



Learning from Legal: HR Data and Metrics

PEOPLE
IN LAW



Veran 

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Part 1

Foreword by Rob Hind

People in Law promotes excellence and advancement in the people management agenda across the legal sector. Our aim is to be a thought leader, working with the best, and offering insights and best practice, supported by high-quality events including the prestigious annual awards and conference.

We are delighted to have partnered with MHR and Veran Performance to conduct research and analysis between November 2020 and February 2021 to produce this report focusing on sharing best practice in the use of HR data. I'd also like to thank Beverley Sorsby, HR Director at Ropes and Gray and fellow Director of People in Law, for helping to shape the research. We are confident that collaborating with MHR and Veran on this survey will help HR in and beyond the legal sector, to measure and improve its effectiveness by highlighting good practice metrics in seven current and key topics.

The survey was conducted at a busy and interesting time for HR in law. 2020 was a year of adapting at a rapid pace to extraordinary change and being at the forefront of business continuity, strategy and operations. 2021 will continue to be a year of transition and it will be vital for HR teams to remain at the leading edge of sector trends. The impact of Covid-19 has presented challenges to people management in law firms but has also created opportunities to accelerate the implementation of digital technology to resolve business issues and goals while supporting remote working and wellbeing.

We hope you find this report helpful and that you consider the key findings and benefits for your overall people strategy for the second half of 2021 and beyond.

A handwritten signature in black ink, appearing to read 'Rob Hind', with a stylized flourish at the end.

Rob Hind, Chair of People in Law.

Part 2

Introduction

A snapshot of HR Data in the Legal Sector

Data analysis continues to be critical for law firms seeking to improve their business and HR professionals, in particular, have a unique role to play in encouraging their firms to modernise. Armed with powerful insights, HR can save firms money, reduce trainee attrition and support their firm's strategic aims in dynamic ways.

But there are considerable gaps in current HR reporting. While there is substantial evidence of a commitment to progressive modernisation efforts, existing data collection only scratches the surface of the reality of employment at law firms. The root causes of employee discontent, disillusionment and isolation remain underreported.

We acquired and analysed detailed responses from some of the most significant law firms in the sector¹. This summary report endeavours to guide HR professionals through the gaps in law firms' current reporting metrics, explain the consequences of missed opportunities and identify practical tips to ensure firms and employees alike enjoy the most significant benefits from data-driven HR reporting.

HR professionals from various legal firms took part in the survey, which was designed to explore the current state of HR data collection practices. This report draws the most consequential findings together and offers practical advice to law firms seeking to improve their data collection and analysis.

What do we cover in the report?

We have divided the report into seven sections, each of which covers an essential aspect of HR reporting. These include:

- Diversity of Existing Employees
- Wellbeing
- Engagement
- Retention and Attrition
- Recruitment
- Pay & Reward
- Training & Development

¹ 20 firms were surveyed covering over 30,000 employees.

Part 3

Diversity of Existing Employees

The law firms surveyed are reporting consistently on most of the Diversity & Inclusion (D&I) characteristics listed for their current employees which is positive news for the sector. Diversity in law firms has come under increasing scrutiny over the last year, giving firms a key opportunity to review and evaluate their current position and understand what actions need to take place in order to make progress.

The following graphic represents three important stages to performing effective and impactful Diversity and Inclusion reporting:



Reporting on diversity of the current workforce and applicants



Reporting on the inclusion of diverse employees during their time in the firm



Correlating diversity and inclusion metrics to business performance

The data collected from the survey demonstrates that law firms are currently performing well on the first stage, but not on stages two and three.

Practical Tips:

How to advance your D&I reporting:



To get to stage 2, consider correlating D&I data with other measurements. For example, apply D&I data to training uptake and completion, wellbeing and mental health, pay, progression, attrition and engagement metrics.



To get to stage 3, correlate diversity metrics with business KPIs such as revenue billed per month or revenue per employee, number of new clients, client satisfaction scores or client retention rates and track trends over time.

Neurodiversity: The Blind Spot in Legal HR Data

Ethnicity, sexual orientation and gender identity scores were high across the board in our research findings, with reporting at 79% or above in each category. But there are still areas that HR professionals in the legal sector are not reporting.

One of the most striking limitations of HR reporting is that most firms currently overlook mental or learning disabilities. Out of those surveyed, just 39% reported employees identifying themselves as having a learning or mental disability need. Neurodiversity is not reported on to the same degree as other protected characteristics, even though 30-40%² of the population are neurodiverse.

In helping us shape this research, Ropes & Gray LLP shared that they are building a dashboard that links their D&I data with work allocation to check that work is being fairly distributed. Another benefit of the dashboard is protecting your workforce's wellbeing by having visibility of employee workloads.

