



ALPMA / McLeod Duminy Webinar August 2020

The original 2020 ALPMA report was published just as we went into our first Level 4 lockdown here in New Zealand and it felt like events rendered the results out-of-date almost immediately. However, what we realised was that it gave us a benchmark for the effects of the lockdown and subsequent pace of recovery. That understanding led to the idea of a Snap Survey which reflects a moment in time, six months or so down the track. Using the webinar to talk through some of the original findings and the subsequent comparison.

Around the same time McLeod Duminy asked our candidates to complete a survey on the broad topic 'Working from Home' to see how they had found that change, and what they thought and hoped the lasting impacts might be. That forms the second part of the webinar.

How has Covid changed the legal employment market?

Pre-lockdown Findings

The pre-lockdown data wasn't entirely surprising and continued a number of the trends we had seen in reports from previous years:

- Salaries remained flat through 2019,
- Firms expected to see some wage growth and to add headcount in the coming year,
- Bonuses and other incentives had come to the fore to supplement inert salaries, and
- Issues around juggling flexible working continued to be a challenge.

Staffing Levels

The first part of the snap survey deals with staffing and hiring intentions and it is fair to say it was more positive than we had expected.

- Just over 30% of firms are still expecting staff numbers to increase, despite a fair few blanket hiring freezes over the last couple of months.
- That relative positivity is put into perspective though when looking back at the original survey where almost two thirds (64%) of firms expected staff numbers to grow.

What is driving that limited growth?

- We are coming off the back of a prolonged talent shortage,
- Plans have been hamstrung by the inability to attract the right people,
- Maybe now is the time to invest in new people for the future, or simply plug those long-standing gaps as we see some good candidates return to the market,
- Some teams remain busy, e.g. litigation, employment and private client,
- Will new roles be permanent, or will we see more contractors working in the legal market to deal with uncertainty?



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There is as strong a supply of candidates as we have seen in a long time from a range of sources:

- We have seen more people returning from overseas. Some of those were heading home anyway, but others have cut short plans.
- Some have stayed overseas where they have a secure role but want to keep an eye on the market here.
- Unfortunately there has been a small number of redundancies,
- Also, people we would've seen anyway who were planning to make a change this year regardless.
- There has also been a small number of people looking to return 'home' within New Zealand That could provide a good opportunity for firms in smaller centres to hire some people escaping the big city.

26% of firms have reduced staff numbers over the last six months, but we have no data about whether that was natural attrition, retirements or redundancies.

5% of firms predicting a decrease in staffing levels in the next six months. This mirrors the expectations from the initial survey.

How will the new outbreak affect confidence? What happens when the second and third wage subsidies extensions run out? What is the real picture for the property markets that are presently being cushioned by record-low interest rates and mortgage holidays?

A couple of firms are creating opportunities for their lawyers to gain experience in other practice areas within the firm. The aim is to address imbalances in workflows between teams and make firms more nimble, whilst protecting and hopefully recession proofing jobs.

Hiring Intentions

When you look at the Snap Survey it is also clear that any hiring is expected to be very focussed on lawyers rather than other staff, suggesting a focus on fee earners and revenue generation.

- The original report saw 79% of firms expect to hire lawyers, with almost all for growth,
- The snap report shows only 54% of firms expecting to hire lawyers and just over half predict that will be growth.
- 22% of firms still expect to recruit legal secretaries, but it will be to replace existing staff and only 12% will be for growth.
- The only other roles likely to see some demand this year are Legal Executives and Administration (Office Support).



Salary Projections

- In the Snap Survey 76% of firms anticipated a limited or total wage freeze at the next salary review,
- Just 14% predicted a limited freeze in the March report and no firms anticipated a total freeze at that point in time,
- Pay rises in line with CPI dropped from 20% to just 4%, and
- Only 18% of firms anticipate above CPI increases, down from 50% of firms in the original predictions, supporting the idea that this year salaries might see an upward correction after a few years of quite flat growth, but post lockdown that is no longer the case.
- Comments expressed the hope that a range of benefits and bonuses will continue to be offered given there are no major pay increases on the horizon.

HR Issues

In each version of the survey HR issues were ranked in order of importance. Interestingly, the Top 4 issues remained the same:

1. **Managing Workloads and Flexibility** retained its top spot with over 90% placing it as their number one issue.
2. **Managing Poor Performance** moved from 4th to 2nd. Are firms less likely to tolerate those who are under performing or does it highlight issues with managing productivity with a remote workforce?
3. **Managing Mental Health and Well Being**. Already a high priority brought further into focus by the challenges and anxieties the current crisis has created.
4. **Retention and Talent Management**, supporting the data around staffing intentions and holding numbers steady.

The most dramatic change was that **Finding Quality Staff / Talent Acquisition** fell from 5th to 14th. The drop is amplified further by the fact that in previous years it has always ranked as 1 or 2. Again, it really just reflects the earlier data on staffing intentions and growth.

Managing Cultural Change increased from 59% to 67% which bumped it from 18th to 13th but surprising that it wasn't higher.

There is definitely an expectation of change and many of those expectations are around flexible working and an increased ability to work from home. **Managing a Mobile Connected Workforce** jumped 4 places which may show an intent to encourage and facilitate working remotely going forward, building on the experiences during lockdown.

Additional comments from the snap survey highlighted Covid-related issues such as technology, business continuity, engagement, remote working policies, and resilience. There is understandably a lot of focus on that at the moment.



