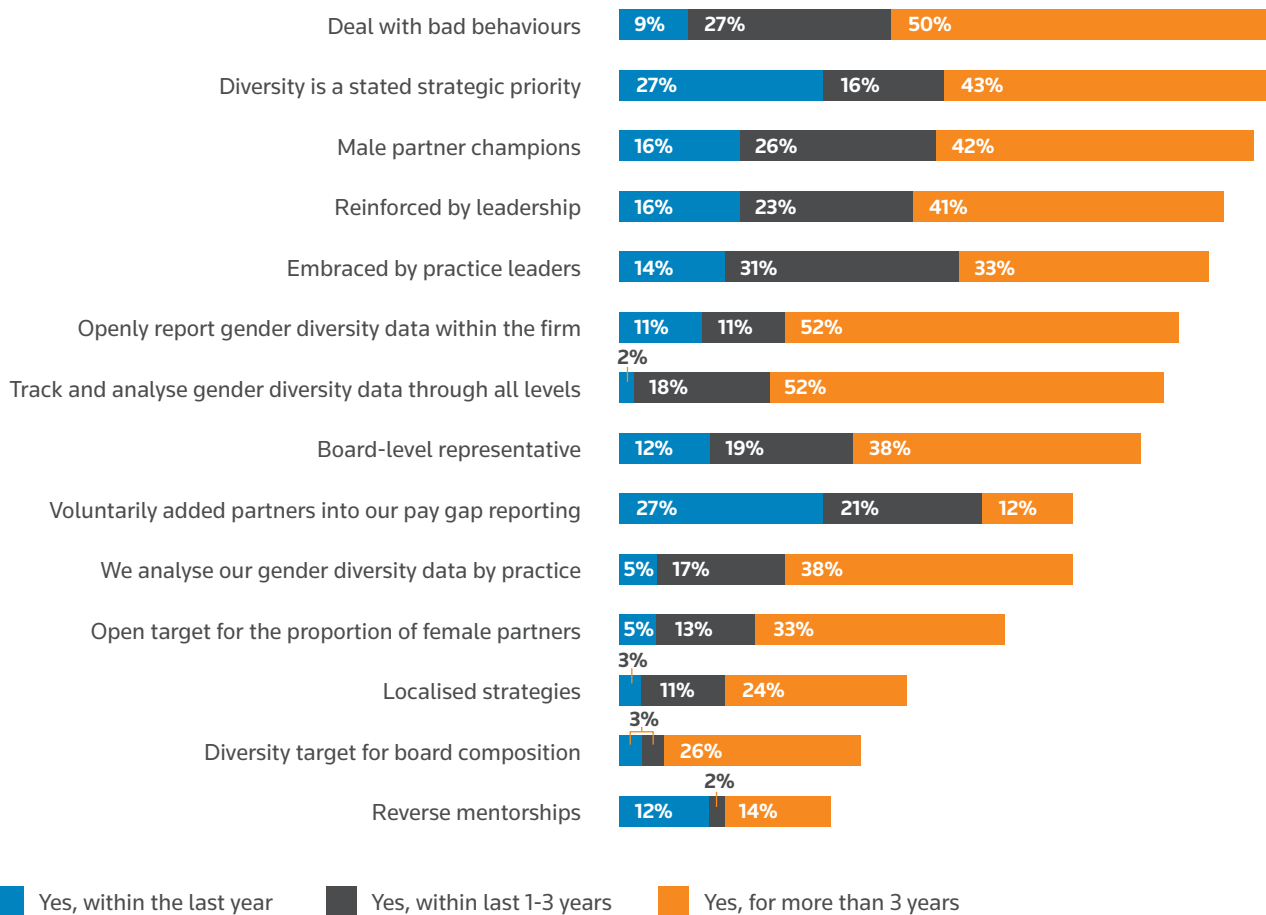
The charts below show the current take-up rate of the 45 levers. They break up into four sections:

1) Culture;

