Attorneys' Profession in South Africa

2016 Review LexisNexis | Law Society of South Africa

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Executive Summary

Drawing comparisons against a 2014 study, we analysed the evolution of South Africa's law firms, as they respond to the challenges facing the legal profession in 2016.

Utilising a survey sample that genuinely reflects the geographical and gender demographics of attorneys operating within South African law firms, respondents were primarily situated within small practices.

While more than half of our study respondents possessed an equity stake in their businesses, the majority work in small firms with five or fewer fee earners.

With 336 sole practitioners, 287 incorporated companies and 82 partnerships surveyed, it's clear that South Africa's legal landscape is shaped by a few large firms and many smaller practices.

Notably, just over sixty percent of our respondents have ten or more years' experience in their respective legal fields. Conveyancing, commercial and family law appear to be the top three focus areas for most law firms.

The online world has become a central force in almost every industry, and the legal fraternity has eagerly embraced it, especially when it comes to research.

Online marketing, service provision and the use of social media are now regarded as a priority for many firms, whereas networking remains a firm focus for business growth strategies.

As firms grow their service portfolios, they expand to include further practitioners and seek out new ways to attract and retain clients, they are responding positively to a fast-changing environment.

Method

The survey was sent to the LSSA database via email. 30 surveys were conducted telephonically by request. Over a 4 week period a total of 746 responses were collected. As noted elsewhere, the majority of the responses came from law firms with a maximum of 10 staff members and primarily from firms with 5 or fewer fee earners. We generally categorise this profile as 'small law'.

746

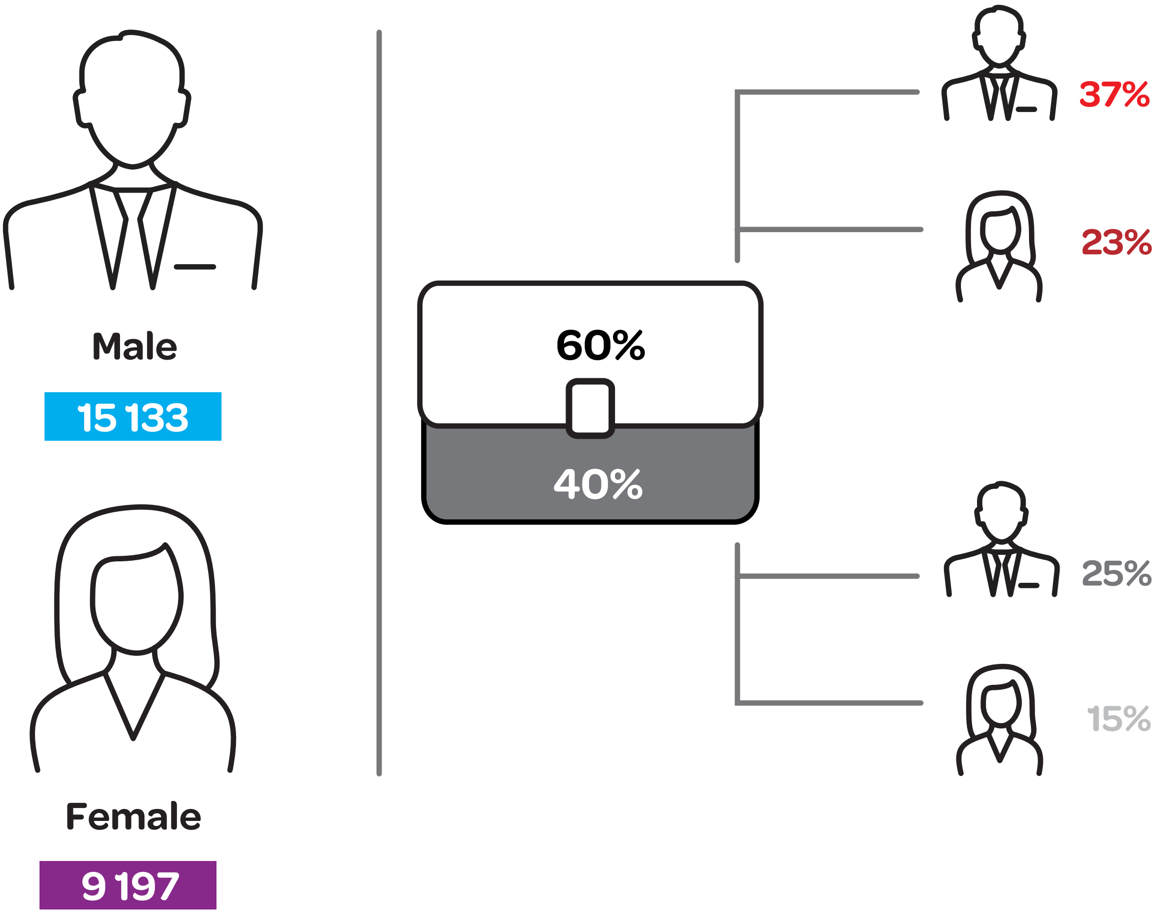
SURVEYS COMPLETED

Demographics

Law Society of South Africa Demographics

Law Society of South Africa

Source: statutory provincial law societies



Total Attorneys

24330

White attorneys - 14 638

Black attorneys - 9 692 (includes African, coloured and Indian)

White male attorneys - 9 045

Black male attorneys - 6 088

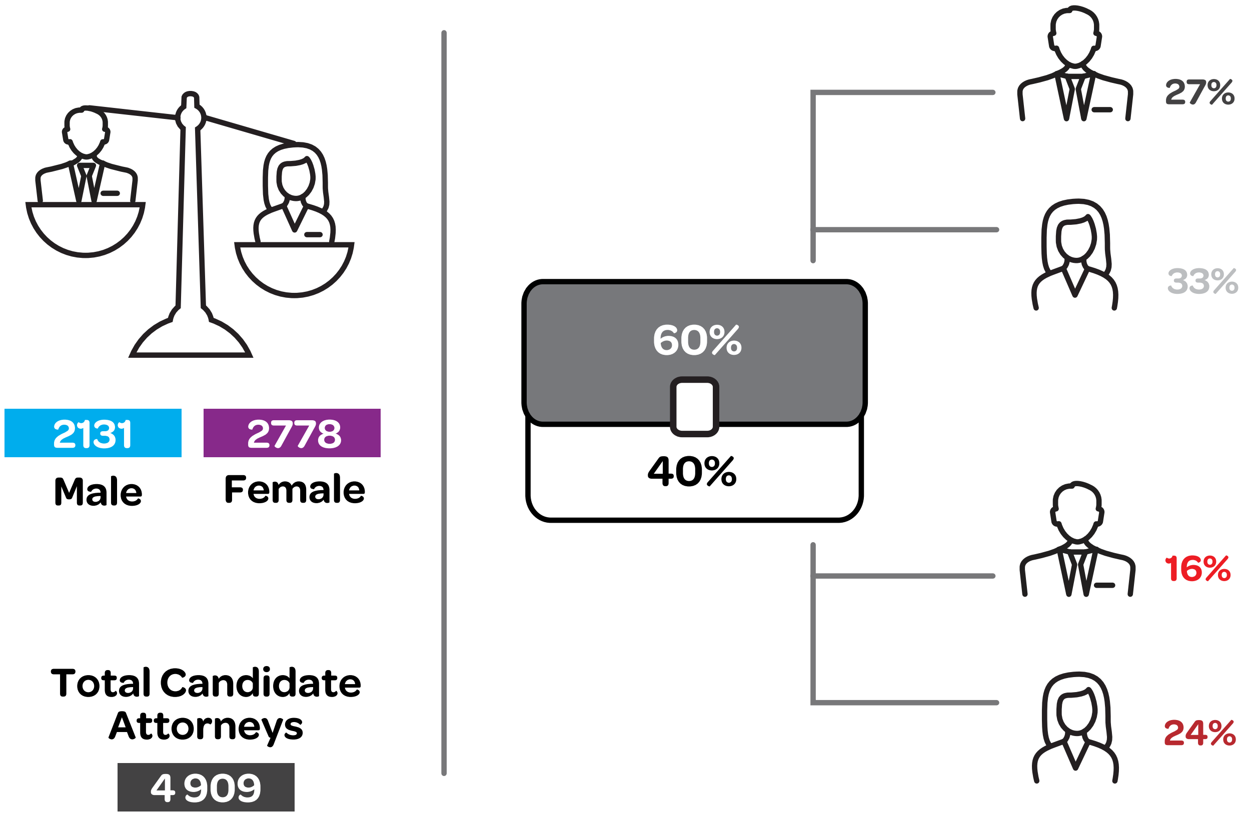
White female attorneys - 5 593

Black female attorneys - 3 604

Law Society of South Africa Demographics

Law Society of South Africa

Source: statutory provincial law societies



White candidate attorneys - 1 973
Black candidate attorneys - 2 936
White male candidate attorneys - 799
Black male candidate attorneys - 1 332
White female candidate attorneys - 1 174
Black female candidate attorneys - 1 604

Demographics

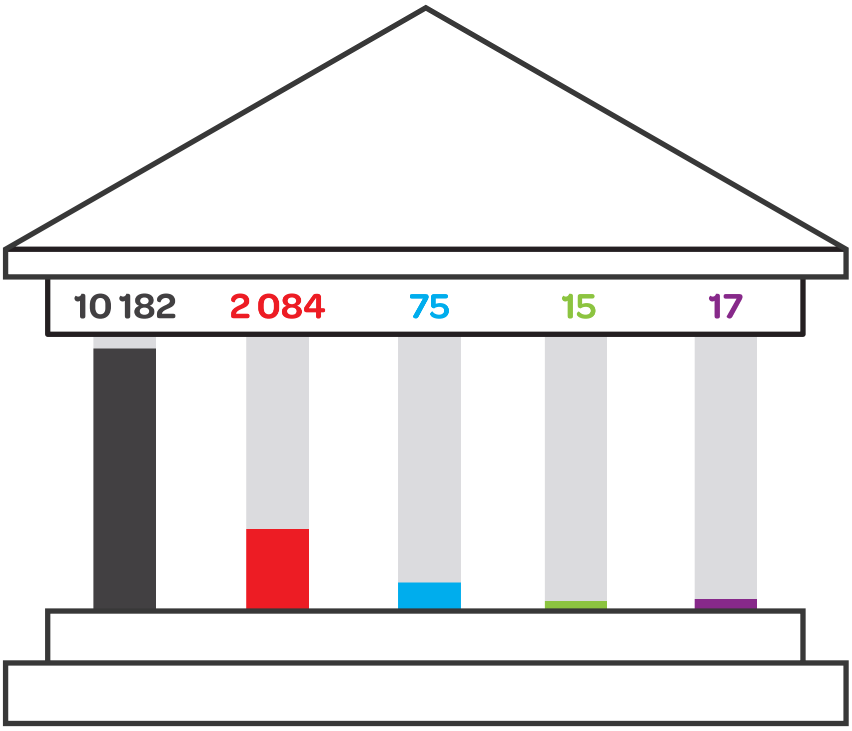
Law Society of South Africa

Source: statutory provincial law societies

Total Attorneys' firms

12 373

The breakdown of firm sizes among attorneys registered with the Statutory Provincial Law Societies is similar to sample surveyed.