Leading Practice Metric

Reported to Senior Leadership



Practical Tips:



Consider reporting on learning or mental accessibility needs separately from physical disabilities. Be mindful that people may have been stigmatised in the past when firms were made aware of neurodiverse conditions. It is likely that this diversity metric will be underreported.



Consider including and reporting on diversity and inclusion metrics such as 'diversity hours' (time spent on eligible diversity efforts that are reflected as chargeable hours) in lawyer and partner objectives. Review processes to reward people for taking constructive steps towards creating a more inclusive culture.



To measure distribution of projects and identify inequalities, correlate D&I characteristics against work allocation. You could set up a dashboard to track this over time.

² ADHD Aware, (2018) Neurodiversity and other conditions

Part 4

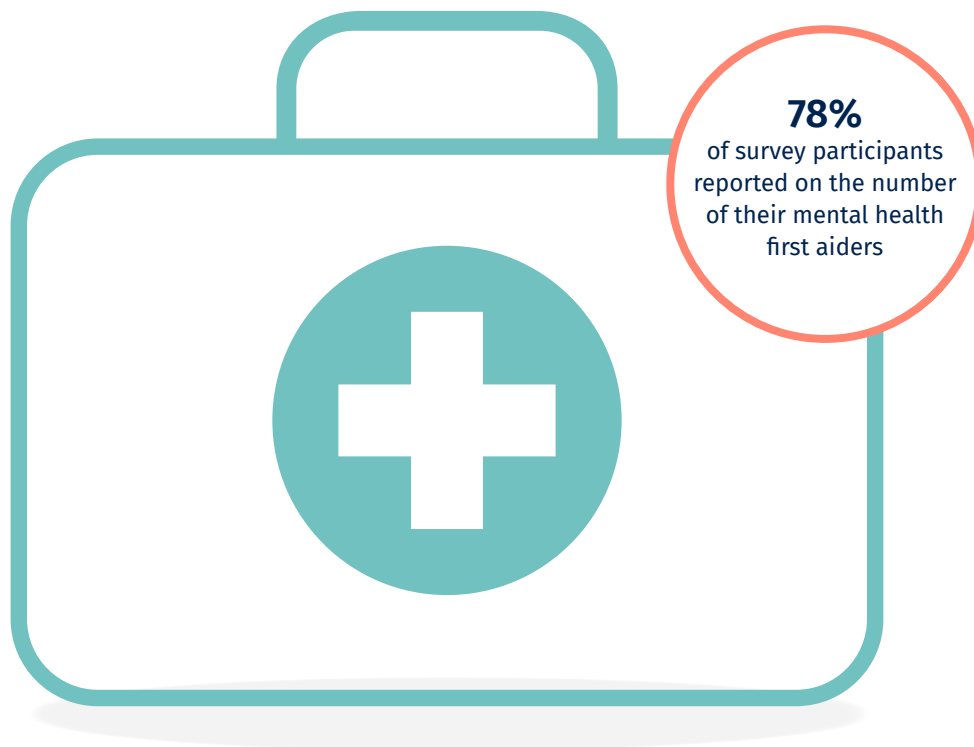
Wellbeing

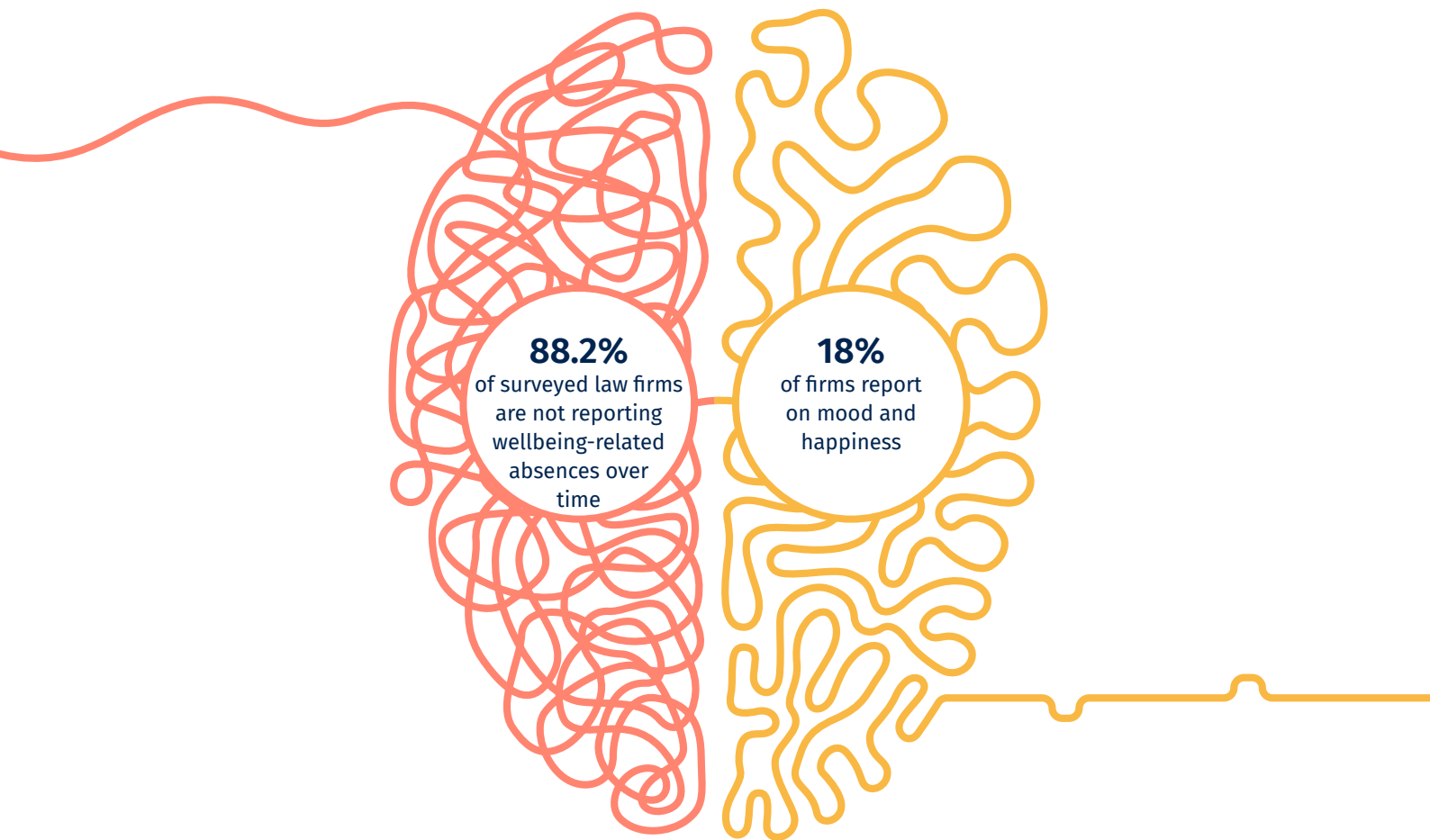
Wellbeing Beyond Public Relations Exercises

In the wellbeing category, there are some promising signs that law firms are collecting more of the right data on their employees. For a start, 78% of survey participants reported on the number of their mental health first aiders. Similarly, 94% of law firms surveyed collect data on the frequency of updates to wellbeing training and initiatives.

But while 'Absence reasons and absence occurrences' are collected by 68% of law firms, the percentage dwindled to just 12% when participants were asked whether they collected data on 'Wellbeing-related absence trends over time'. Only a fraction of participants, less than 18%, reported on their employees' 'Mood and happiness'.

