



ALPMA McLeod Duminy Snap Survey

Update to the 2020 New Zealand Legal Industry Salary and HR Issues Survey

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The original 2020 HR Salary Survey closed on 14 February 2020 and the Report was published 2 April 2020 just after New Zealand went into lockdown. Upon release of this report it appeared that the results, almost certainly, were already outdated. That said, we realised the report would actually provide an opportunity to benchmark the effects of the lockdown and subsequent pace of recovery at a future point in time. The findings in this new Snap Survey Report reflects the current snapshot (as at July 2020) some six months or so later.

The ALPMA McLeod Duminy Snap Survey was open between 10 and 31 July and the information provided is a summary of the 74 participants' responses. Participants' information was collected anonymously, that is, no identifiable data was collected. This report is provided as a guide only.

This report looks at the data and trends between the two surveys conducted in 2020.

Snap Survey Findings

Staffing Levels

The first part of the survey looked at firms staffing intentions around recruitment and firm growth. It is fair to say the response was more positive than expected, with a little over 30% of firms still expecting staff numbers to increase over the next six months. During the past six months market intel suggested, through a growing number of hiring freezes seen at many firms, that this number might be lower. That positivity is put into perspective though, when looking back at the March survey results, where almost two thirds (64%) of firms expected staff numbers to grow. The number of firms expecting to grow has halved which represents a significant change in confidence.

Interestingly 18% of respondents indicated an increase in staffing numbers from 1 January – 30 June 2020 with a further 31% predicting their firm will increase their staffing levels in the coming six months. Not surprisingly 26% of firms have reduced staff numbers over the past six months. Data was not collected in relation to the reasons for these staff departures given the current pandemic, however, anecdotally market intel suggests relatively few redundancies have been made as firms were actively taking into consideration possible reputational damage before making such decisions.

The survey suggests, looking forward, that there is a relatively high level of confidence in appropriate staffing levels within firms with only 5% of firms predicting a further decrease in staffing numbers and 58% suggesting numbers will not change between 1 July and 31 December 2020.

Staffing Levels

Over the last 6 months (1 January 2020 – 30 June 2020), the number of staff at firms:

Increased:	18%
Stayed the Same:	57%
Decreased:	26%



74 Responses

Staffing Levels

Over the next 6 months (1 July 2020 – 31 December 2020), firms expect staff levels to:

Increase:	31%
Stayed the Same:	58%
Decrease:	5%
Don't Know	5%



74 Responses

Hiring Intentions

Consistent with previous report findings this Snap Survey indicates any hiring will be within legal roles (e.g. lawyers) rather than support roles. The March report indicated 79% of firms expected to hire lawyers with almost all those being for anticipated growth, however this Snap Survey report indicates a reduction in hiring with only 54% of firms expecting to hire lawyers in the next 6 months. Of that 54%, just over half, predict that the increase will be due to anticipated growth of the firm whereby 35% predict it will be to replace existing staff, suggesting retention of staff might be an upcoming issue. That is quite a change in confidence in such a short period of time, but understandable in the current climate.

Whilst 22% of firms expect to recruit legal secretaries, most believe it will be to replace existing staff and only a small percentage (12%) believe it will be for growth. The only other roles likely to see some demand this year are Legal Executives and Administration (Office Support).

This would suggest firms are very focussed on securing lawyers (fee earners and revenue generators) either due to current or anticipated workload demands. Perhaps we can also speculate that after a period of significant skills shortages, some firms see an opportunity to strengthen their teams. Market intel suggests there has been an increase in the number of skilled lawyers in the market, in particular those who have returned from overseas.

We are unlikely to see growth within most of the business professional / management positions with firms however the results show that 18% of firms are looking to grow, by way of hiring new staff, within Marketing and Business Development roles.