Sole practitioners - 10 182
2 to 9 attorneys - 2 084
10 to 19 attorneys - 75
20 to 49 attorneys - 15
More than 50 attorneys - 17

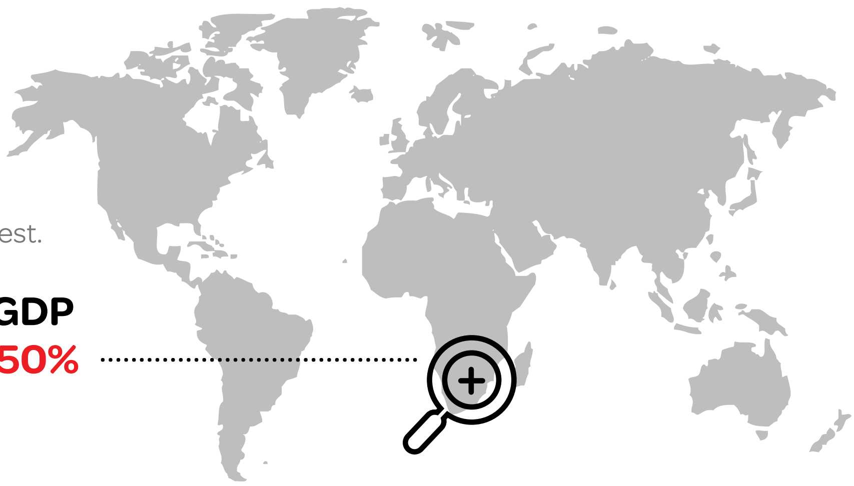
Sample Demographics

Location

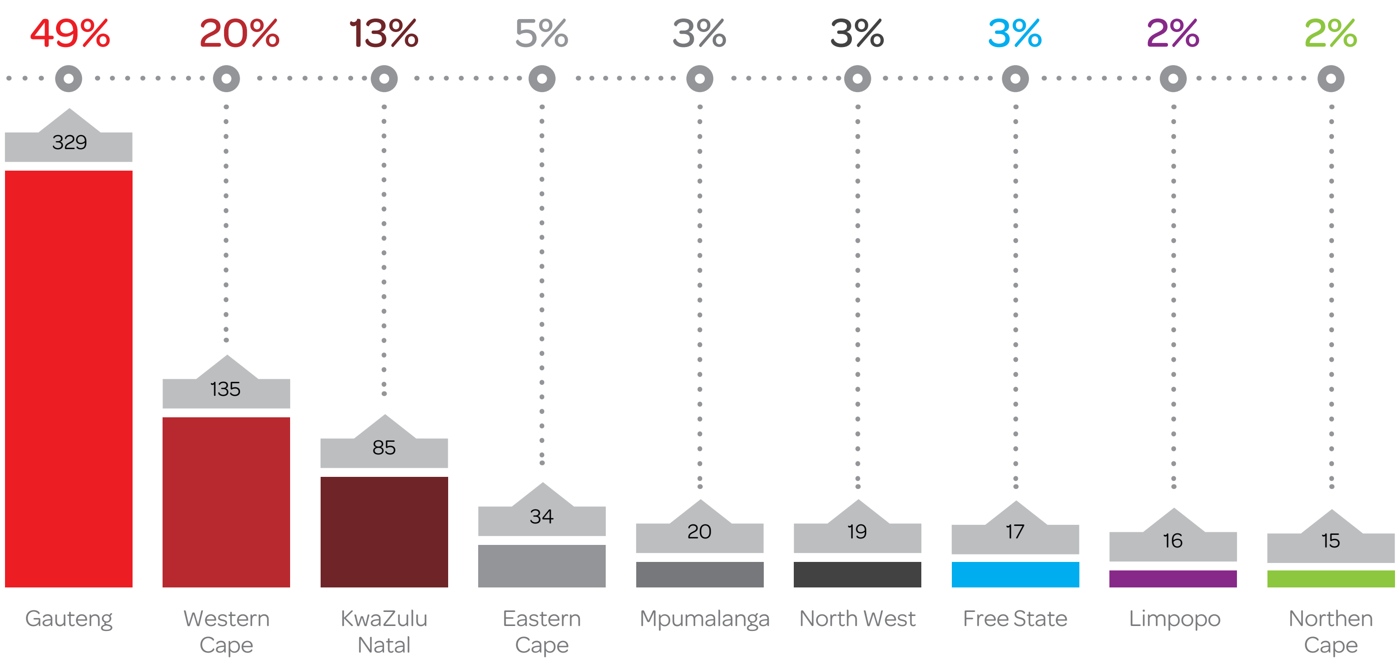
What province does your firm operate from?

Gauteng has the highest concentration of law firms and the Northern Cape has the lowest.

Sample roughly mirrors the GDP of the economy with almost 50% of the respondents based in Gauteng.



Sample roughly mirrors the spread of attorneys in South Africa.

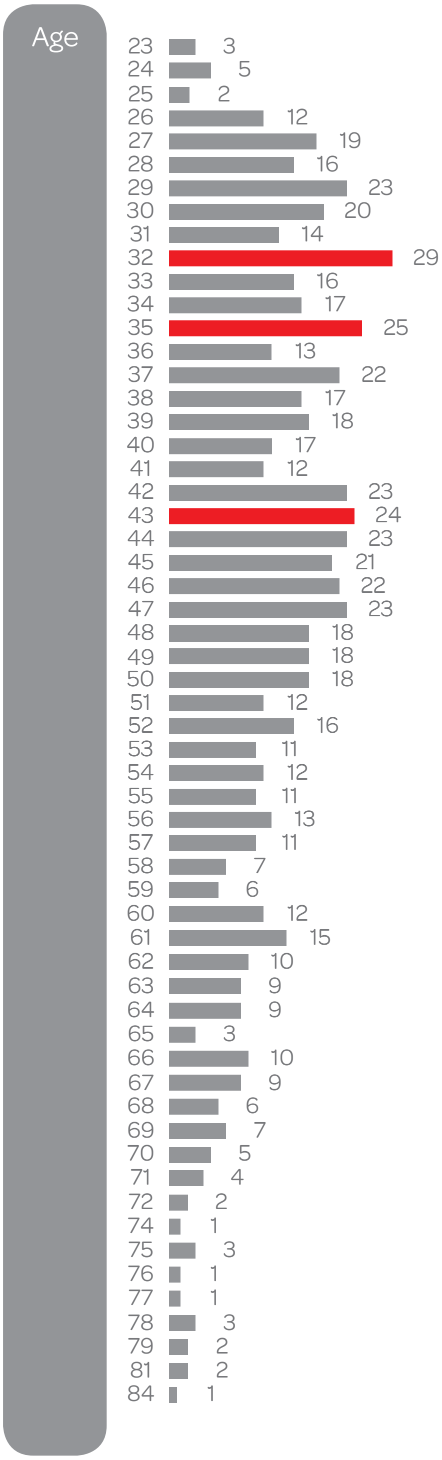


Demographics

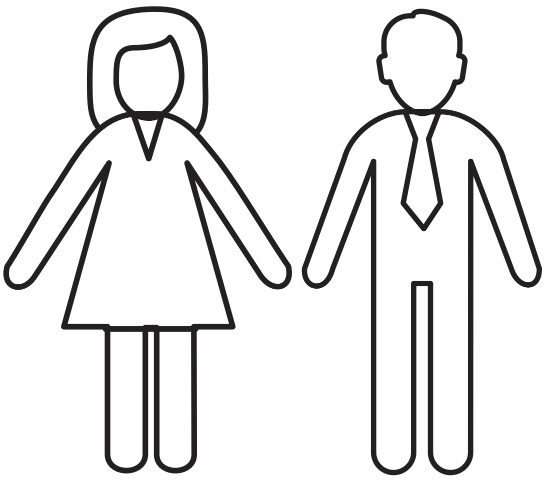
Age

What is your age?

A fairly wide age range of between 23 and 84 years, with 32 and 35 being the most prevalent ages of respondents in the sample.



Most prevalent age = 32

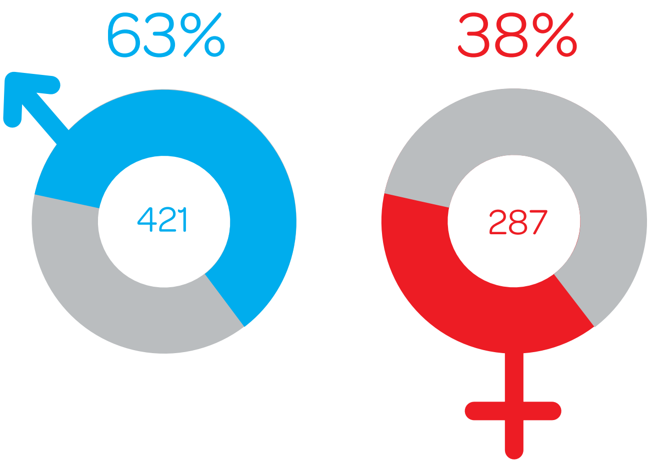


Demographics

Gender

What is your gender?

While still a male dominated industry almost 40% of the respondents are female.



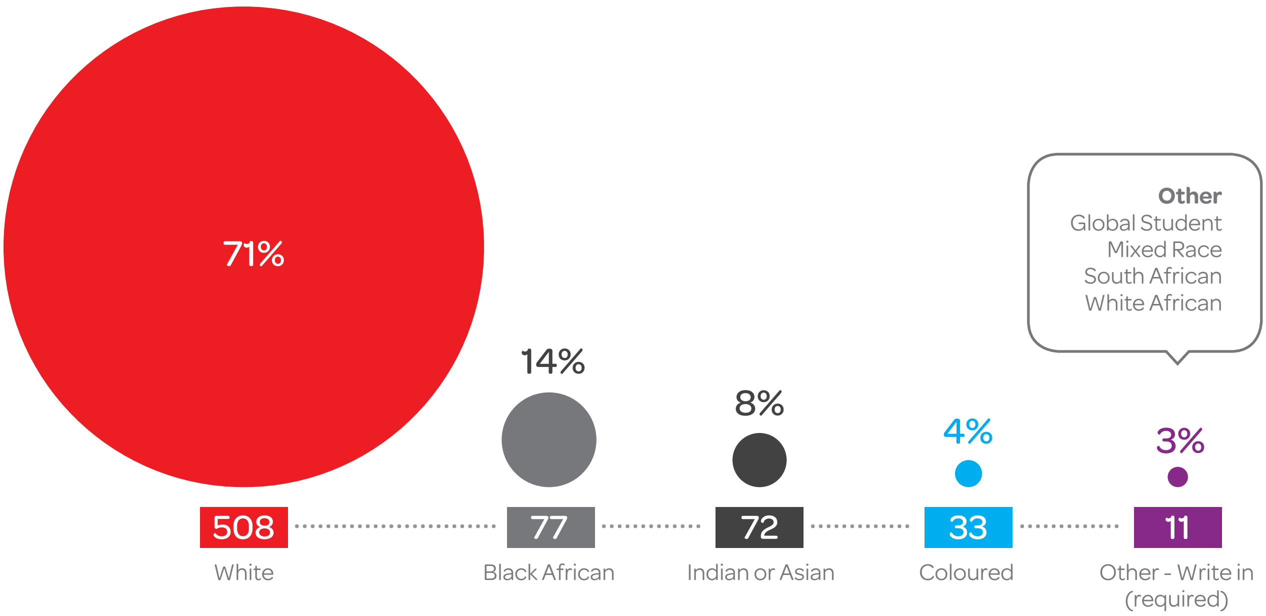
The sample mirrors the demographics of the attorneys' profession, where only 38% of practising attorneys are women.

Race

Below are the Census Population categories. How would you classify yourself?

The racial descriptors here are based on the census categories.

Although 60% of attorneys are white, 71% of survey respondents are white.