Without regular surveys, law firms cannot effectively identify the early signs of employee burnout, stress or physical and mental health issues. Poor health frequently leads employees to require extended leave, underperform or leave firms altogether. In most cases, law firms are not correlating the impact of poor employee wellbeing with business performance.





Practical Tips:



Consider reporting on the number of cases logged by Mental Health First Aiders and follow this over time, and hold monthly check ins for Mental Health First Aiders to ensure their wellbeing is also supported.



Report on the uptake of Employee Assistance Programmes (free, independent helplines for employees to discuss physical, mental and financial wellbeing) and measure uptake following reminders about the service.



Report on wellbeing in minority groups and ask for regular feedback on tangible, practical ways that you can improve inclusivity and wellbeing.



As only 17% of law firms surveyed use the Bradford Factor to measure absenteeism, consider reporting on the frequency rate; this is the number of wellbeing absences divided by the total number of employees.

Part 5

Engagement

Measuring Absence Doesn't Mean You're Measuring Engagement

Engagement metrics show a similar story to the other discoveries included in this summary. High-level reporting is taking place, but measurements are not focused on the employee. Rather, figures are collected on absenteeism or leave days taken. Absenteeism is measured by 76% of surveyed firms, whilst 80% of law firms reported the number of annual leave days used by employees.