Hiring Intentions

Likelihood of firms recruiting staff into the following roles over the next 6 months:

Position	Highly likely or likely	Not at all likely or unlikely	Unsure
Solicitors / Lawyers	54%	31%	15%
Legal Executives	19%	65%	16%
Executive / Senior Management	4.5 %	94%	1%
Secretarial Support (Legal Team)	22%	62%	16%
Administration (Office Support)	13%	78%	9%
Human Resources	2%	97%	2%
Information Technology	5%	91%	5%
Finance	5%	94%	2%
Knowledge Management	2%	98%	0%
Marketing & Business Development	5%	91%	5%
Operations / Project Management	0%	95%	5%

Hiring Intentions

Respondents anticipating replacing existing staff or grow firm by adding staff over the next 6 months:

Position	Replacing existing staff	Grow firm by adding staff
Solicitors / Lawyers	35%	53%
Legal Executives	25%	18%
Executive / Senior Management	3%	10%
Secretarial Support (Legal Team)	39%	12%
Administration (Office Support)	26%	3%
Human Resources	3%	3%
Information Technology	3%	10%
Finance	10%	3%
Knowledge Management	0%	3%
Marketing & Business Development	0%	18%
Operations / Project Management	3%	3%

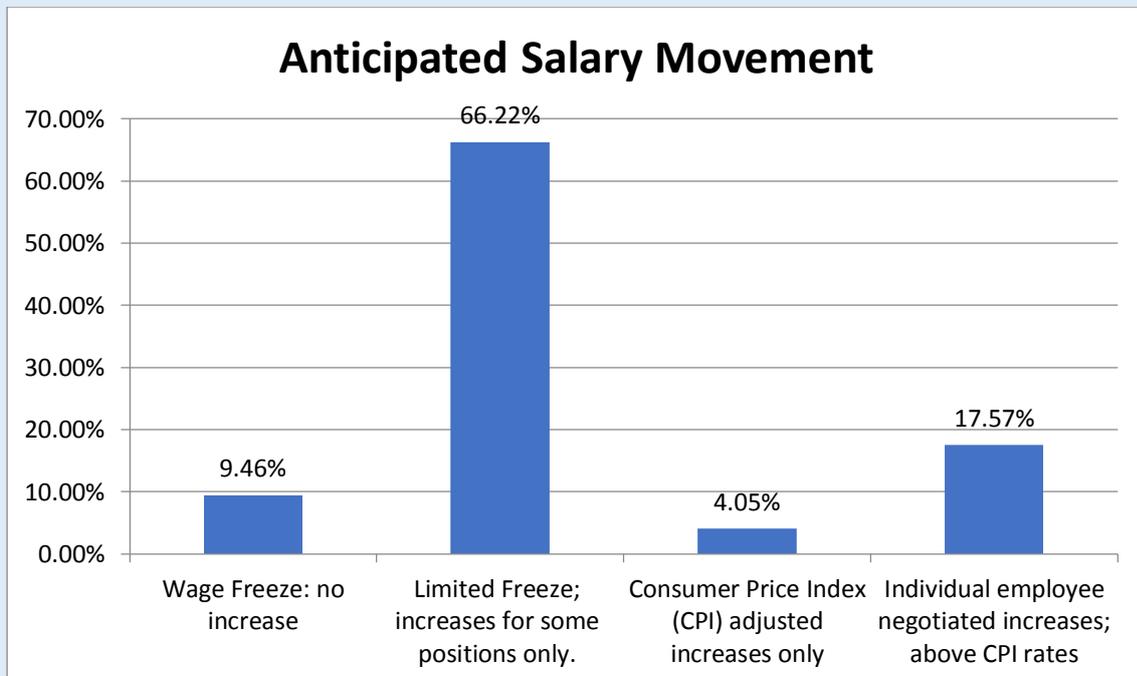
Salary Projections

Not surprisingly the picture for salary growth is far less positive with 76% of firms anticipating a limited or total wage freeze at the next salary review. That is compared with just 14% who predicted a limited freeze in the March report. There were no firms anticipating a total freeze at that point. Planned 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.

In the additional comments section of the report a number of respondents mentioned that they plan to offer a combination of CPI increases for some staff and negotiated increases for others who are advancing well within their career based on their level of productivity. Other firms noted that the wage freeze would be for a set period of time e.g. three or six months.