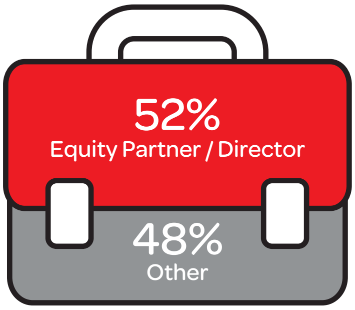
Professional Segmentation

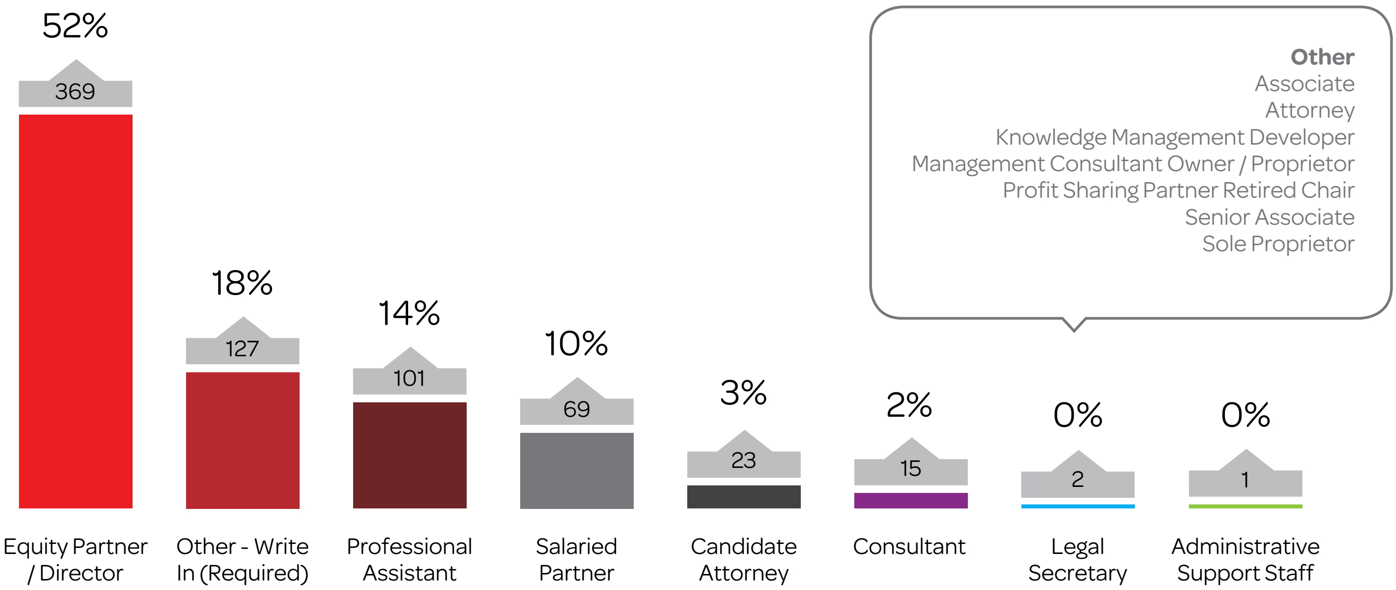
Professional Segmentation

Roles

What is your role in the practice?

Over half the respondents surveyed had an equity stake in their business.





Professional Segmentation

Career span

How many years have you been practising law?

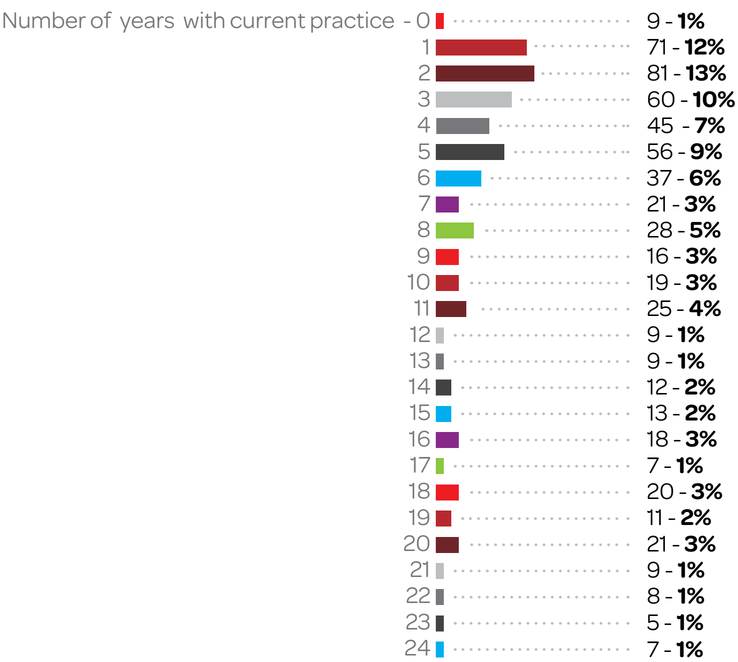
39% of the attorneys in the survey have been practising for less than 10 years.

However the cumulative bulk of these (61%) have over 10 years' experience.

- 271 Attorneys have been practising for 0 - 10 years — 39%
- 188 Attorneys have been practising for 11 - 20 years — 27%
- 120 Attorneys have been practising for 21 - 30 years — 17%
- 71 Attorneys have been practising for 31 - 40 years — 10%
- 32 Attorneys have been practising for 41 - 50 years — 5%
- 5 Attorneys have been practising for 51 - 60 years — 1%

Tenure

How many years have you been with the current practice?



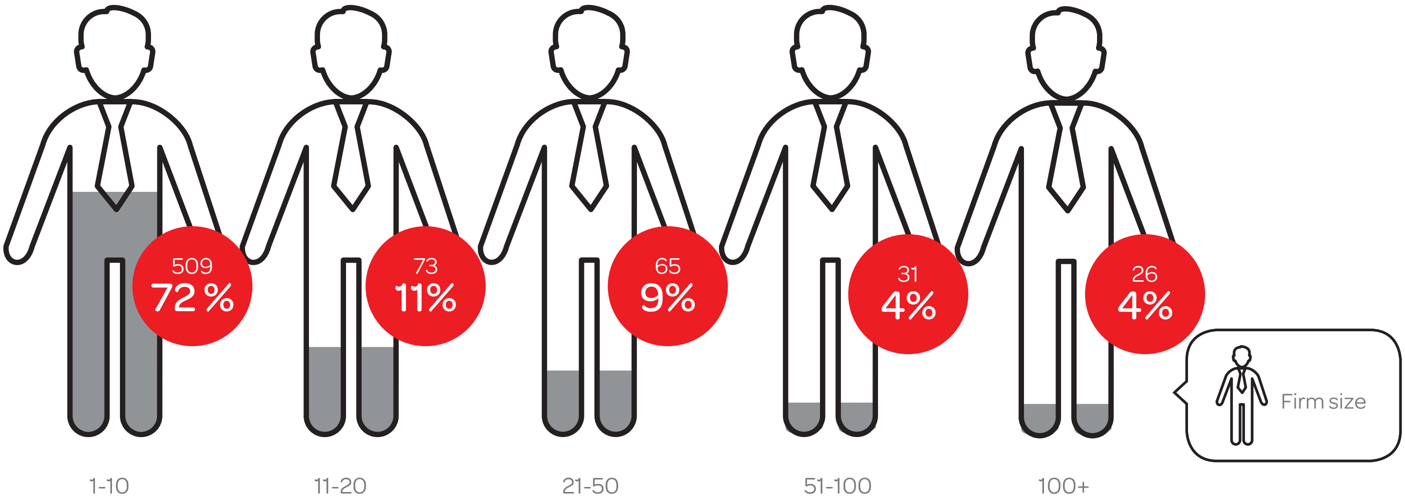
Newly established: Whilst experienced, 52% of the sample have been with the current practice for 5 years or less, with the highest concentration at only 2 years' tenure.

Professional Segmentation

Firm size

How many employees (professional and support staff) are there in your firm?

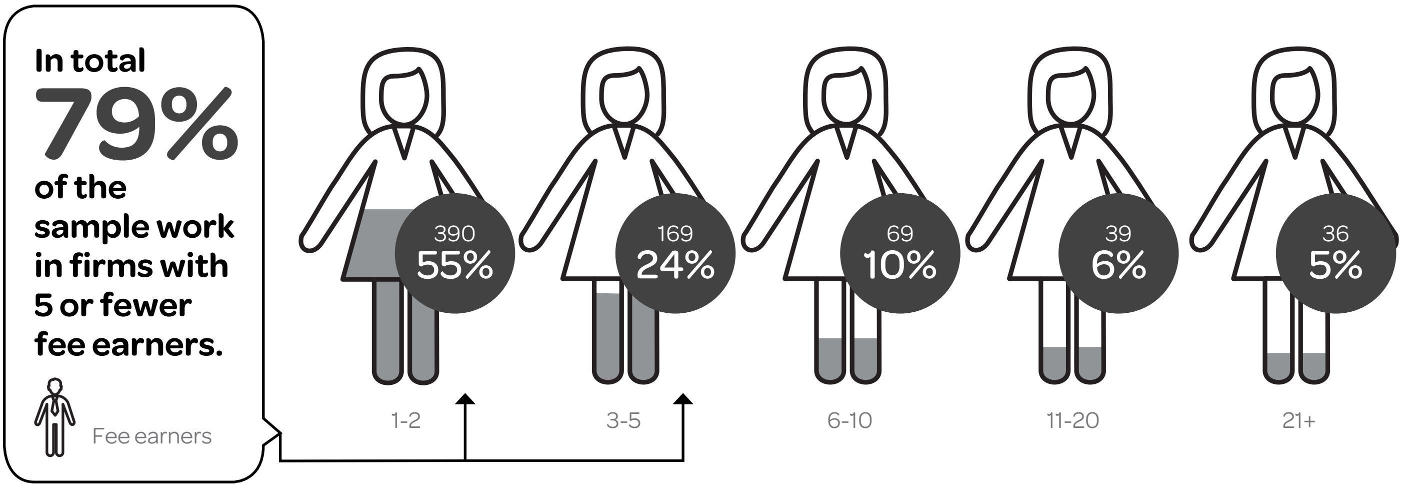
Small law
Unquestionably a small law sample with the strong majority, 72%, working in firms with under 10 staff.



Fee earners

How many fee earners (employees that bill their time) are there in your firm?

In the majority of the sample, 55%, there are 1 – 2 fee earners per firm.

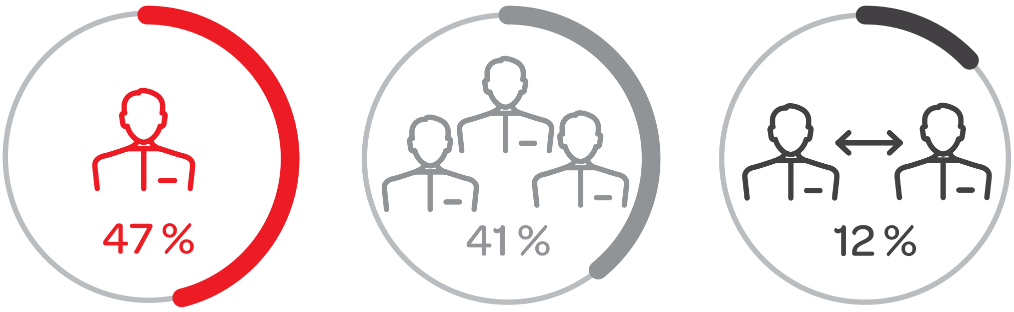


Professional Segmentation

Practice type

What is your form of practice?

A slight skew towards sole practitioners in the sample with relatively few Partnerships.



336 Sole Practitioners

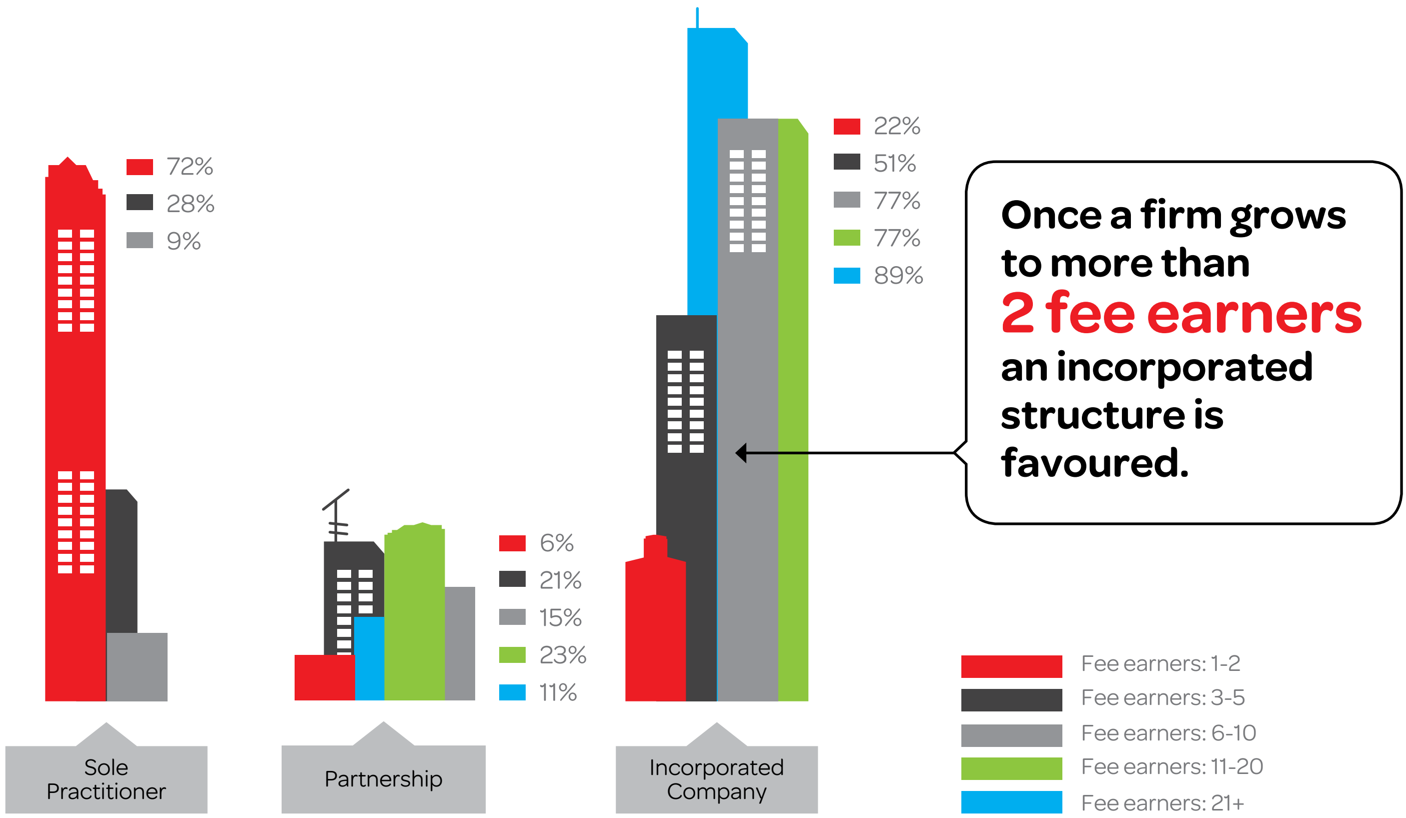
287 Incorporated Companies

82 Partnerships

Practice type / Fee earners

What is your form of practice?