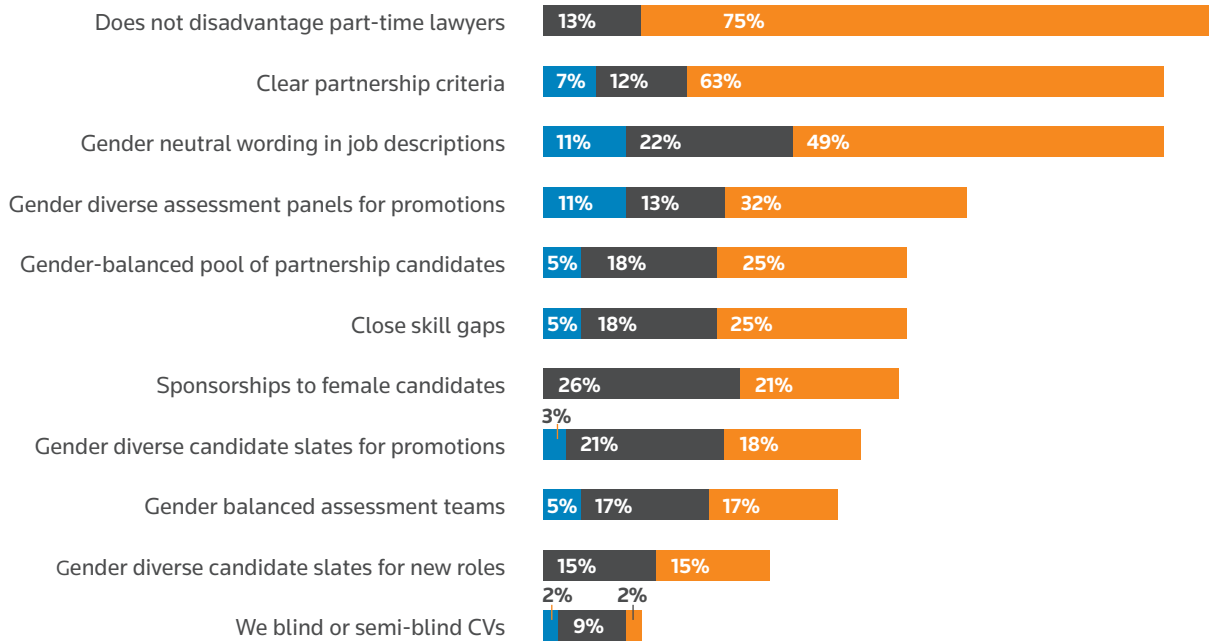
- 2) Recruitment and promotion;
- 3) Performance management; and,
- 4) Retention.

We asked firms to tell us how long the initiatives had been in place which is shown in the bars. We have excluded those either piloting or having tried an initiative in the past for ease of reading the charts.

