

Inclusion in the UK Legal Market: Why Diversity Really Matters

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In July 2021, the UK legal market showed it was serious about improving diversity and inclusion in law firms by introducing the Mansfield Rule. Firms seeking Mansfield Rule Certification must show that when hiring for leadership roles, they consider candidate pools that are at least 30 per cent female, from minority ethnic backgrounds, with disabilities or who identify as LGBTQIA+. This national move reflects an industry-wide shift.

However, the pace of change is slow. Minority ethnic representation in full equity partnerships has risen by a maximum of 1.1 percentage points from 2021 to 2022, and as of May 2022 constitutes just 17 per cent of lawyers, while disabled lawyers are still substantially under-represented compared with the UK workforce average .

Prioritising diversity and inclusion in law firm practices is critical to the sector's evolution. "During the pandemic, EDI [Equality, Diversity and Inclusion] was off the agenda for many firms, but it's now firmly on top for everyone, which is where it needs to be," says Bates Wells partner Chetal Patel. "Simply claiming that you agree with EDI isn't enough. Staff and clients want more – they want to know how committed firms are and what action they are taking."

With research revealing that the biggest firms also employ the smallest proportion of disabled lawyers, and that the number of partners from a Black, Asian or minority ethnic group is more than four times greater in one-partner firms, the discrepancy issue is coming into sharper focus. Business models increasingly factor in diversity and, what is more, clients are speaking out: major global companies have warned they will seek alternative instruction or cut fees if racial and gender diversity in the law firms they work with doesn't improve.

Jane Colston, a Brown Rudnick partner says that many of the General Counsels in Legal Departments of big companies her firm works with want to see a diverse legal team. "They recognise the benefits and the influence they have in this regard. We certainly have clients with a genuine interest in our DEI efforts and progress, as shown by the increased number, year-over-year, of client requests for the demographics of the teams working on their matters." Improving diversity and inclusion can result in more rounded advice, which can only be helpful both to firms and their clients. In addition, disrupting bias in the UK legal market can boost performance. Recent research reveals that companies with above-average total diversity achieve on average 19 percentage points higher innovation revenues and nine percentage points higher EBIT (earnings before interest and taxes) margins. "The business case is clear, and it is certainly a motivating factor across the industry," says Colston. "Our leadership is engaged in discussions that promote greater representation of diverse talent. "

Analysis of the landscape, while vital for improving the situation, can be challenging. It was only a few years ago – in 2018 – that Magic Circle firm Allen & Overy was criticised by the House of Commons for refusing to report on its diversity statistics. "While ethnicity pay reporting isn't mandatory, we're seeing many law firms publishing their data," says Patel. "Some of the data isn't great, and it can be an uncomfortable read, but it reflects the reality of where a firm is. It acts as the starting block for being honest with ourselves, seeing the gaps and addressing key issues.

Elizabeth Petit, Director of Research & Development at *Best Lawyers**, says that supporting lawyers to create a digital footprint early on is key for recognising diverse legal talent. "We have the opportunity to highlight and spotlight certain firms and individuals, and to really drive that narrative. We are trying to give more visibility through our content and our coverage," she says. [...]

* A peer review guide to the legal profession