Incorporated companies tend to represent firms with a larger number and spread of fee earners.
Sole practitioners do not employ more than 10 fee earners.

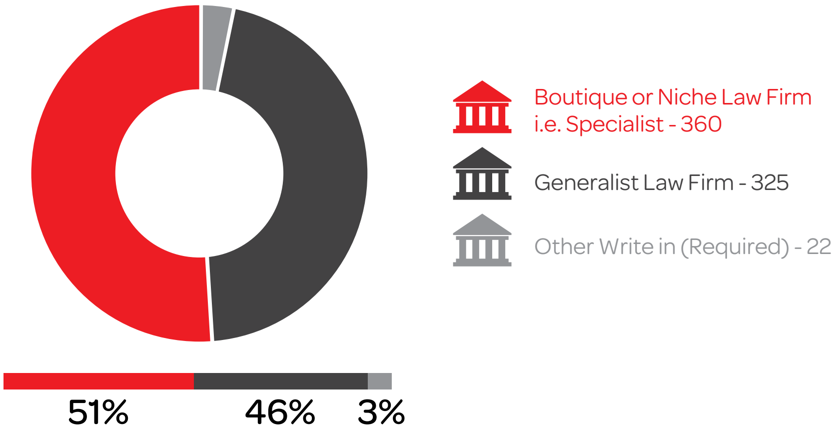


Professional Segmentation

Practice categories

Would you describe the practice you work in now as a:

Firms fairly evenly split between niche and generalist focus, with a slight skew towards boutique firms.



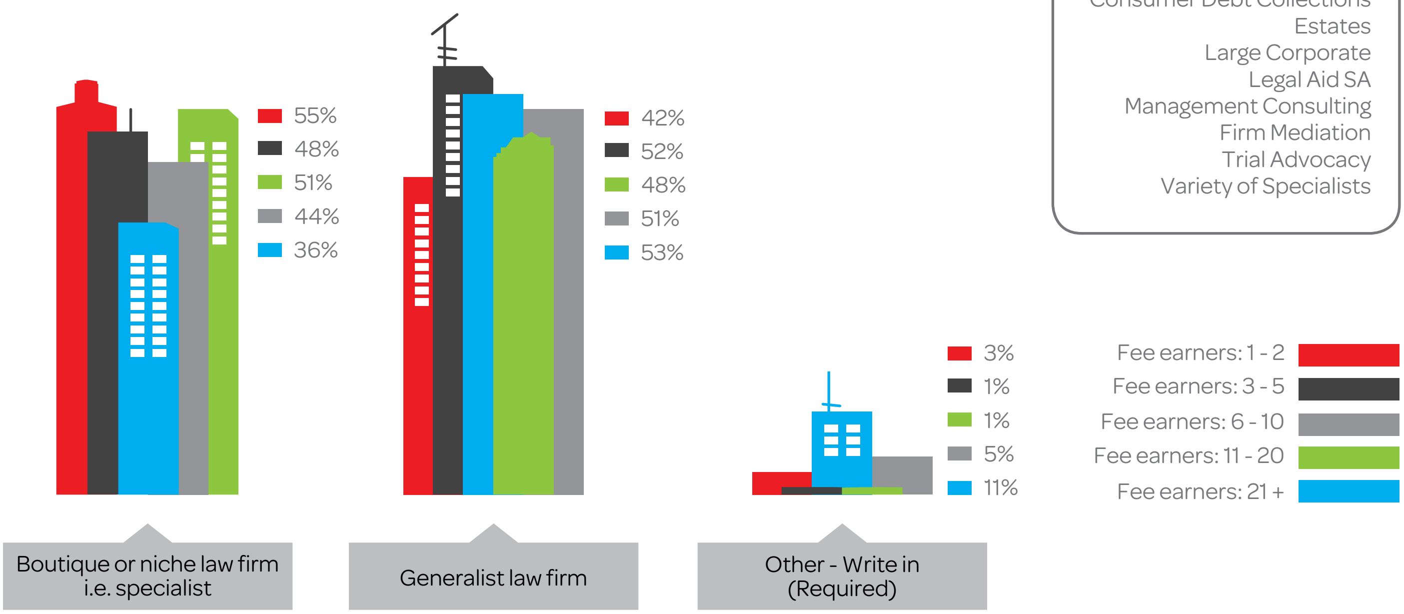
Other
Both
Bulk Collections
Consumer Debt Collections
Estates
Large Corporate
Legal Aid SA
Management Consulting Firm
Mediation
Trial Advocacy
Variety of Specialists

Practice categories / Fee earners (%)

Would you describe the practice you work in as a:

Boutique or niche firms have the highest concentration of 1 – 2 fee earners, **while larger firms are more generalist.**

Other
Both
Bulk Collections
Consumer Debt Collections
Estates
Large Corporate
Legal Aid SA
Management Consulting
Firm Mediation
Trial Advocacy
Variety of Specialists

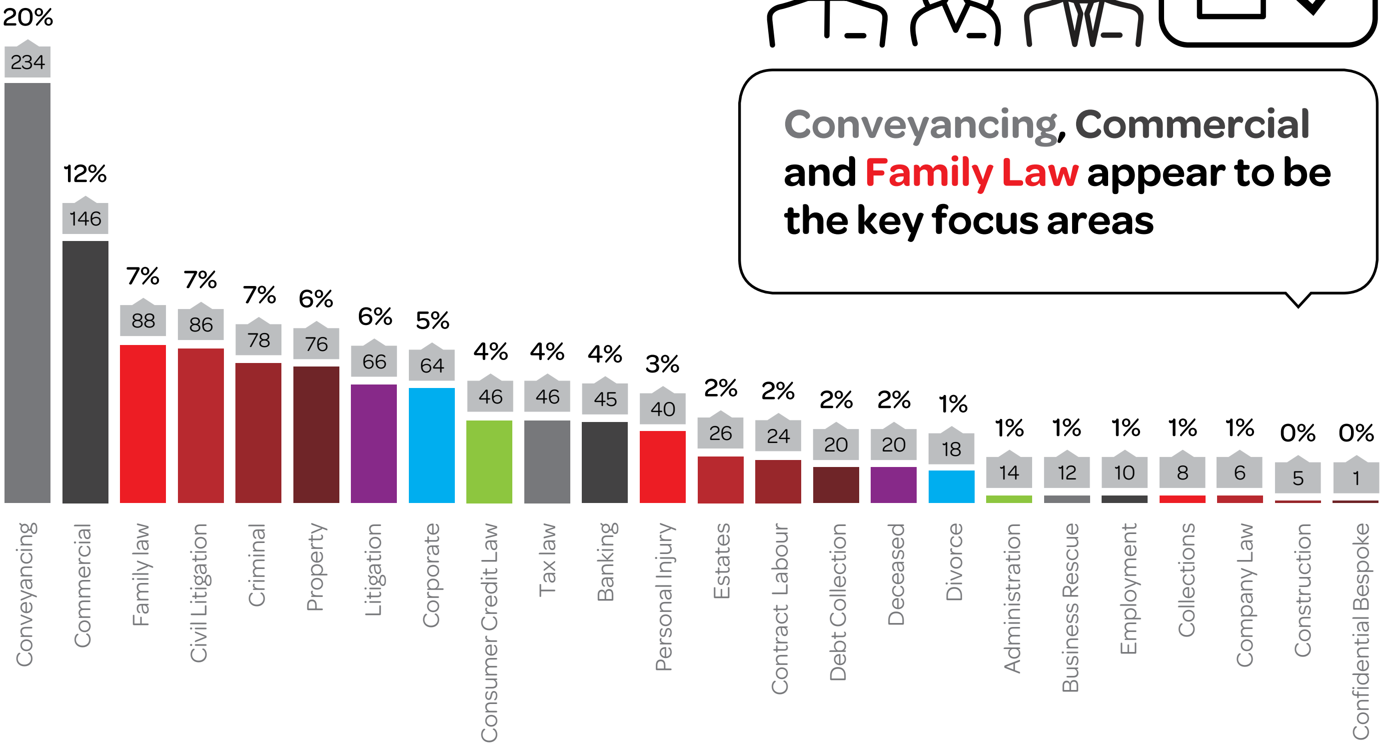


Professional Segmentation

Practice areas: top 3

In which area(s) of law does your firm mostly practise?
(Please specify a maximum of 3)

Conveyancing, Commercial and Family Law appear to be the key focus areas



Transformational Issues

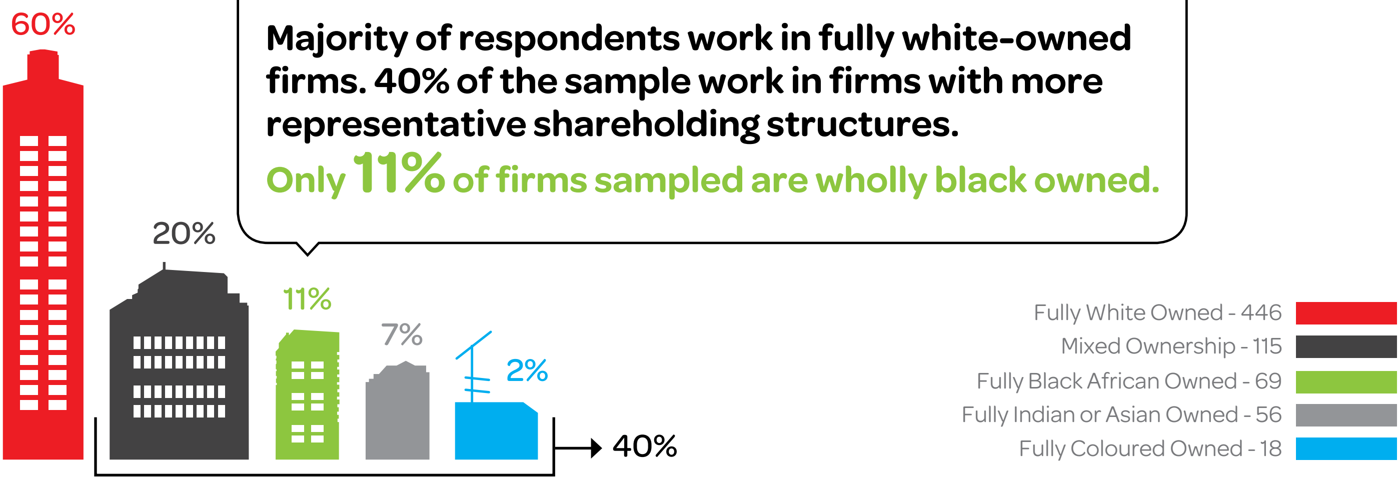
Transformational Issues

Ownership by race

Please indicate how your firm's ownership is structured by population group:

Majority of respondents work in fully white-owned firms. 40% of the sample work in firms with more representative shareholding structures.