The March report appeared to support an increased level of confidence that this year salaries might see a large upward correction after a few years of quite flat growth, but post lockdown its clear this is no longer the case. This may be particularly disappointing for more junior level lawyers who have been slowly highlighting a discrepancy between the long hours being worked and base salaries being received over the last couple of years.

Movement on salaries anticipated by firms at the next salary review:



HR Issues

Within each report a list of common HR issues were surveyed and ranked in order of importance by respondents. It is interesting to see how the HR priorities have changed during the past six months, with noticeably little to no change in the top four (4) issues facing firms other than a change of order. Not surprisingly **Managing Workloads and Flexibility** retained its top spot with over 90% of those surveyed placing it as their number one issue. **Managing Poor Performance** moved from 4th to 2nd, followed closely by **Managing Mental Health and Well Being**. **Retention and Talent Management** rounded out the top four, supporting the data around staffing intentions from 54% of firms expecting to hire new staff over the next six months.

The most significant 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 this HR issue has always ranked in the top two issues identified. Given the events of 2020, this is not a surprising result considering the level of economic uncertainty in the market. It will be interesting to see how quickly this issue takes to return to previous years rankings.

The most recent survey also highlighted that upskilling the leadership team was more of a priority with the movement of **Managing the Communication & Staff Management Skills of Partners** from 8th at the start of the year to 6th this time around. **Developing Leadership Capability** also retained its position in the Top 10.

Although **Managing Cultural Change** showed a reasonable increase from 59% to 67% which bumped it from 18th to 13th, it is perhaps surprising that it wasn't higher given the level of disruption, both personally and professionally, in the last few months. That said, there were, especially earlier on, more pressing issues at hand to manage so we might see this as an area of movement in future reports. Market intel does suggest that this is an area whereby expectation and reality are out of alignment in many firms so there is an opportunity for firms to focus efforts within this area moving forward. Many of those expectations centre around ongoing flexible working arrangements with an increased ability to work from home longer term. **Managing a Mobile Connected Workforce** moved up four places so this is a sign that some firms have this on their radar. Perhaps plans are afoot to encourage and facilitate working remotely going forward, building on largely positive experiences during lockdown.

There were notable decreases in importance for both **Managing Intergenerational Expectations** (59% to 47%) and **Managing Professionals and Non-professionals** (72% to 54%). Both of these issues relate to managing internal relationships and demographics within firms so perhaps the remote working conditions combined with a lower occurrence rate and an increase in team bonding over a shared experience has simply lowered the priority of these items. It's fair to say that some issues within firms are obsolete and/or carry far less weight now than they did at the beginning of 2020.

HR Issues

The table below provides the complete list of issues presented to respondents pre- and post-lockdown. It shows the proportion of respondents who indicated that the issue would be of some importance or highly important to their firm in 2020:

HR Issue	Pre-lockdown	Post-lockdown	Ranking Change (% change)
Managing workloads and employee flexibility	95% (1)	92% (1)	= (-3%)
Employee retention / talent management	91% (2)	87% (3)	Down 1 (-4%)
Managing Mental Health and Well Being	91% (3)	87% (4)	Down 1 (-4%)
Managing Poor Performance	89% (4)	88% (2)	Up 2 (-1%)
Finding Staff / Talent Acquisition	88% (5)	57% (15)	Down 10 (-31%)
Change Management / Innovation	83% (6)	81% (7)	Down 1 (-2%)
Managing Risk and Policy Reviews	83% (7)	75% (8)	Down 1 (-8%)
Managing Communication & Staff Management Skills of Partners	79% (8)	82% (6)	Up 2 (+3%)
Flexible Hours	78% (9)	85% (5)	Up 4 (+7%)
Developing Leadership Capability	77% (10)	71% (10)	= (-6%)
Managing Professionals and Non-professionals	72% (11)	54% (16)	Down 5 (-18%)
Succession Planning	72% (12)	69% (11)	Up 1 (-3%)
Managing a Mobile Connected Workforce	70% (13)	73% (9)	Up 4 (+3%)
Effective Social Media Usage	65% (14)	67% (12)	Up 2 (+2%)
Managing Expectations of Partners	64% (15)	64% (14)	Up 1 (no change)
Workforce Diversity and Equal Employment Opportunities	60% (16)	54% (17)	Down 1 (-6%)
Managing Intergenerational Expectations	59% (17)	47% (18)	Down 1 (-12%)
Managing Cultural Change	59% (18)	67% (13)	Up 5 (+8%)
Parental Leave	50% (19)	33% (19)	= (-17%)
Changing Partnership Models	48% (20)	30% (21)	Down 1 (-18%)
Managing or Developing Diversity Program	43% (21)	33% (20)	Up 1 (-10%)