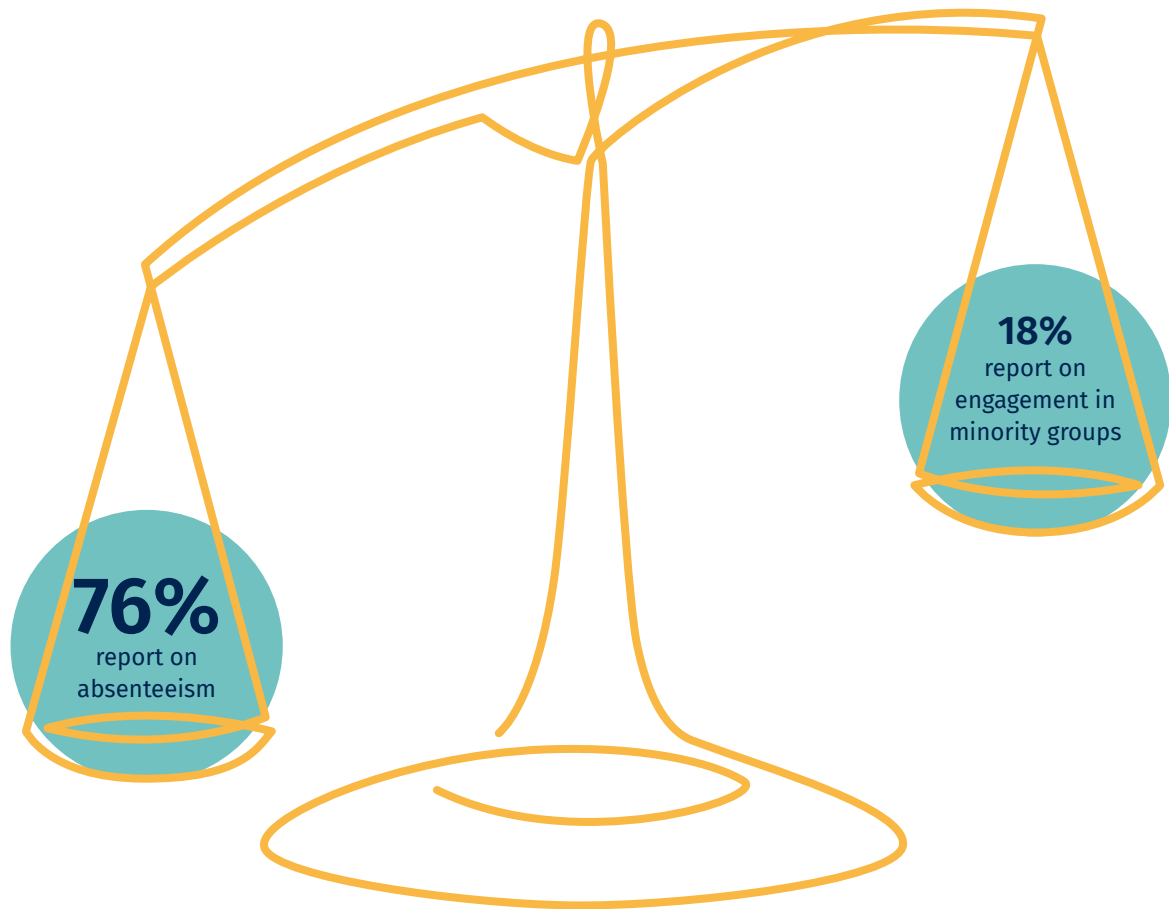
The only significant 'engagement' data that is widely collected by law firms, is more concerned with reporting when employees cause inconvenience to the law firm rather than assessing actual engagement. There is little analysis of the underlying causes of low employee engagement. Direct indicators of employee disengagement remain unaccounted for, especially when a diversity lens is applied.

Despite a concerted push in the industry towards better employee health and wellbeing, less than 18% of participants collected engagement scores in minority groups. 'Self-reported engagement scores' were collected by 59% of HR professionals at law firms that took part, which should be a relatively quick fix for law firms looking to understand and encourage better employee engagement.

There is currently a disconnect between the strategic aims of improving employee engagement at law firms and data collection. Without additional oversight into the employee experience as it exists now, engagement will not improve.

The lack of Glassdoor reporting exemplifies the disconnect. A small number of the respondents read their firm's Glassdoor reviews, but 95% of law firms aren't reporting on their ratings. Glassdoor is especially crucial for trainees, as younger prospective employees³ use the website to judge potential employers' suitability and decide where to submit applications.

³ Brazen, (2019) What recruiters can learn from Glassdoor's new HR and recruiting statistics



Practical Tips:



Implement pulse or 'always on' surveys to regularly request anonymous feedback. Modern engagement tools analyse responses, gauge sentiment and give HR key themes and recommendations for action points.



Collect employee advocacy scores, and ask them if they would recommend working at your firm and why. Integrate the advocacy scoring into the employee review process.



Check attrition rates per manager within the firm to identify patterns and decide whether to take action on a case by case basis. Include 'Manager effectiveness' in engagement and exit surveys to add qualitative data to your statistics.