Only 11% of firms sampled are wholly black owned.

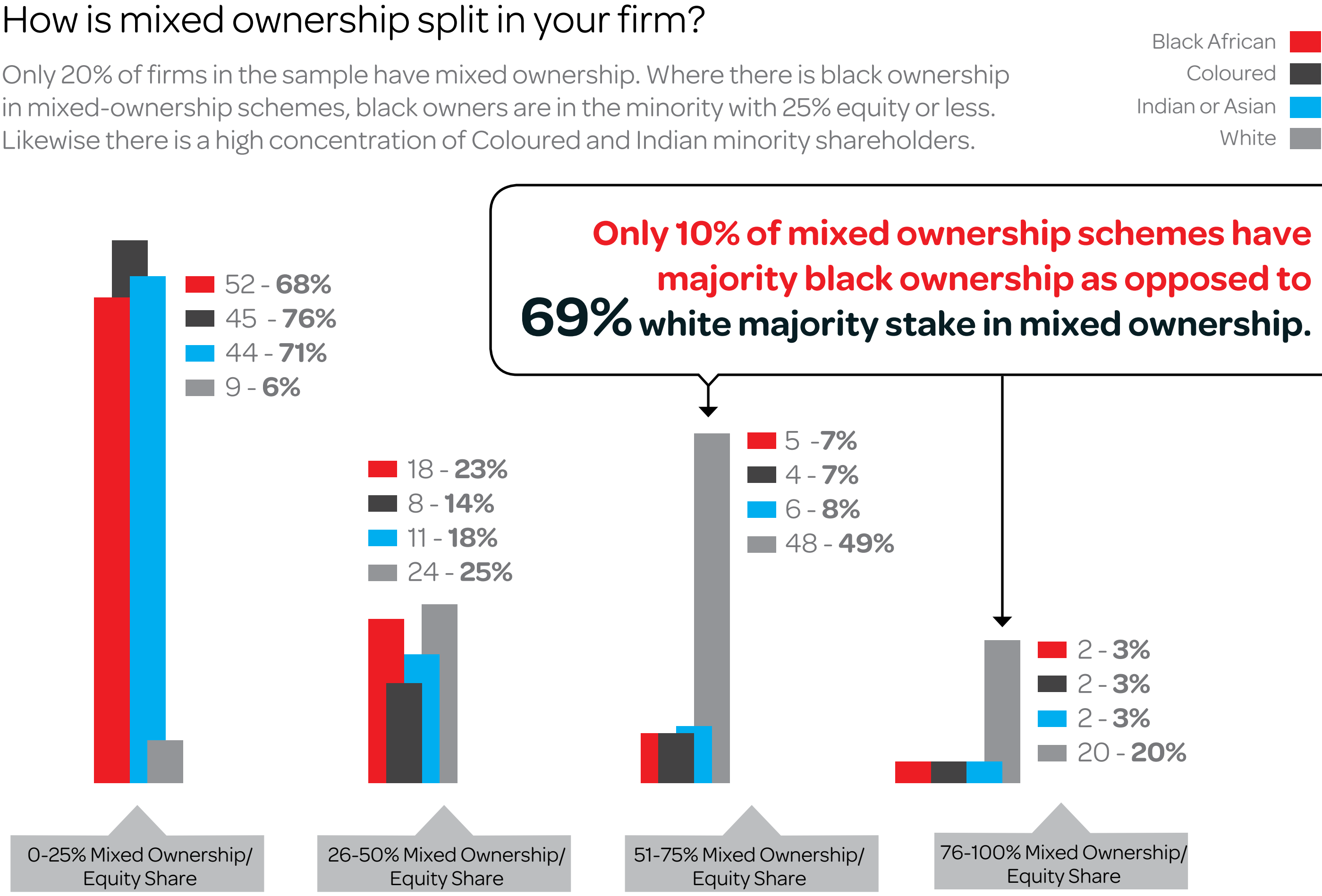


Mixed ownership / race

How is mixed ownership split in your firm?

Only 20% of firms in the sample have mixed ownership. Where there is black ownership in mixed-ownership schemes, black owners are in the minority with 25% equity or less. Likewise there is a high concentration of Coloured and Indian minority shareholders.

Only 10% of mixed ownership schemes have majority black ownership as opposed to 69% white majority stake in mixed ownership.

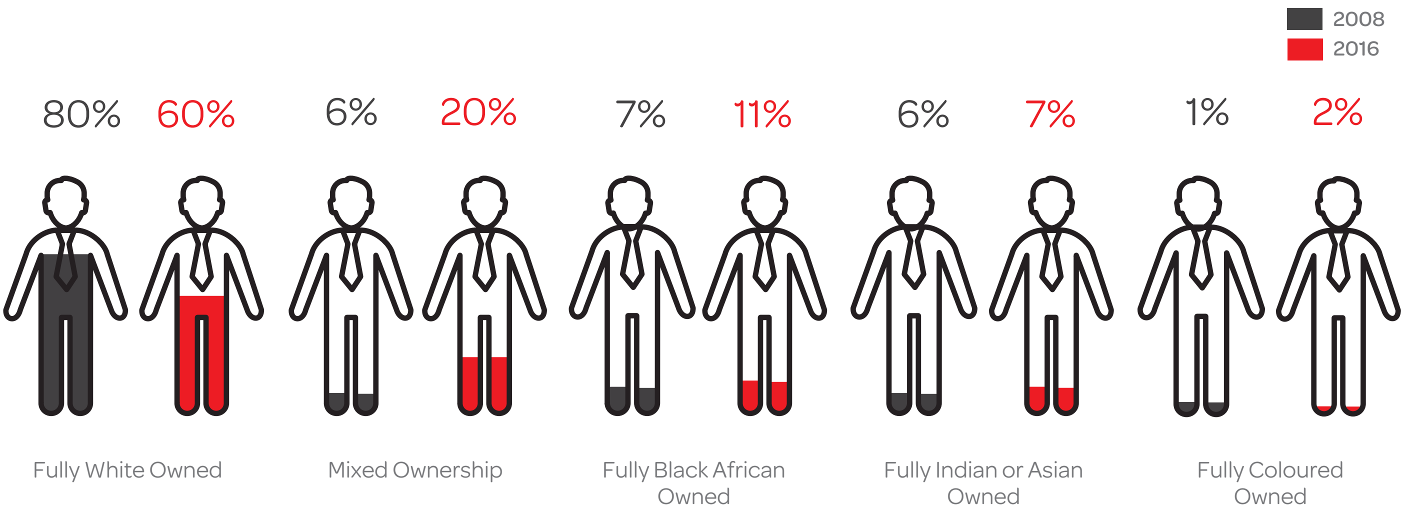


Transformational Issues

Ownership by race 2008 vs. 2016

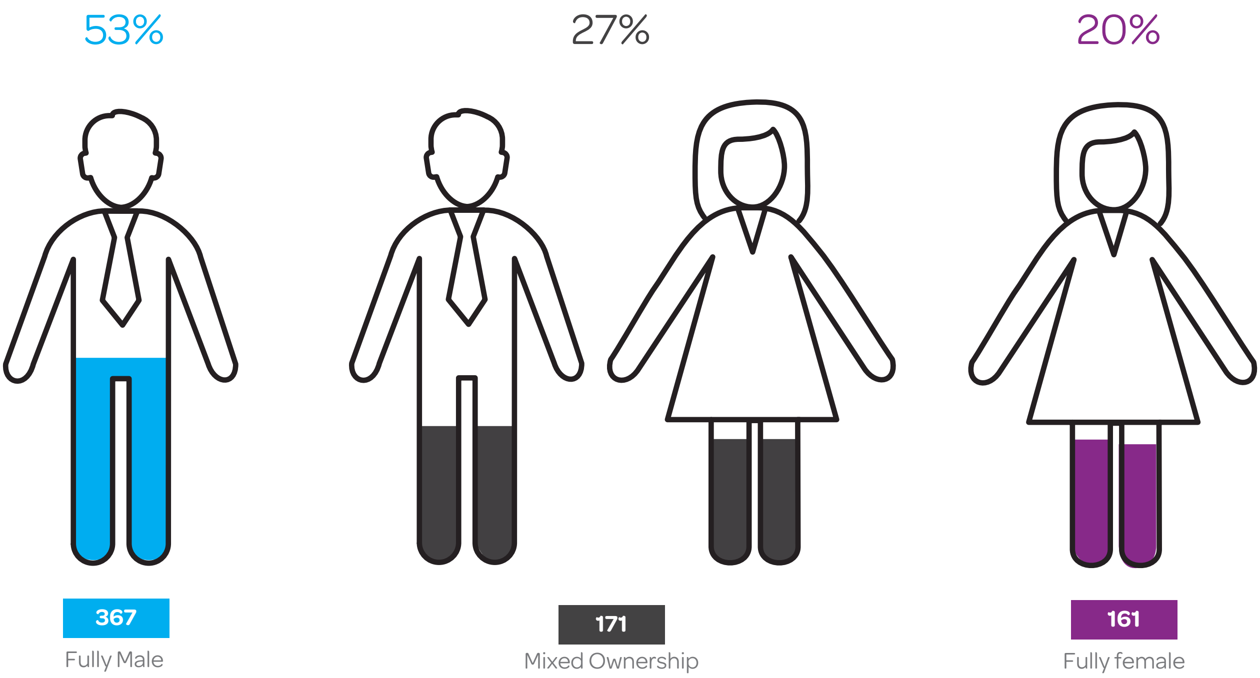
Please indicate how your firm's ownership is structured by population group:

Ownership by race has changed significantly in the last 8 years. Since 2008 there are 20% less fully white-owned firms, 14% more mixed-ownership firms. Fully black-owned firms have only grown by 3% according to the sample.



Ownership by gender

Please indicate how your firm's ownership is structured by gender:

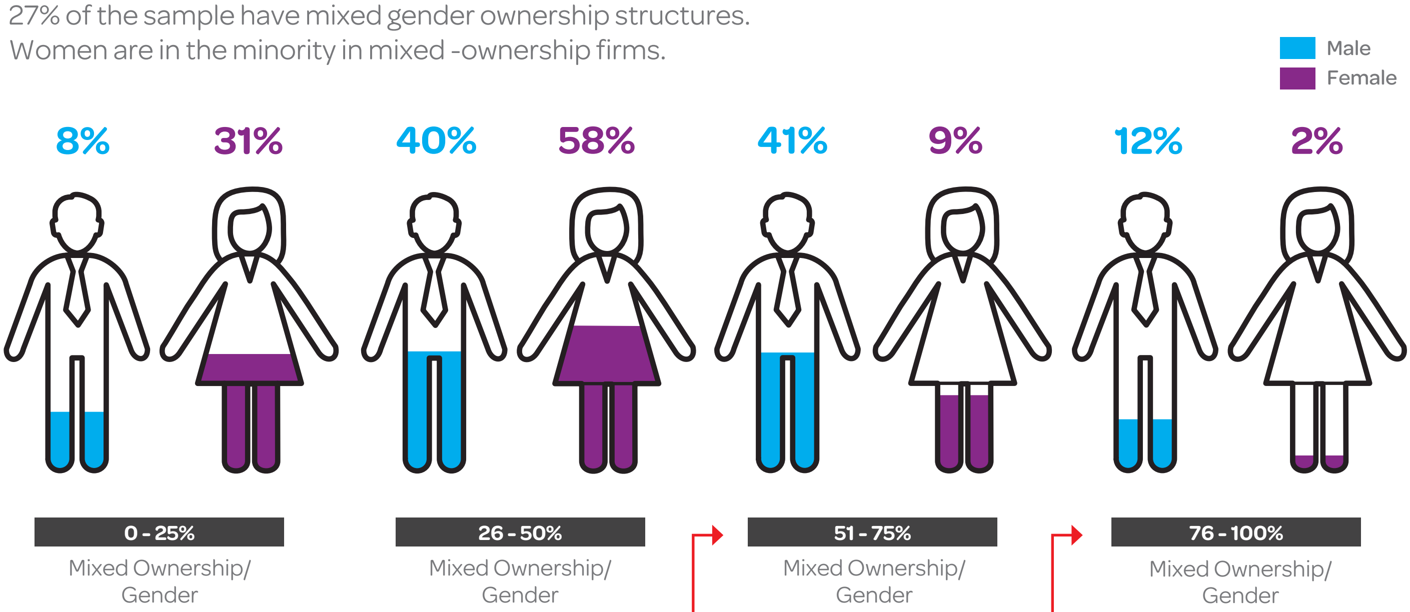


Transformational Issues

Mixed ownership by gender

How is the mixed-ownership split in your firm (ito gender)?

