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FEATURES

Young Talent: Is the Allure of Big Law Enough to Silence ESG Concerns?

Top recruiters explain how environmental and social impact is of increasing importance to talented juniors—and discuss whether the attraction of high pay and kudos is enough to overcome ESG failures.

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Young Professionals

By Tom Parry | January 18, 2024 at 06:29 AM

For many years, candidates for posts at top law firms would never consider their prospective employer’s environmental and social ethics ahead of a potentially lucrative opening.

Such scruples might form part of the conversation at home, but the allure of a successful legal career meant that ecological and moral principles could be put to one side at interview.

Recent evidence, however, suggests that those in contention for jobs now have such clout that a small but significant proportion demand to know whether large law firms meet their ESG standards before accepting an offer.

According to James Lavan, Executive Director at legal recruitment company Buchanan Law, some candidates are actually turning down generous offers because firms do not align perfectly with their beliefs. Lavan, who heads Buchanan’s recruitment for law firms across Europe, explains that he saw offers rejected last year by people who “felt that they were firms that didn’t match up with what they were trying to do”.

Here, Law.com International explores the rising phenomenon, and asks whether large law firms are missing out on talent by failing on to meet ESG promises, or if the allure of Big Law is enough to overcome ethical concerns.

You Can’t Just Virtue-Signal

One of the most important factors for many interviewees is getting a sense that a firm’s diversity and inclusion statements are more than mere virtue signalling—such as deliberate ploys to engage with a more assertive younger generation which are not backed by affirmative action.

“ESG has been spoken about more and more over the last five years. It’s gone from something that is nice to have to an absolute must,” Lavan said. “The younger talent, they’re actually talking about it more because it’s something that really matters to them; it’s a moral cause. They are more interested in why firms are doing it.”

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He added: “I’m being asked for data on partner progression for men and women within a team and gender splits more than I ever have before. When we’re speaking to junior talent, they want to see that these things are not just window dressing. There’s been a lot of coverage of gender-washing. Candidates are now very aware of not just wanting to see one person has been pushed into a position of power, they’re asking more about how ESG filters down throughout a business. It’s something they actually believe in.”

These findings are borne out by several studies which show how ESG is increasingly important to graduates planning to enter the legal profession, as well as similarly well-remunerated professions like banking.

For its 2020 study ‘ESG as a workforce strategy’, U.S. professional services giant MarshMcLennan surveyed employees across a range of sectors.

One of the most striking findings was that companies with the most attractive image to students and young professionals have ESG scores 25% higher than the global average employers.

Since then, this trend has become even more marked.

The recent Wolters Kluwer ‘future ready lawyer’ report found that 81% of law firms and corporate legal departments regard the ability to recruit and retain talent as a key area of focus, with 38% expecting talent recruitment to be among the top three challenges in the next three years.

In the same survey, however, 69% of law firms questioned said they are not yet very prepared to meet client demand on ESG practices.

Big Law Draw?

Charlie Compton, managing director of specialist legal recruiter Chadwick Nott who has been in legal recruitment for 25 years, said candidates who are worried about representing clients such as oil and tobacco companies are more likely to steer clear of Big Law in the first place, instead taking on a job that does not contravene their own beliefs.

He believes the pressure for law firms to have a coherent ESG policy comes more from clients than candidates. But there has been a noticeable change in recent years.

“There are a lot of firms taking really positive measures in this area,” he said, “but in my experience it’s not really driven by candidates not wanting to join them.

“Some candidates will ask us about the client base that law firms represent; they won’t be happy working for firms that represent a certain type of client. That can be things like gambling as well as oil and gas, or it could be for moral or religious reasons.”

But is the allure of joining a big law firm sufficient to overcome those lingering ESG concerns?

“I think some people, particularly those who opt for smaller law firms, do choose on that basis,” Compton said. “Generally, though, people are keen to work with the big firms because of the opportunity that represents.”

Sean Nicholson, managing director at JMC Legal Recruitment, agreed, saying he has not experienced a scenario in which a candidate has prioritised a firm’s ethics over its pay and working conditions, but accepts that ‘it’s definitely more prominent these days than it used to be, which reflects the way the world is now’.

“It can actually help us quite a lot as an agency, being able to push candidates who are the right fit with the questions that both they and clients are asking. Diversity and inclusion criteria are much more prominent than a firm’s ethics, and that has

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been the case for a number of years now without a doubt.”

Nevertheless, ESG’s rising profile has made it one of the most prominent issues at the recruitment stage.

Tom Hanlon, a director of Buchanan Law in New York, explained that ESG now comes up as a topic at the initial screening stage with candidates coming out of law school.

Candidates are eager to know that a firm is not only taking the right decisions internally, but also “pro-actively advising clients on their own ESG initiatives”.

The UN Ten Principles of the Global Compact, a set of fundamental responsibilities in areas like human rights, environment and corruption to assure corporate sustainability, are frequently cited, he explained.

“They will genuinely make a decision on whether they move forward on a firm based on purely those factors,” said Hanlon. “We see this happen a lot more often. So that means that the firm’s wider impact on society generally, not just internally, rather than just trying to tick boxes.