Part 6

Retention and Attrition

Retention Metrics Are Too Little Too Late

Retention of employees is measured poorly by law firms, which is alarming considering the well-documented cost of weak employee retention. Research conducted by Oxford Economics and Unum found that the cost of replacing one employee was £30,000⁴ yet only 22% of law firms surveyed report on the cost of attrition. PwC reported that the legal industry had the 4th worst employee turnover of any business sector in 2017⁵. A significant competitive advantage could be leveraged by firms that take the time to analyse and understand reasons for leaving and (even more importantly) employee reasons for staying.

Little more than half of the respondents to our survey reported on 'Retention over time'. Surprisingly, only 11% of participants measured their retention of top performers. By contrast, the total 'Number of trainees retained' was extremely high at 88.9% of law firms.

The striking contrast between these two figures demonstrates that law firms are aware of the risk, frustration and cost of weak trainee retention but don't tend to measure the retention and churn of their more senior and most financially significant employees. There are a number of metrics law firms can use to minimise the risk of costly attrition amongst staff at all levels in the fee earning and business support departments.

Practical Tips:



You can estimate churn costs by using the equation below.

How to measure the cost of attrition:

Direct costs for advertising or using agencies

+

Effort cost (salary x 1.75 / 220) x days spent screening, recruiting and onboarding

+

Cost to productivity (salary x 1.75 of new joiner until cost-neutral).

⁴ BrightHR, (2021) The cost of employee turnover

⁵ PwC, (2017) Time for change: PwC Law Firms' Survey

No Bigger Picture: The Real Cost of Attrition

Poor management is a top cause of employee attrition. Data consistently shows that employees often don't leave jobs; they leave managers⁶. Yet out of the law firms surveyed, only 18% measured manager effectiveness. Therefore, law firms are not measuring one of the critical root causes of attrition.

Attrition of employees in minority groups was also only reported by 26% of participants. For law firms hoping to support a more diverse legal sector in the future, the implication is concerning: without adequate retention statistics, law firms will be unable to deduce whether inclusion initiatives positively impact the employees they serve.

'Reason for leaving' was measured by 84% of participants, but the reporting is likely to be high-level (for example, the number of voluntary vs involuntary leavers). 'Retention trends over time' were reported by 55% of respondents. Reporting figures diminish even further when correlated with employee diversity (17%) and the percentage of top performers receiving retention initiatives such as a retention bonus (11%).

Arguably, attrition metrics don't matter if there is no need to improve employee retention. However, as the majority of firms don't report on the cost of attrition, it is impossible to know whether investment in better retention would have a positive impact on the bottom line. Armed with hard costs, HR can provide invaluable insight for senior management, helping them confirm their strategic priorities and likely creating a better working environment for everyone in the firm.



Practical Tips:



Report on the number of new hires that leave within the first 90 days to identify issues in the recruitment or onboarding process.



Conduct 'Stay interviews' to ask what people like about the firm and to pre-empt employee frustrations.



Enrich attrition data by reporting on regrettable vs non-regrettable leavers.

