

# LEGAL PARTNERSHIP SURVEY

## AI 'not a threat to graduate jobs'

## Consolidation the name of the game in recruiting

THE AUSTRALIAN •  
**Legal Partnership Survey**  
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ELLIE DUDLEY  
LEGAL AFFAIRS  
CORRESPONDENT

Graduates will drive law firms' adoption of artificial intelligence, top legal minds say, with many firms planning to increase junior hires to support senior employees in adapting to the technology.

Firms that responded to The Australian's Legal Partnerships Survey rejected any suggestion that AI could replace junior workers, but rather said these workers would be key to the technological transformation of the company.

Gilbert + Tobin graduate lawyer Talia Nardi said she was not worried about AI potentially replacing her, saying she instead sees it as a tool "to streamline a lot of things, and take a lot of the small admin tasks out".

"Being a lawyer involves a lot more than sort of those things that AI can cover," she said.

"Being a lawyer involves people skills, client management, project management, which are all things that AI doesn't have the soft skills to be able to supplement or, you know, take our jobs."

Gilbert + Tobin chief executive Sam Nickless said the firm was "investing significantly" in AI.

"At this stage we are not seeing any decline in demand for graduates or junior lawyers," he said.

"We expect in the longer term there will be changes to the way certain legal services are delivered and therefore the nature of some graduate and junior roles. It's too early to tell what that will mean for overall demand for these roles."

The comments come as AI continues to infiltrate legal spaces, and firms buy their own legal chatbots to carry the load for overworked practitioners.

Both Ashurst and Gilbert +



Gilbert + Tobin graduate lawyers, from left, Tate Lindsay, Abbey Stewart, Bodhi Morgan, Hannah Kaine, Annika Drego, Matthew Wu, Abi Vaseeharan and Talia Nardi

JANE DEMPSTER

**'Our staffing strategy is focused on equipping our graduates (and all our people) with the right AI tools and skills'**

EMMA COVACEVICH  
CLAYTON UTZ CHIEF EXECUTIVE PARTNER

Tobin have run large, cash-incentivised competitions for staff to come up with ideas to integrate AI.

PwC and KPMG last year bought expensive chatbots that lawyers can use to ask questions about dense legal matters.

King & Wood Mallesons chief executive partner Renae Lattey said she was not expecting to hire fewer graduates or junior lawyers.

"Quite the opposite, they're the ones who are going to help us older folk adapt and adjust," she said. "Of course, we're thinking a lot about how these changes impact the existing law business

model. We're taking a 'curious but careful' approach to AI - aiming to gather data as well as empower and engage our people to experiment responsibly."

Ms Lattey said the firm was working to build graduates and junior lawyers' "AI muscles" in order to improve "their skills in prompt generation and comfort working daily with AI".

"That's because we know that what they will work on and how they learn will change as AI becomes increasingly part of their workflows - for example, their research methods will certainly

evolve, and they'll likely get earlier exposure to more complex work synthesising the output," she said.

"It's an exciting time for them."

Clayton Utz chief executive partner Emma Covacevich said her assessment of the AI landscape was tools that currently exist "augment the capabilities of lawyers but are not at the level where they could replace lawyers".

"For example, AI can't apply the law or devise legal strategies to meet clients' specific challenges as well as humans can," she said. "We don't have any expectation about

needing fewer graduates or junior lawyers because of AI."

She said many lawyers in the firm were already using AI and "are excited about its future in law and like working in a firm that innovates with AI".

"So, our staffing strategy is focused on equipping our graduates (and all our people) with the right AI tools and skills to use AI safely and effectively. We think AI will become a standard part of many aspects of legal practice and our young lawyers will develop skills in using it as the same time as all the other skills that they learn."

## Return-to-office mandates opposed

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Jacinta Allan has been adamant that there will be no changes to the flexible working arrangements governing public servants in her state because "this is an outcome that keeps women and men connected to their workforce, connected to their families and connected to their communities".

Lander & Rogers chief executive partner Genevieve Collins said the firm did not mandate office days for its employees, and would continue to maintain a "100 per cent hybrid and flexible working policy".