27% of the sample have mixed gender ownership structures.
Women are in the minority in mixed -ownership firms.

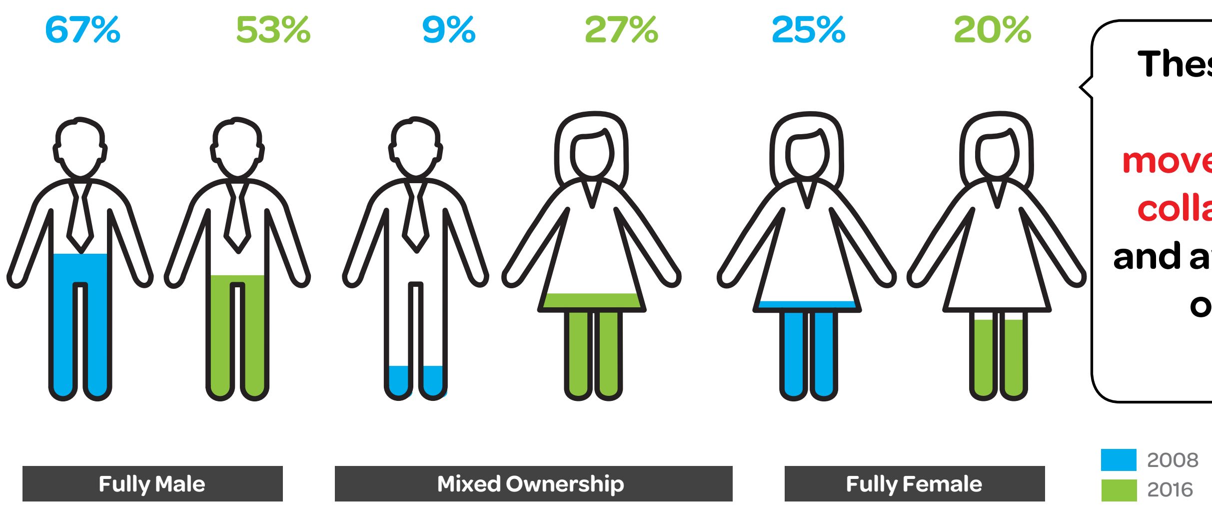


Only 11% of female ownership is in the majority (over 50% equity) compared to 53% of majority male ownership.

Ownership by Gender 2008 vs. 2016

Please indicate how your firm's ownership is structured by gender:

Since 2008 there are 14% less fully male-owned firms in South Africa and 5 % less fully female-owned firms.
Mixed ownership, however, has increased by 18%.

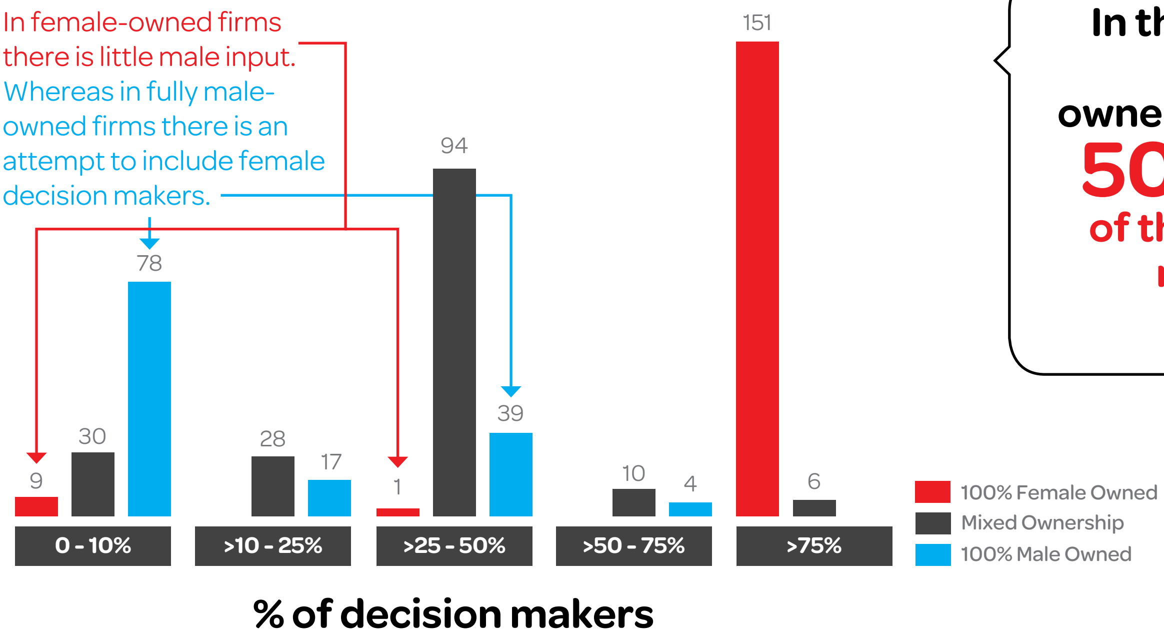


These figures suggest a move towards collaboration and away from ownership silos.

Transformational Issues

Decision makers / Ownership

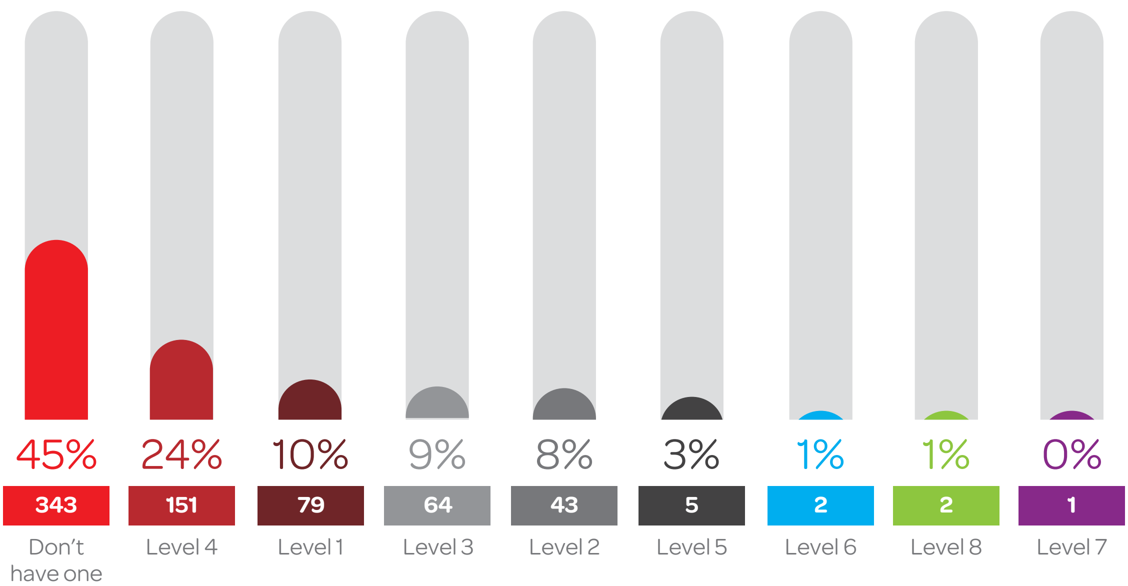
What percentage of decision makers are female?



In the majority of mixed-ownership firms 50% or less of the decision makers are female.

BEE

What is your BEE rating?



45% of the sample have no BEE rating.

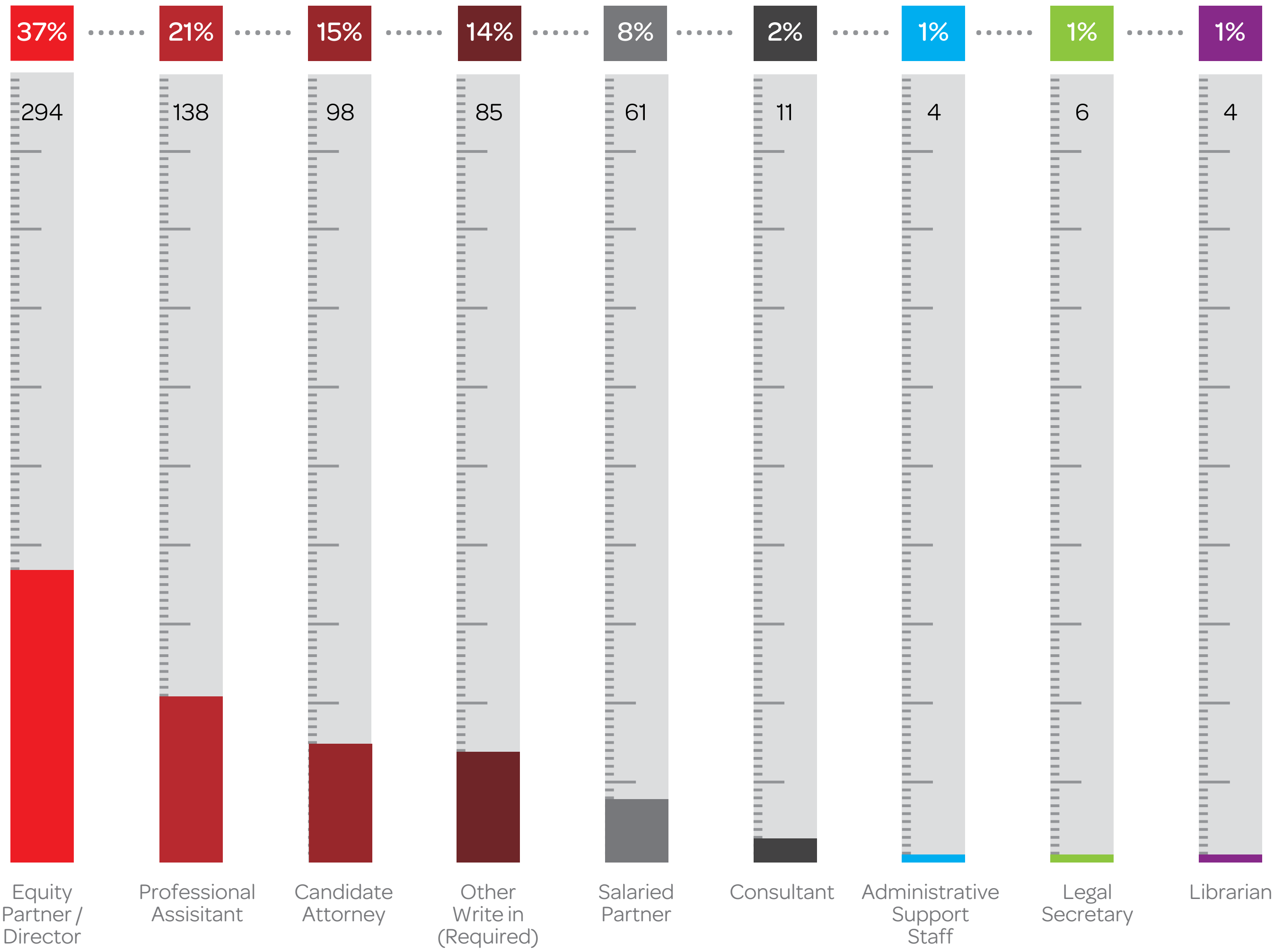
Legal Research

Legal Research

Legal research

Who in your firm does the most legal research?