⁶ Forbes, (2019) How Bad Bosses Compel Good Employees To Leave

Part 7

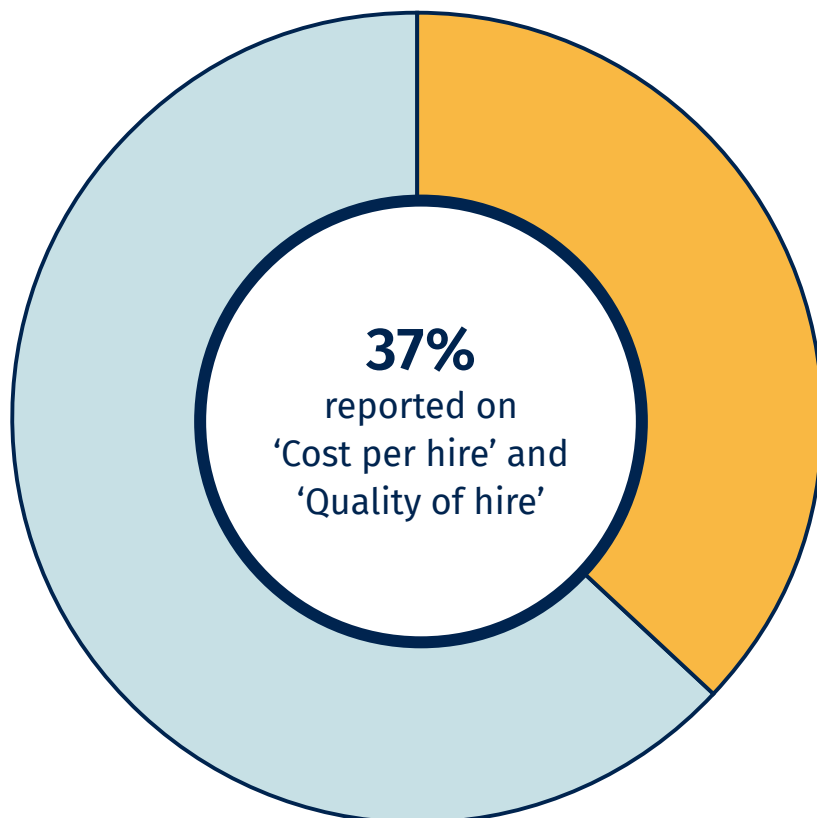
Recruitment

Uncertainty for the Next Generation of Lawyers

Compared to other industries, the legal sector does not substantially measure the effectiveness of their recruitment processes. Whilst recruitment does constitute a significant investment for law firms, the pervasive attitude in the sector is that there is no shortage of applicants. This cultural assumption is not unreasonable: in the UK 28 law students graduated for every 1 job⁷ vacancy in 2019.

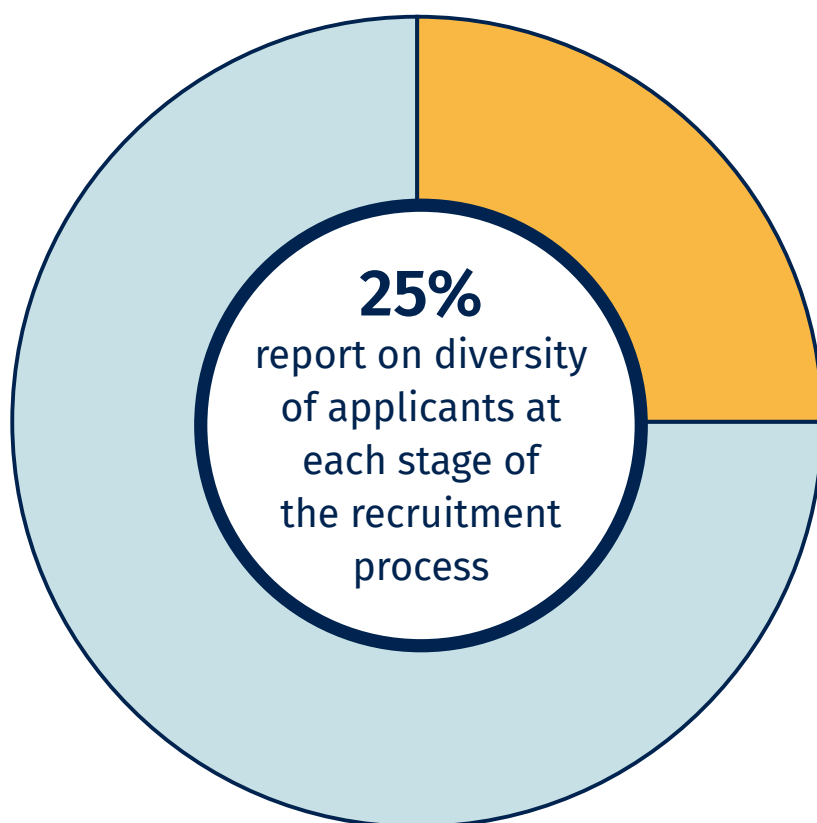
The lack of meaningful, investigative data does mean that recruitment practices go under-analysed. Law firms are unaware whether they can make improvements to the recruitment process, which could represent cost-saving efficiencies. However, in our conversations with HR leaders, leading firms are investing in external consultancies analysing the diversity and inclusion of their recruitment practices, to identify improvements to their processes.

Although over 73% of firms surveyed reported on the 'Source of hire', only 37% collected data on 'Cost per hire' and 'Quality of hire'. 'Cost per hire' reporting dwindled to just 11% when applied to trainees. Without these statistics, it is unlikely that senior management will have the visibility to improve recruitment processes or dedicate resources to more effective attraction and screening of talent.






⁷ MMADigital, (2019) Ratio of 28:1 for law graduates to available legal sector vacancies

Just over half of the firms in the survey reported on hiring diversity trends over time. However, the percentage shrank to below 25% when applied to the diversity of applicants in the first, second and third stages. As such, the number of diverse applicants to emerge from the process remains unknown by a majority of law firms. The next generation of lawyers is unlikely to be more diverse without a detailed appraisal of the recruitment process through a D&I lens.