Lawyers at Baker McKenzie are not tracked on their attendance, but national managing partner Anne-Marie Allgrove said graduates and junior lawyers were in the office most days "as they build relationships and benefit from learning opportunities in person". She said there was an expectation for non-partners to be in the office 60 per cent of the time, and partners were required to be in 80 per cent of the time.

"Our hybrid arrangements recognise the importance of how the 60 per cent is achieved. It can

be done in a variety of ways. We encourage employees to work with their teams and supervisors on how time spent in the office is best comprised each week, being mindful of the work requirements and needs of the team," she said.

"Fundamentally, we are a people business. We do our best work and realise our full potential when we spend more time together but we also recognise the need for and benefits of flexibility."

Ms Allgrove said there was "no plan" to require people to be in the office full-time, but there was "no doubt that time in the office together is key to ensuring the energy and connectivity needed for the success of the business".

MinterEllison chief executive Virginia Briggs said one of the main priorities for the firm was to "support sustainable ways of working" but said workers were encouraged to be in the office when they could.

"Encouraging our people to be flexible in how, when and where they work are important elements of our cultural aspirations," she said. "We know that having a combination of being physically present in the office and working

from home enables us to create sustainable value for our clients and our people. Our policy encourages our people to be with our teams and clients, more often than not. We are comfortable that this is the right fit for MinterEllison right now."

Maddocks estimates 20-25 per cent of employees have returned to the office full-time, with full-time employees expected to be in the office at least three days a week and part-time employees at least half the time.

"There is not a one size fits all approach to hybrid work and flexibility - our approach has been to balance a number of factors such as firm needs, client needs and the individual's needs," Maddocks CEO David Newman said.

"We have found that clear communication about our expectations since our return to the office in 2022 and accommodating individuals' flexibility needs has helped create an environment where people want to return."

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## Law firms lure top staff with imaginative perks

ELLIE DUDLEY

No-cost cafes, free gym memberships and \$1000 "thank you" bonuses. Cultural leave, insurance discounts and salary sacrificing options.

These are just some of the work perks offered to lawyers employed by the nation's top firms, as they look to attract and retain quality talent.

Firms quizzed as part of The Australian's Legal Partnerships Survey said employees were offered a suite of perks that benefited all ages and genders, as well as generous salaries and bonus options.

"We are committed to attracting and retaining the best lawyers in the market," Ashurst head of region Lea Constantine said. "There are a number of ways we do this. Of course competitive salaries and bonuses are important, but we also offer a range of benefits."

This includes perks such as 26 weeks of gender-neutral paid parental leave, subsidised gym memberships, flexible working options, cultural leave, referral bonuses and a global mobility program. Ms

Constantine said the "strongest attraction" for Ashurst lawyers was the ability to "work on market-leading matters".

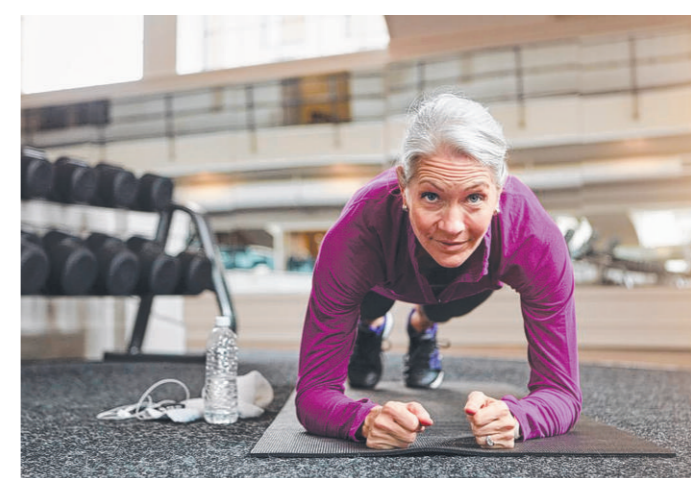
"As a top tier global law firm, our lawyers often work on large, multi-jurisdictional issues with Australian and international clients," she said. "We provide opportunities for our lawyers to work in other jurisdictions through our global mobility program as well as secondment opportunities with clients."