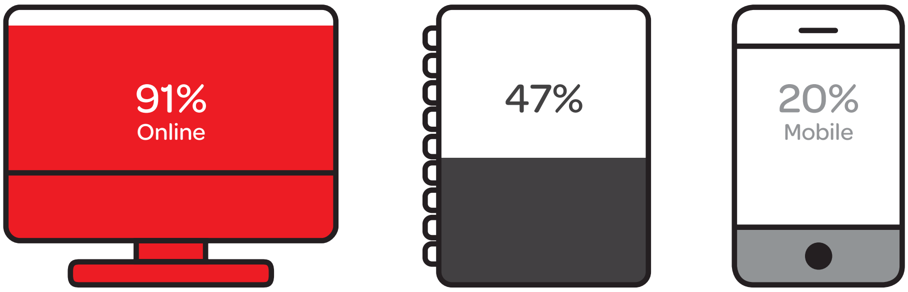
Overall most research is done by equity partners or professional assistants.
Not surprising given the small firm sizes represented in the majority of the sample.



Legal Research

Research formats

Which formats do you currently use for legal research information?



Online - 636
[PC, Laptop]

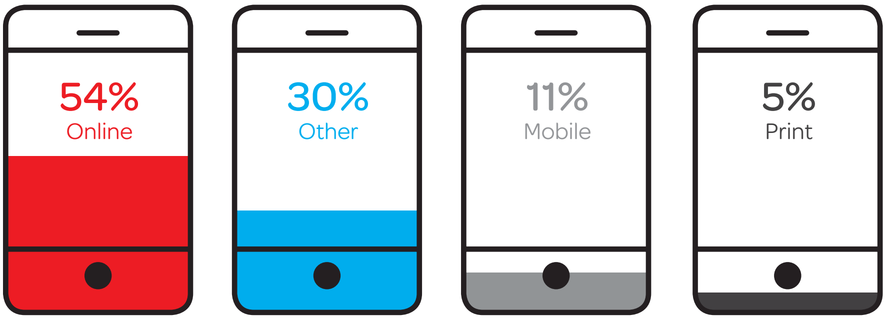
Print - 328
[Loose Leaf / Book / Journal]

Mobile - 133
[Tablet / Phone / eBook]

Most legal research is done online.

Format preference

If the same information was available in all 3 formats, which one would you choose? [Select one]



Online - 375
[PC, Laptop]

Other - 206
A combination of all formats

Mobile - 62
[Tablet / Phone / eBook]

Print - 54
[Loose Leaf / Book / Journal]

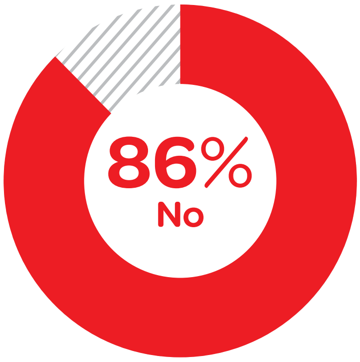
Online research is the preferred format.

Legal Research

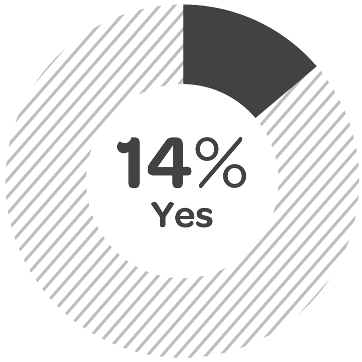
Internet Access

Is access to the internet a barrier to using legal information online or in a mobile format?

Access to the internet is not a barrier to the use of digital research for most respondents.



589



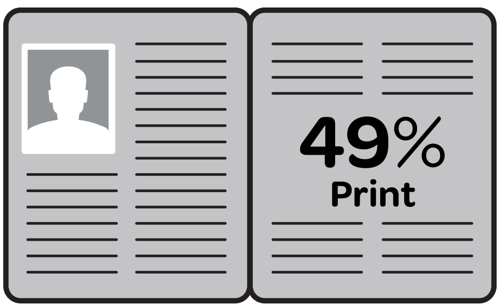
98

Research time per format

What percentage of your legal research time is spent on print vs. digital?

Even though most respondents prefer to conduct research online, there is currently an even split between digital and printed research time.

678



655

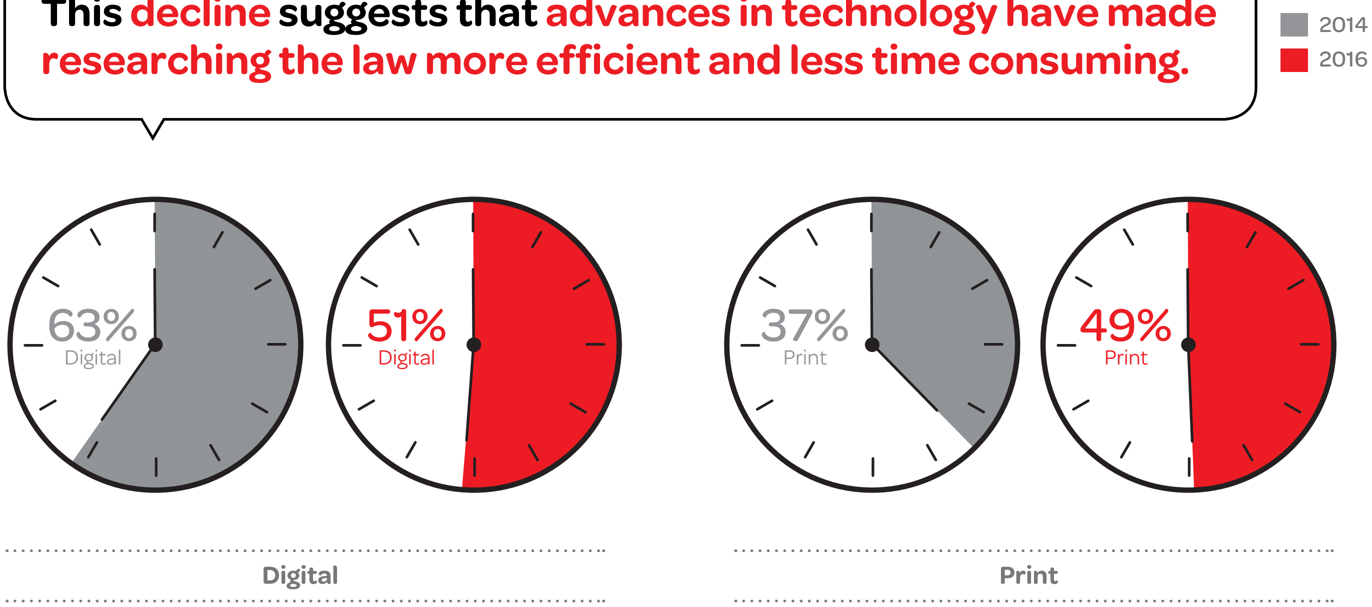
Legal Research

Research time per format 2014 vs. 2016

What percentage of your legal research time is spent on print vs. digital?

There appears to be a more even split between research time on print vs digital than there was 2 years ago. It is interesting to note that the sample in 2016 spend 12% less time on digital research than in previous years.

This decline suggests that advances in technology have made researching the law more efficient and less time consuming.

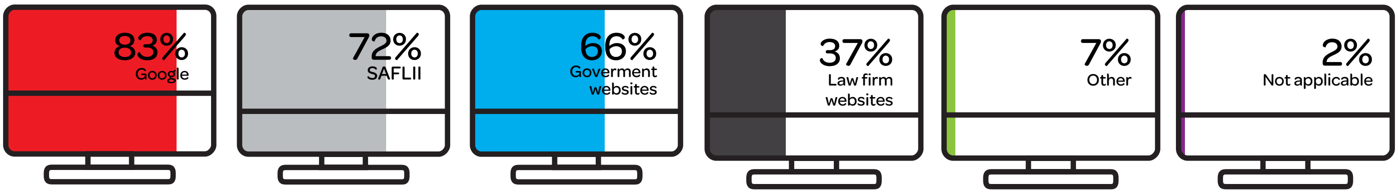


Legal Research

Free online resources

Which free online legal resources do you use regularly?

Google and SAFLII are the two most popular free online resources .



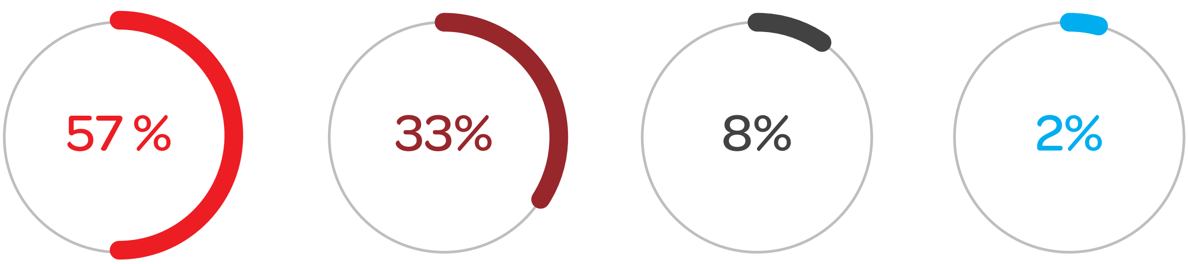
577 people use Google = 83%
513 people use SAFLII = 72%
461 people use Goverment websites = 66%
276 people use law firm websites = 37%
35 said other - write up (required) = 7%
6 people answered not applicable = 2%

Other
Espacenet - Patent database
Ghost Digest
Insider
Juta
Law Library Online
LEAD Manuals
Legal Research Solutions
LexisNexis
Law Society Library
Magistrates Court Library
Sabinet
WIPO - Intellectual Property Organisation

Online resources comfort levels

How fully do you trust free online resources to provide up –to- date legal research information?

A third of the sample does not fully trust the free online resources that they use for research.



I trust them - 396
I don't fully trust them - 240
I fully trust them - 49
Not Applicable - 10

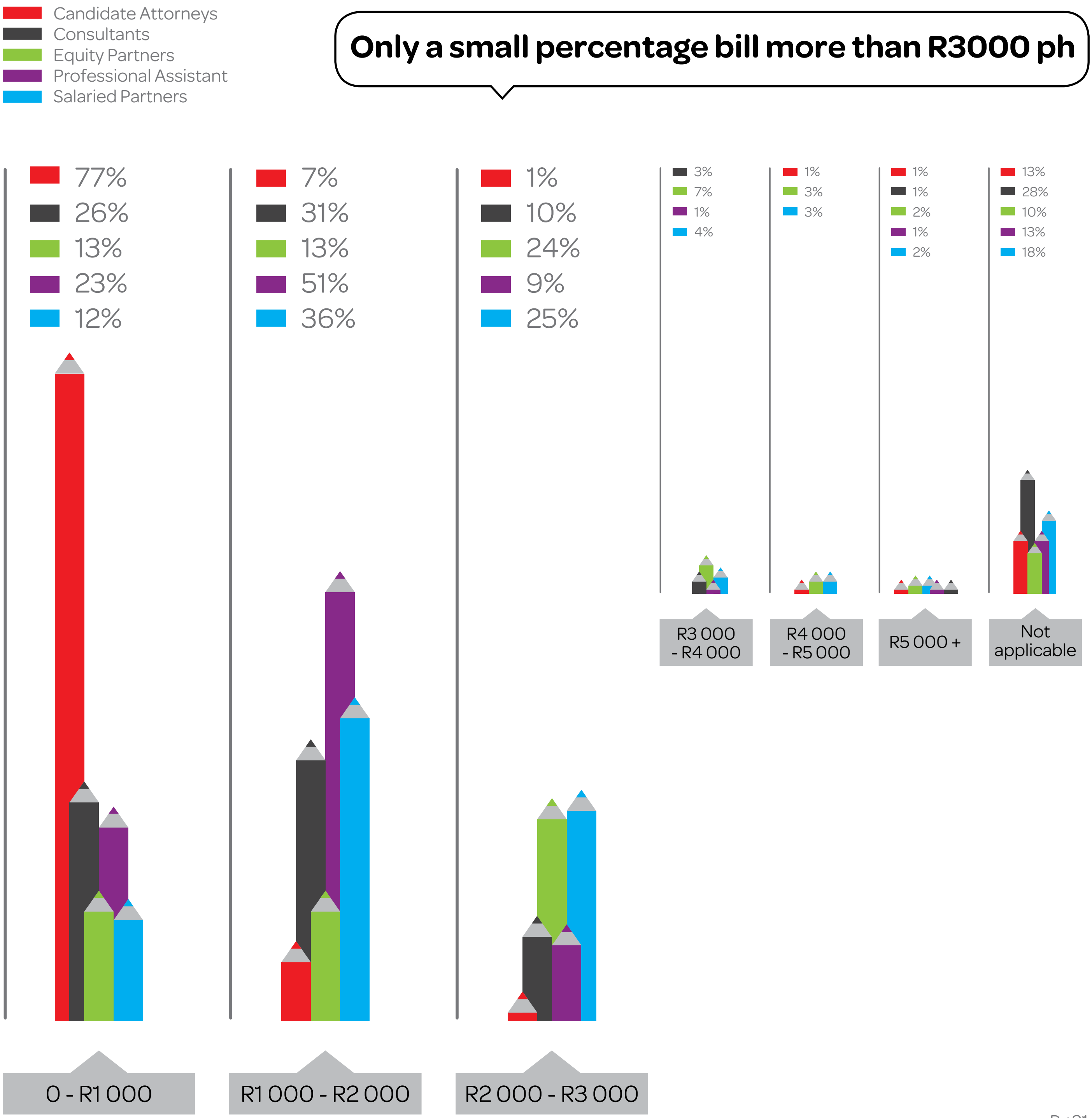
Hourly Rates

Hourly Rates

Hourly rates comparison

What is the average hourly rate charged by your firm for the services of professionals?