Practical Tips:

-  Consider defining and reporting 'Quality of hire' for your firm, for example by revenue generated, performance ratings or tenure.
-  Report on the diversity of candidates at each stage of the recruitment process to identify tasks, conversations or even interviewers that might be obstructing inclusive hiring.
-  Report on the diversity and representation of candidates submitted by recruitment agencies and invest in the agencies that provide the best range of candidates.

Part 8

Pay & Reward

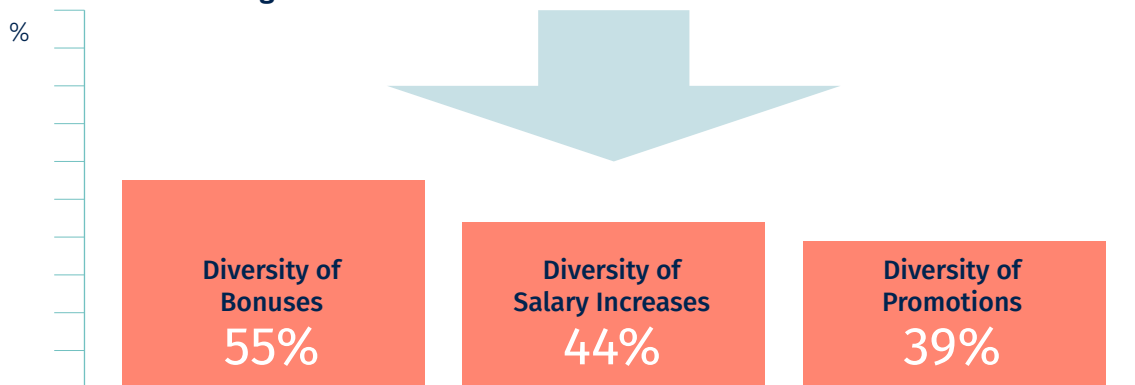
More Than A Paycheck

There are substantial gaps in pay and reward reporting at law firms. A slight majority of law firms (55.5%) reported on the diversity of employees receiving bonuses, which is a step in the right direction and represents an awareness of unconscious bias in the reward system. But less than half of participants measured the diversity of those receiving pay increases. It is highly likely that this diversity relates only to gender diversity, necessitated by gender pay gap regulations, and is unlikely to include other characteristics such as ethnicity or sexual orientation.

As a result, it's currently impossible for the majority of law firms to properly diagnose how employees perceive the fairness of compensation. Furthermore, with early evidence proving that gender pay gap reporting is successful in reducing income inequality, it is highly likely that other protected characteristics will be measured next. Law firms could get ahead of this by applying pay gap reporting across employees against other protected characteristics.

Barely a quarter of participants are measuring how many employees were making flexible benefits choices. This statistic seems especially low in light of the pandemic, as fewer and fewer employees are motivated by pay alone⁸.

Total Firms Measuring



Practical Tips:



Leverage HR solutions and advanced tools to automate reporting and quickly perform accurate Gender Pay Gap reporting.



Consider correlating diversity metrics with employees who get promoted, including part time vs full time employees, and their overall tenure with the firm.



Correlate D&I measures beyond gender with pay and reward data.

⁸ Hays, (2020) Five Things that Motivate Your Employees More than Money

Part 9

Training and Development

Unknown Return On Investment

Training and development metrics are often very top level. 'Cost of training' is unsurprisingly collected by over 83% of law firms surveyed. But subsequent analysis of the value of training is not uniform across HR departments in the legal sector. Course completion and overall uptake make up the next tier of data, with a median average of 63% of law firms collecting this type of information.

Only 22% of participants drew a correlation between training and performance of employees. Even less calculated their Return on Investment (ROI), with under 18% of HR professionals at law firms reporting on the metric. Firms make significant investments in training, but HR and Development departments are ill-equipped to analyse if training is working and whether the investment is worth it.

Fewer than 40% of participants measured assessment scores, which dropped to just 30% when we asked whether these figures were passed on to senior management.



Post Classroom Learning: Cheaper, Flexible Training in Law

The Covid-19 pandemic has prompted the rethinking of classic training and development in the legal industry. Remote courses can replace expensive, class-based training, with employees conducting personal training at a convenient time for them.

However, law firms should ensure that this type of employee-led training doesn't compound workforce inequalities, especially as diverse employees tend to under-utilise available resources. This is particularly important for neurodiverse employees with mental disabilities, as remote learning could place them at a greater disadvantage.

The current measurement of training uptake and effectiveness in minority groups needs to improve to combat fresh inequalities that may arise from a change in the delivery of training and development. Currently, 17% of law firms report training uptake in minority groups and only 12% report on training feedback in minority groups.

Measuring Cost, Not Impact



Practical Tips:



Assess which training is most valuable by asking employees directly whether it has helped them to upskill or develop professionally.