Pinsent Masons Australia chief Matthew Croagh said the firm offered a range of benefits not only to attract and retain talented lawyers but to "ensure the mental and physical wellbeing of our people".

"A career in the law can be stressful and demanding so we want to make sure our people are well supported while they are at Pinsent Masons," he said.

Mr Croagh said the legal jobs market was "highly competitive" and the firm was looking to grow across the Asia-Pacific region over the next five years.

"This means you need to be both an attractive firm for potential recruits and a positive environment for those at the firm," he



Free gym membership is a popular perk

said. "There are numerous elements that go into achieving those outcomes and meaningful benefits are one of those elements."

Pinsent Masons offers employees benefits including bonus and purchased leave, flexible work options, access to ClassPass, loyalty benefits and salary sacrificing.

Maddocks chief executive David Newman said salaries had increased at the firm this year, and had returned to near pre-pandemic levels. "Strong salary increases were given for high levels of performance and at promotion levels. We pay discretionary bonuses for exceptional individuals or financial contribution," he said, adding that the firm also offers salary continuance, insurance and trauma cover.

Gilbert + Tobin chief executive Sam Nickless said the firm provided bonuses for top performers who beat their KPIs and targets.

The first half of 2024 has seen a continuation of the mid-tier firms hiring, whereas the main players in what is commonly known as the "Tier 1" category, from a lateral hiring perspective, have included Gilbert + Tobin, Ashurst and A&O Sherman. Gilbert + Tobin rehired two alumni. Other growth included a strategic firm "acquisition" in Perth, thus encapsulating a subdued market. Other "leading" firms have been conspicuously quiet, although there are a number of moves afoot that will be announced imminently and during the second half of this year, although there are unlikely to be any seismic jumps in partner numbers at those firms.

Many of the larger team moves at the mid-tier level have

**Firms continue to be targeted, hiring partners to fill specific gaps in practice groups**



DOMINIC PEACOCK

The past financial year has been interesting from a partner move perspective.

With an uncertain economic outlook, firms have continued to perform well and defied some of the perception from a year ago. An anticipated slowdown in M&A did not occur to the extent envisaged by some. Instead, law firms have defied their budgets yet again and continue, in the most part, to grow. Indeed, growth is the name of the game at the mid-tier firms that post the largest increases in partner numbers.

However, at some firms there has been more of a "consolidation" approach, and a median further slowdown in lateral hires (down from approximately 242 for FY23 to 221 for FY24). In a similar vein to the previous financial year, firms continue to be targeted, hiring partners to fill specific gaps in practice groups, and, at what is commonly referred to as the top tier end of the market, most often created by retirements or departures. It's consolidation and slight, rather than considerable, growth. Those firms will still be opportunistic if an elite partner with a market-leading profile becomes available, but this is not common. Firms also appear to be lending more weight (in practice) to the cultural fit of lateral hires, where previously this was not given as much consideration (in reality).

The second half of 2023 saw a slew of team moves and firms targeting partners to replace specific departures. Many of the team moves occurred where mid-tier firms poached teams from firms of equivalent standing.

This year was notable for the demise of KPMG Law, perhaps another failure of the big four to move into the provision of legal services. Other firms to suffer material departures included Clyde & Co, MinterEllison, Holding Redlich, Norton Rose Fulbright and HWLEbsworth.

been insurance-related. Areas of demand at the larger firms have centred around energy, cyber/data and restructuring. Other areas of note include workplace relations and disputes. There will always be a demand for elite corporate (especially public M&A) and private equity partners, but where many firms' remuneration models now reward high performers, the lateral movement of these partners is not widespread.

The market therefore continues to demonstrate a more targeted and focused approach to hiring, related to specific areas where larger firms have a gap to fill. As it has been for some time, it is no longer a case of growth (save for some of the perceived mid-tier firms) - rather consolidation. While the movement of laterals has been slower than in the previous 12 months, it appears firms will continue to hire partners with a portable book of business, with a focus on being strategic around the three Cs: clients, conflicts and culture.

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