Culture

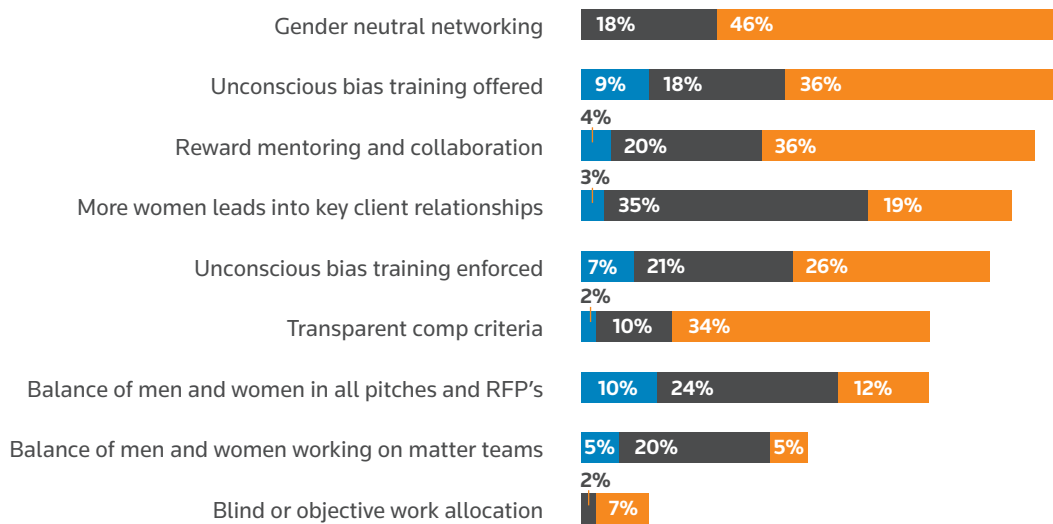


Recruitment and promotion



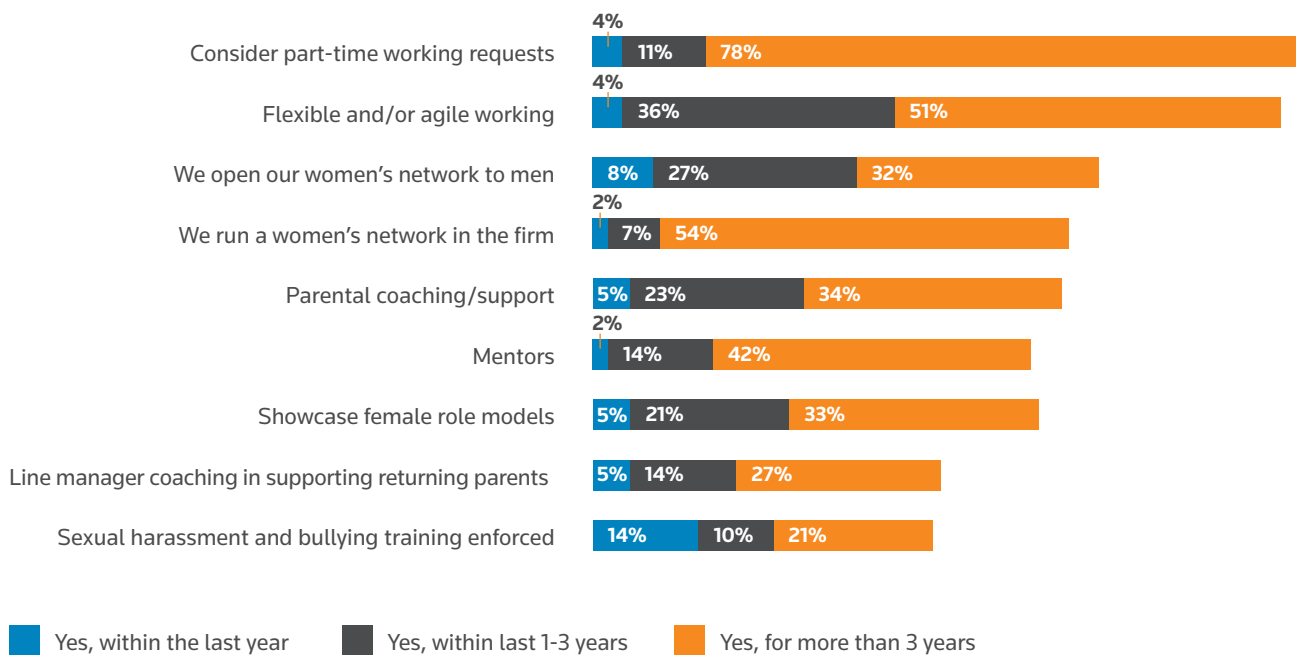
■ Yes, within the last year
 ■ Yes, within last 1-3 years
 ■ Yes, for more than 3 years

Performance management



■ Yes, within the last year
 ■ Yes, within last 1-3 years
 ■ Yes, for more than 3 years

Retention



Importance of client pressure

The more vocal clients get around this issue, the more it is helping diversity heads to gain support for their initiatives. Partners have to become interested because their clients are increasingly asking questions about how their firms are tackling this issue and asking for proof in the form of metrics.

Whilst some clients are considered to be hypocritical given the lack of diversity in their own organisations, others are taking these issues very seriously themselves and will be willing to support in any way they can.

Successful solutions

Acritas' Chief Analyst analysed the impact of each lever by looking at the average reduction rate from Junior Associate to Equity Partner when each lever was in place for at least three years—in order to allow time for it to work. Eight factors emerged as more likely to correlate with higher success, on the balance of probability.

1. We ensure there is a representative balance of men and women working on all matters requiring a team
2. We ensure there is a representative balance of men and women in all pitches and RFPs
3. Our leadership reinforces gender diversity as a strategic priority in their talk and actions
4. We have a board-level representative where a significant part of their role is focused on diversity
5. We track and analyse gender diversity data through all levels
6. We analyse our gender diversity data by practice
7. Without exception, we take a strong stance dealing with behaviours contrary to our diversity and inclusion policies and goals
8. We blind or semi-blind CVs to disguise gender

We also explored what might not be working. Academic research in other industries has proven that some diversity initiatives can actually have a negative impact on diversity levels, often by creating resentment and deeper silos. We found that women's networks were likely to have this effect, but when they were open to men, they moved into positive

territory. Gender neutral networking, ensuring networking opportunities are fully inclusive, also correlated with a lower success rate.

We wanted to see if there were patterns in the range of approaches made by successful firms and unsuccessful firms so we decided to split the participating firms into two groups: (1) Those who were achieving above average performance—promoting a higher proportion of their female lawyers to Equity Partner level; and (2) those who were achieving below average performance—promoting a lower proportion of their female lawyers to Equity Partner roles. We found some interesting differences.