Working From Home

One of the most universal changes, seen up and down the country and across industries, was the enforced move to working from home (WFH). McLeod Duminy did a short survey in June and July this year to find out how our candidates had found the change to working from home, and what they think will change as we seek to take lessons from this extraordinary period.

- Almost 90% said the transition to working from home was easy (“a piece of cake” in fact), and for others any initial teething problems were soon resolved.
- Pre-lockdown survey showed that about 70% of firms already provided connectivity to enable remote working. Those that didn’t have been forced to confront the issue.

Reasons people want to work from home:

- Extra time with the family
- Not attending meetings face-to-face.
- No interruptions at the desk
- Not spending as much time to get ready/dressed to the right professional standard
- Losing the commute. People in Auckland and Wellington spend 8.5 to 9 hours per week travelling for work on average. In the rest of the country the average is 2.5 hours per week.

Think about how much still got done from home even with childcare, flatmates, partners and other things in the mix. What might be possible with planning, less distractions and a proper set up?

Survey Results

- 83% of respondents will be looking to work from home more regularly.
- Overwhelmingly most respondents were in favour of 2 or 3 days working from home each week.
- Only one person wanted to be in the office full-time.
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- Nearly 80% of our respondents said they expected there to be a lasting effect on work environments in New Zealand.

It showed that people still enjoy aspects of office life and see those face-to-face professional and social connections as important.

A common solution seems to be having one day each week that everyone has to be in the office together so there can be those necessary meetings and an opportunity for face-to-face time and/or social events. But the rest of the week is more flexible.

Lockdown gave the impression that it would be easy just to pick up from there and make working from home a regular arrangement for anyone who wanted it, but the post-lockdown reality is a bit more complex. Juggling all the individual requests is where they start to get into difficulty. Not just with team dynamics and delivery to clients, but also in fairness to everyone in all roles.



Practical Difficulties

- Making sure that the technology works and can handle everything asked of it day-to-day, as well as crucial things like confidentiality, privacy and data protection.
- Ensuring everyone has proper work set-ups at home which are Health & Safety compliant.
- Who carries the cost for someone wanting to do a mix between working from home and the office, effectively needing two workspaces?
- Ensuring you still have enough people around in the office so juniors have access to seniors and vice versa.
- Encouraging a team culture.
- Who gets preference for working from home and when?
- Addressing issues of productivity for people for whom working from home hasn't been a success.

Other Comments

Most of the additional comments were around flexibility and increased ability to WFH, but others included:

- Creating more trust between employees and employers.
- More people on fixed term contracts, introducing another facet of flexible working.
- The feeling that coming to work when sick would no longer be tolerated, and that would be a positive change all around.
- A fear that a slower economy may make employers feel they no longer need to offer options (such as WFH) that are attractive to the best talent.
- Plenty of recognition that flexibility is a two-way street.
- A number of comments mentioned the need for models linked more to productivity than hours or location, and there seems to be an appetite for more autonomy as long as work is to a high standard and clients are happy.

Looking to the Future

How prepared was your firm? What level of business continuity do you have in place?

Disaster Recovery Plan. This is designed to get a business back up and running after a major event so that the basic functions of the business can go ahead and communications are restored.

Business Continuity Plan. A more detailed blueprint that involves adopting different processes to ensure business as usual, but more or less a holding pattern that doesn't allow for the development or advancement of the business if the disruption is long term.



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Business Continuity Practice. This last contingency aims to make sure any change is seamless, workflows and productivity remain the same, and a business can still take advantage of opportunities. A key element is that employees can simply change location and don't need to adapt working practices at the same time as dealing with another, usually major, event.

Additional Thoughts on Working From Home

A summary of some of the more interesting points that came up during our research:

- Working from home highlights productivity rather than social skills or good office politics game. It highlights the need for a different approach to training for business development. Networking will look different. Senior lawyers will need to be helped with new paths to building business.
- Economically it makes sense to be able to downsize and get rid of some office space.
- Less office space also reduces the carbon footprint of a company even before you take into account the reduced impact on the environment from less commuting.
- The Ministry of Business Innovation and Employment estimates that approximately 50% of workers already had some flexibility in their work arrangements. A large number of those are more informal and so it is important to have clear policies and written agreements.
- Training and recruitment will need to look different. Self-motivation and discipline will be key traits to look for in the recruitment process, if someone is going to be working remotely. Also need people who can settle quickly into a team as there will be less opportunity to spend time with colleagues face-to-face.
- If people can work from anywhere does that mean you can hire from anywhere? Could it take pressure of our big cities and allow people to live in places that suit their lifestyle more?
- Longer term - making the profession more accessible to those facing barriers to entry, such as people with disabilities or caring responsibilities.
- Days of logging off at the end of the day/week and not considering work until the start of next working day already on the decline. If continues to blur then will need to set parameters. France passed a law outlawing sending emails outside office hours. Should firms be considering policies around things like that so that people have permission to disconnect from work and recharge their batteries.

There is so much we can learn from this rather **unwelcome global social experiment** and after such a dark period for so many people **it would be a shame if we don't take the lessons and make changes** to ensure we come out the other side with some positives. There **has to be some silver linings**.

Perhaps a simple change in thinking could be: **Rather than asking why do you want to work from home, ask why do you have to be in the office?**

Please contact us at McLeod Duminy with any specific questions or comments.

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