HR Issues

Additional comments

In order to update the HR Issues list respondents were provided with an opportunity to add additional comments to identify new HR Issues. These comments largely focused around COVID related issues such as:

- technology;
- business continuity;
- engagement;
- remote working policies; and
- resilience.

However, a few further comments made included:

- Employee expectations around paid leave when nil owing (**Employee Relations / Leave Entitlements**)
- Finding the balance of rewarding staff without huge wage increases (**Remuneration / Performance Management**)
- Providing a wider range of support with less resource (**Operational Efficiency / Productivity**)
- Managing workloads with current staffing numbers (various staff are very busy at the moment, but will it continue?) (**Workload and Workflow Management**)

HR Resource Allocation

Pre-lockdown, firms expected a relatively even distribution of HR resources across three key areas for 2020: **Recruitment, Salary Reviews and Training & Development**. Post-lockdown, these key areas have changed with a focus now seen within **Workload / Workflow Management, Training & Development and Recruitment and Performance Management** tying for third.

Salary reviews dropped well down the list, but that could be because some respondents had either already completed their salary reviews for 2020 or it is a simple reflection of the market. The low focus on Reward & Remuneration Strategies lends itself to this line of thinking and the focus of HR Resources on more pressing issues at hand.

Rankings based on the average of the top three HR resources firms anticipate spending their HR resources on from 1 July – 31 December 2020:

HR Resource Allocation	%
1. Workload / Workflow Management	77%
2. Training & Development	74%
3. Recruitment	58%
3. Performance Management	58%
4. Cultural / Change Programs	57%
5. Managing Staff Expectations	56%
6. Succession Planning	45%
7. Salary Review	41%
8. Reward & Remuneration Strategies	21%
9. Social Media Branding	17%
10. Work Health & Safety	14%
11. Retention Programs	10%
12. Corporate Social Responsibility	0%

Thank you to all the firms who participated in both the original ALPMA / McLeod Duminy HR Issues and Salary survey and this latest Snap Survey. We appreciate your input and your willingness to collaborate and share information with the legal industry.

Disclaimer:

Whilst every effort has been made to ensure the accuracy of the data contained in this report the results are provided as indicative information only and should be used as a guideline only. ALPMA does not make any warranties regarding the use, validity, accuracy or reliability of the results and information obtained. ALPMA will not be liable for any damages of any kind arising out of or relating to use of this Information.



111 law firms (representing 3,289 staff) participated in the original New Zealand survey in January and February 2020, making it the most comprehensive, independent HR and remuneration study (including actual salaries paid) within the legal industry.

This 70+ page report includes detailed information on:

- Employment Profiles at NZ Law Firms
- Bonuses, Benefits & Incentives
- Diversity & Inclusion
- HR Issues & Challenges
- Employment & Salary Projections
- Salary Data
- Summary of Salary Movements

It is available for purchase at a discounted rate of \$250 (normally \$2,200) through the ALPMA website. Click here to purchase [Salary & HR Issues Survey Report](#)

For more information please reach out to:



www.alpmanz.co.nz

Melanie Grace e m.grace@alpmanz.co.nz

Emma Elliott e e.elliott@alpma.com.au



www.mcleodduminy.co.nz

Christina Kruger e christina@mcleodduminy.co.nz

Kirsty Spears e kirsty@mcleodduminy.co.nz