The higher performing group were more likely to be focusing on levers that directly tackled the causes—such as getting women in front of clients and into matter teams or sexual harassment training. They also were more likely to be taking a strong tone from the top—declaring targets, board level representatives, reinforced by leadership and embraced by practice leaders. The lower performing group were more likely to be focusing on levers that worked on fixing the women, as opposed to fixing the firms—an example being mentoring. Qualitative exploration on the mentoring topic has found the quality of mentorship to vary greatly. Sometimes well-meaning mentors can actually give bad advice and put women off.

These findings are intended to help firms think about how some of their programmes might not be optimised and to think of ways to increase their success. We don't recommend cancelling programmes off the back of this research.

LOWER PERFORMING GROUP

- We offer mentors across the firm
- We offer parental coaching/ support for returning parents
- We offer line managers coaching in supporting returning parents
- We create gender neutral networking opportunities for our lawyers to build relationships with clients
- We run a women's network in the firm

HIGHER PERFORMING GROUP

- We ensure there is a representative balance of men and women in all pitches and RFPs
- We ensure there is a representative balance of men and women working on all matters requiring a team
- Compensation criteria is transparent
- We have openly declared a target for the proportion of female partners we want to achieve at our firm
- Our leadership reinforces gender diversity as a strategic priority in their talk and actions
- We have a board-level representative where a significant part of their role is focused on diversity
- We offer training on sexual harassment and bullying to all senior roles
- We open our women's network to men
- Our practice leaders are embracing our diversity initiatives and goals

Key take-aways to help improve gender diversity in senior level in law firms:

1. Declare targets, create board / practice leader accountability and measure progress
2. Engage in more dialogue with clients on this issue and invite clients who are passionate about gender diversity in to speak to partnership
3. Rethink initiatives that create silos
4. Ensure quality conversations in mentoring and coaching sessions
5. Focus on initiatives that create integrated gender teams
6. Be clear on compensation criteria
7. Leverage training to reduce bias, bullying and harassment—and deal with bad behaviours

Methodology

The research was a two-stage programme, starting with a qualitative phase in the autumn of 2018 and culminating in a quantitative stage over the first half of 2019.

The qualitative phase involved face-to-face interviews with diversity experts within major law firms and two General Counsel. This stage sought to establish the full range of diversity levers being trialled at most major firms. We also explored some of the challenges diversity champions faced in law firms and what support needed to be in place to make levers effective.

The quantitative phase had two parts. Firstly, to establish which levers each firm had in place and for how long. The second part captured the current proportions of men and women at each seniority level on both the legal and business services side. We also captured the ratio of new Partner

appointments. Our ambition for this stage was to correlate the success factors of different levers.

Not all firms were able to give us all the metrics we requested so we anchored the analysis on two metrics—the reduction in the proportion of women making up Junior Associates to Equity Partner roles. For example, if 50 percent of Junior Associates were female and 20 percent of Equity Partners were female, that would be a 60 percent reduction in the proportion of women. We then looked at how this reduction rate changed, when different levers were in place.

Acritas and Thomson Reuters would like to thank the following participating firms for spending the time to contribute to this research. We hope to expand this research to other jurisdictions and repeat the research in Europe next year so please give us your feedback and ideas for the next wave.

List of participating firms

Allen & Overy LLP	Gattai Minoli	Sintons
Anthony Gold Solicitors	Herbert Smith Freehills LLP	Soltysinski Kawecki & Szlezak
Baker McKenzie	Hodge Jones & Allen	Squire Patton Boggs
BCLP (UK)	Hogan Lovells UK	Stibbe
Boodle Hatfield	Hogan Lovells France	Taylor Wessing
Bristows	Kemp Little	Thommessen
Burges Salmon	King & Wood Mallesons	Travers Smith
Charles Russel Speechlys	Linklaters	Trowers & Hamlins
Clifford Chance	Mills & Reeve	Wedlake Bell
Collyer Bristow	Moore Blatch	Weightmans
De Brauw	Muckle	Wiggin
DLA Piper UK LLP	Norton Rose Fulbright LLP	Womble Bond Dickinson
Eversheds Sutherland	Pinsent Masons	+ 5 anonymous firms
Farrer & Co	Reed Smith	
Freshfields Bruckhaus Deringer	Simmons & Simmons	

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Each year Acritas conducts two major global studies with law firm clients and partners worldwide. Law firms, new law companies and legal departments leverage the data and insights that come from these studies to develop their strategies in the areas of talent management, brand positioning, client growth, innovation, international markets and sector focus. Our advisory and research teams work with leadership to explore and unlock this empirical data to gain support for their strategies and deliver competitive advantage.

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