“They ask the question now at interview, to the firm, whether that’s something that they adhere to proactively.”

ESG Inertia?

But is ESG as important as you climb the legal ladder?

People working in legal recruitment have noticed that there is a significant drop-off in the weight lawyers attach to ESG beyond second year associates.

Conscious of the need to mirror the affiliations of young lawyers though, partners are realising that ESG is one way of attracting the best talent.

As Sean Nicholson outlined, virtual pay parity at large law firms means other criteria, like diversity and ethics, become more important for those having to choose between multiple opportunities.

“Partners recognise that they cannot merely be a legal provider now,” said Lavan. “They are also talking about how to position themselves in a really unique way in a market in which fundamentally there are very few differences between firms. They are very similar to each other, so ESG is a way of separating themselves.

“Previously, a partner might say, ‘You’re here to be a lawyer, not to change the world’. Now, because of the war for talent, we are seeing partners and HR teams start the conversation around this in the interview process.

Lavan explains that “that sort of awareness has come from the ground and floated upwards rather than leaders at the top saying this is something we’re going to now focus on”.

As law firms adjust to the wave of social changes that have affected every element of society, it is clear that job candidates find themselves in hitherto unimaginable position of power.

Today, the bargaining power of a candidate is higher than ever.

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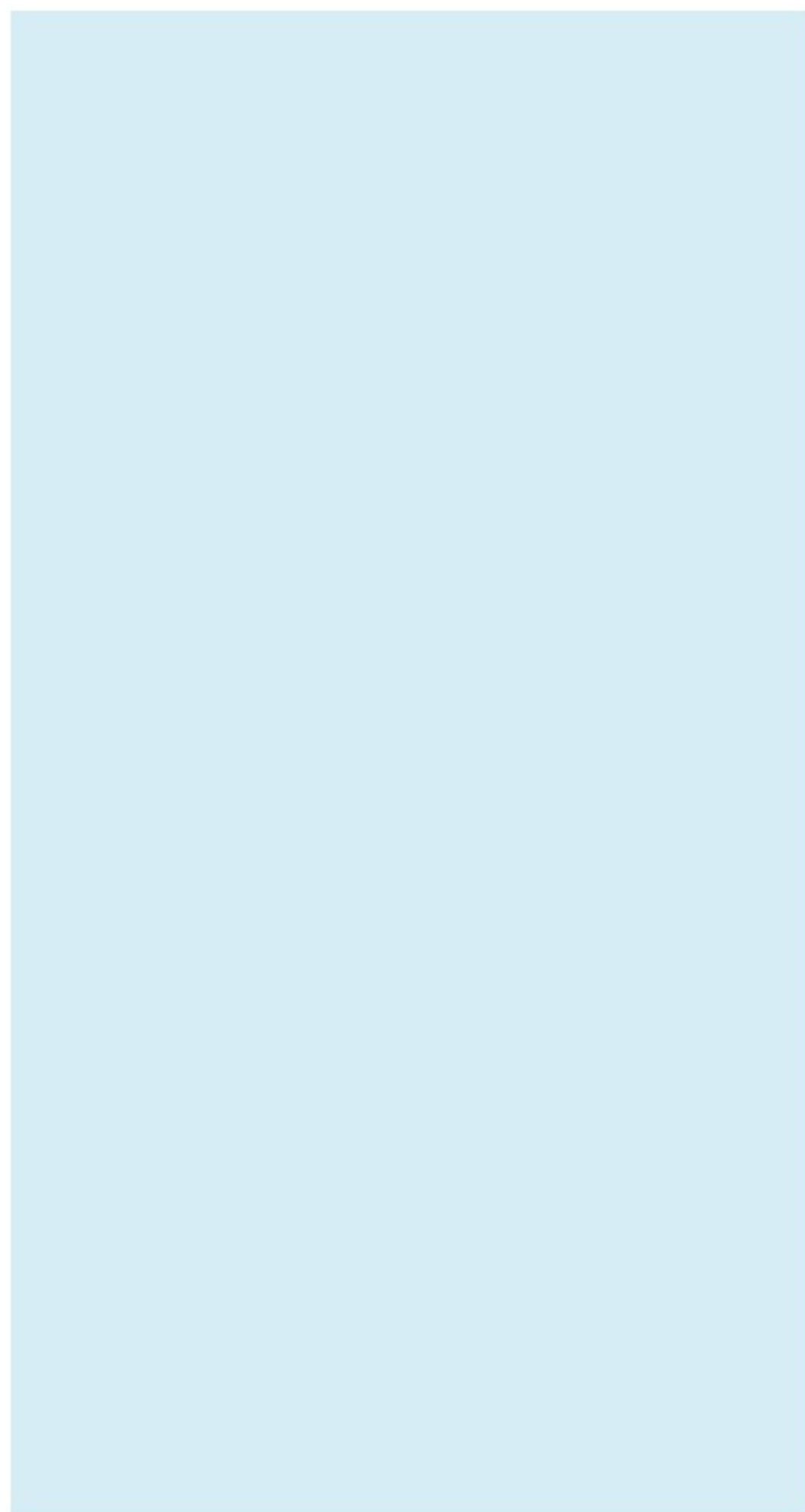


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