Correlate course feedback scores with course cost.



Consider including a review of the 'actionability' of training in manager check-ins and performance reviews.



Include a section on training in your Engagement Survey, asking employees for feedback on which courses would help them best.

Conclusion: Your Data Awaits

Better Data Collection Is Making the Difference

There are signs of commitment to progressive change in collecting HR data at law firms, but the current collection of data does not also analyse it thoroughly enough to identify where senior management should focus their efforts and investment.

HR reporting is inevitably driven by the Solicitors Regulation Authority (SRA) requirements, but these metrics don't provide the patterns and trends needed to measure the effectiveness of their initiatives. There is a significant risk that the progressive goals of modern law firms will remain unachievable and unmeasurable due to gaps in the most consequential data. This report has provided actionable tips that will help HR professionals equip their leaders with the most impactful figures needed to drive positive change.

Three key takeaways from this report

1) The data is already in your hands

The recommendations in this report combine data that firms already collect. HR professionals would deliver exponentially more value by combining data sets and analysing trends over time in line with the launch of HR initiatives. Correlation doesn't confirm cause and effect. Instead, it offers a useful way to see if progress is moving in the right direction.

Even small firms are capable of collecting more significant data by applying the practical tips and guidance in this report. Existing Data & Analytics teams can be leveraged to support HR departments and get set up for stronger reporting. Reporting tools in the firm can therefore significantly increase the meaning and value of data law firms already collect.

2) The technology already exists

The progression of HR technology over the past 15 years has been rapid. Basic personnel screens have transformed into personalised, mobile-enabled, real-time tools that enable people to manage their time off, performance, teams and give feedback to each other and to their firms.

Law firms have implemented new Finance systems in recent years, followed by integrated cloud HR and payroll systems to better support and understand their people and people-related costs. Modern solutions like MHR's iTrent, People First and MHR Analytics make data collection and analysis simple. Employees and managers can access, update and add data anytime from any place. New functionality and innovation expand the possibilities of HR with regular updates, incorporating regulatory frameworks as they come into force. Software solutions on the market now are built for legal customers, automating and scheduling SRA reports as necessary. By removing error-prone manual reporting, HR professionals can dedicate headspace to take action on results in real time.

3) The business case stacks up

Continual evolution of HR data and metrics will require initial investment in time, effort and technology. But the benefits outweigh the cost, as law firms gain visibility on their most expensive and inefficient processes, enabling leaders to make substantial changes to maximise their bottom lines.

Over 50% of firms are still using Excel and PowerPoint to analyse and visualise HR data, spending days each month on manual and error-prone tasks that disengage the team and do not result in actionable insights for leadership. HR professionals at law firms have an exciting opportunity to reduce timelines whilst improving the accuracy, value and frequency of HR data analysis.

Veran supports law firms with creating business cases before selecting and implementing the right technology, data and processes. When firms assess and quantify the opportunity to attract and retain the right people, they increase client satisfaction, retention and new clients won, whilst reducing their costs.

Automating the leading practice metrics set out in this report and combining existing data will enable HR professionals in law firms to spend more time supporting fee-earners and partners, and taking data-driven action in the areas that are proven to improve the commercial success of the firm.



To talk to MHR about their HR Analytics solutions for law firms, contact John Jeynes, our dedicated Legal Sales Executive on john.jeynes@mhrglobal.com or +44 7919165400.



To talk to Veran Performance about HR data and technology, contact Becky Statham, our HR Transformation Lead for the Legal Sector on becky@veranperformance.com or +44 7867 423662.

People in Law is a network that aims to advance people management across the legal sector. People in Law welcomes HR, L&D, Recruitment, D&I, Reward, Senior Partners, Managing Partners and other professionals with an interest in the people agenda. The organisation aims to be a thought leader, offering ideas, insights and best practice.

MHR International Group is a global software and consultancy company specialising in HR, payroll, employee engagement, learning and analytics. Our product portfolio includes iTrent, People First and MHR Analytics. We work with more than 1,000 companies from SMEs to large multi-national corporates, across the public and private sectors to help them maximise employee engagement, generate better insights from their data and improve efficiencies.

Veran Performance is an HR, Payroll & Finance transformation consultancy that works with law firms and other organisations who want to improve and optimise their data, processes and systems. Veran are independent and technology agnostic, working as an extension of your team from Phase Zero (selection & preparation) through to implementation and post-implementation, ensuring your business is maximising the benefits and seeing a return on investment.

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Veran 

The logo for Veran Performance, featuring the word 'Veran' in a white, sans-serif font followed by a cluster of colorful hexagons in shades of green, yellow, and red.