Majority of candidate attorneys bill less than R1000 per hour.
61% of salaried partners bill between R1000-R3000 per hour.

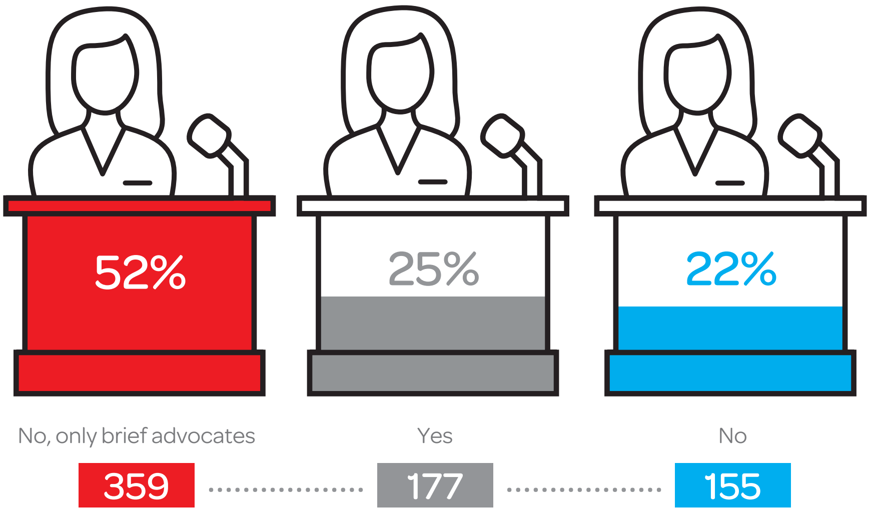


Court and Briefing Patterns

Court and Briefing Patterns

High Court

Do you appear in the High Court?

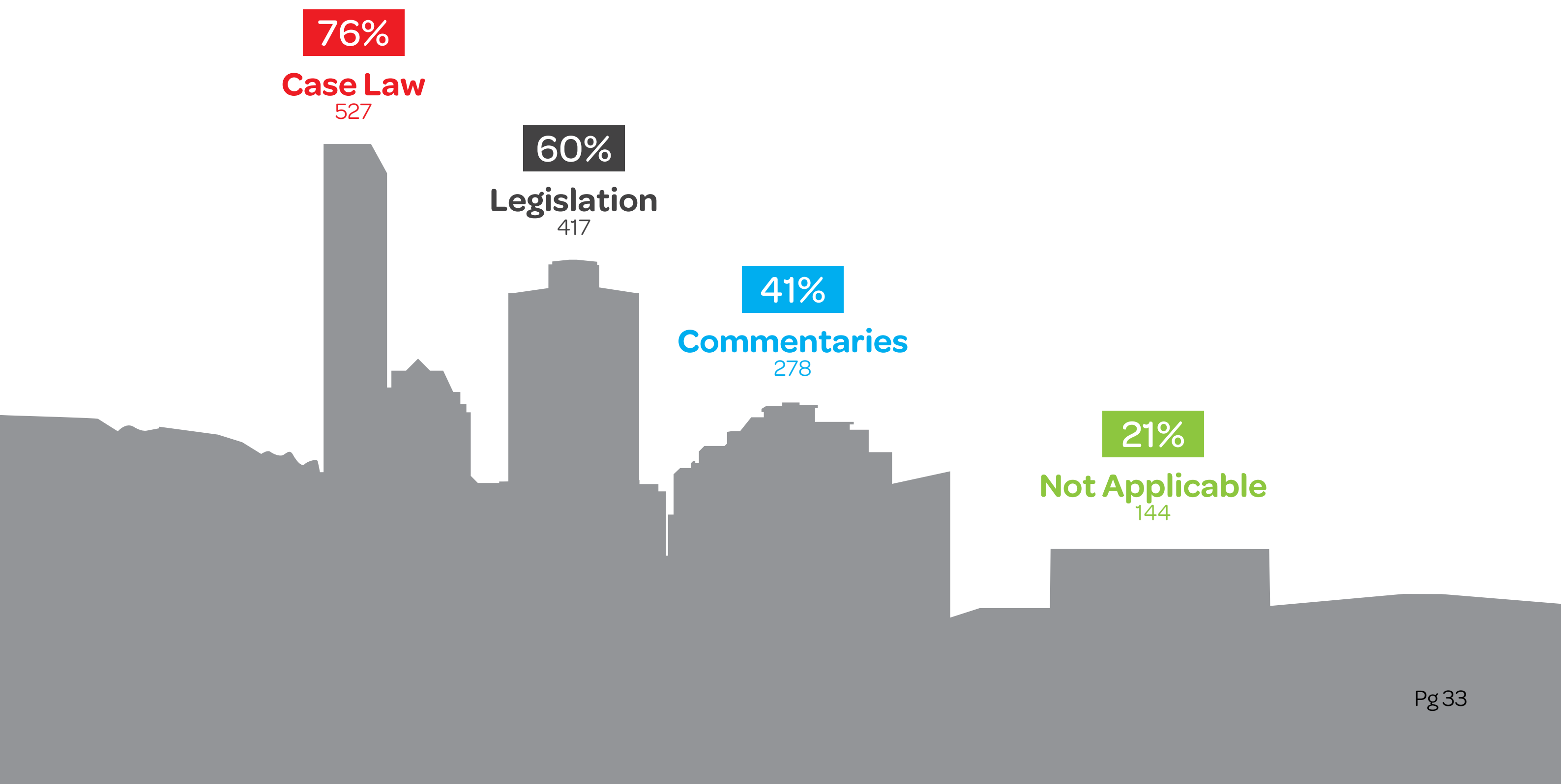


Only 25% of the sample appear in High Court.

Court relevant content

What legal information or content do you need to take to court?

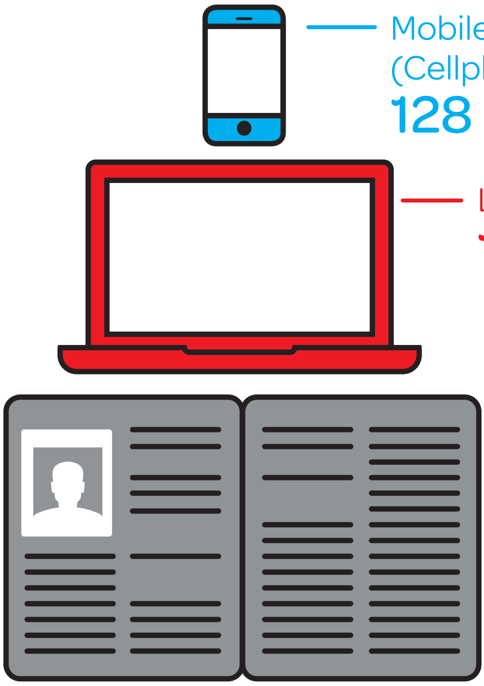
Whereas legislation and commentaries are important, case law appears to be the most critical legal information required for court.



Court and Briefing Patterns

Preferred format for court

Which format would you prefer your legal information for court to be in?



Mobile devices (Cellphone, Tablet)
128 - 20%

Laptop Online
171 - 34%

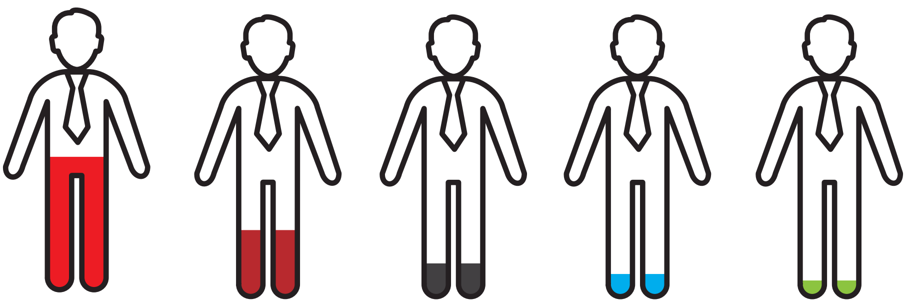
Print
280 - 46%

Although most of the sample prefer to conduct their legal research online, print remains the preferred format for court.

Advocate choice

What determines your selection of an advocate?

Personal relationships and referrals are the key drivers when choosing an advocate.



57%	21%	12%	6%	4%
387	132	69	35	29
Long-standing relationship	Word of mouth	Other - Write in (Required)	Transformational Imperatives	Not applicable

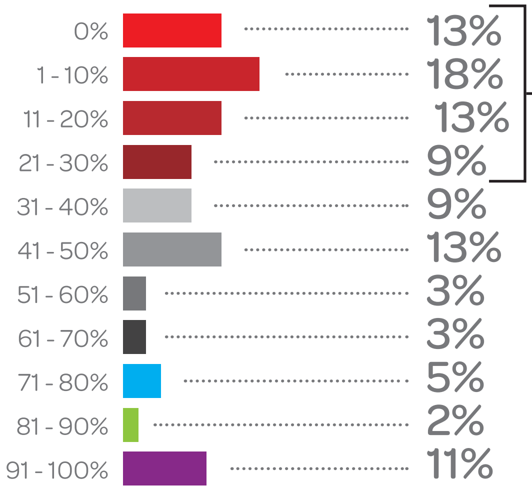
Other
Ability to deliver on a given task
Best available for the instruction
Both relationship and transformation
Capability & expertise
Costs
Expertise in the field
Long standing relationships and transformation imperatives
Past experience and word of mouth
Transformational imperatives and word of mouth
Quality of work
Relevant experience

Court and Briefing Patterns

Expenditure on Black Advocates

Please estimate what percentage of the expenditure on advocate briefs is spent on black advocates?

Only **24%** of the sample brief black advocates most frequently.

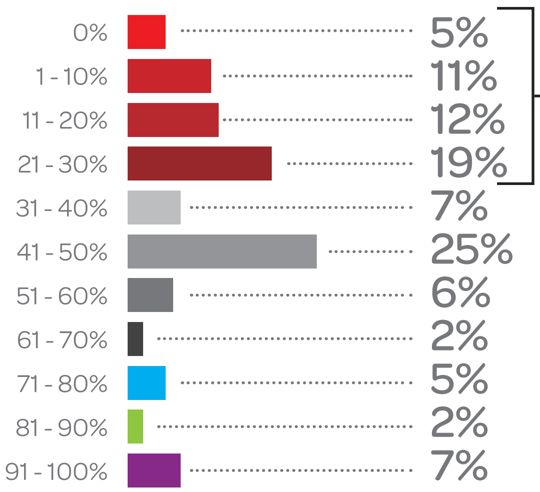


53% of the sample brief less than 30% to black advocates.

Expenditure on Female Advocates

Please estimate what percentage of the expenditure on advocate briefs is spent on female advocates?

Only **22%** of the sample brief female advocates most frequently.



47% of the sample brief less than 30% to female advocates.

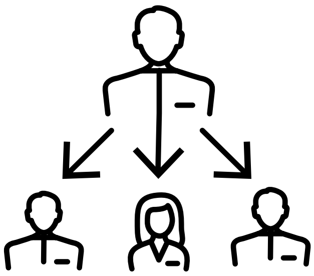
Trends

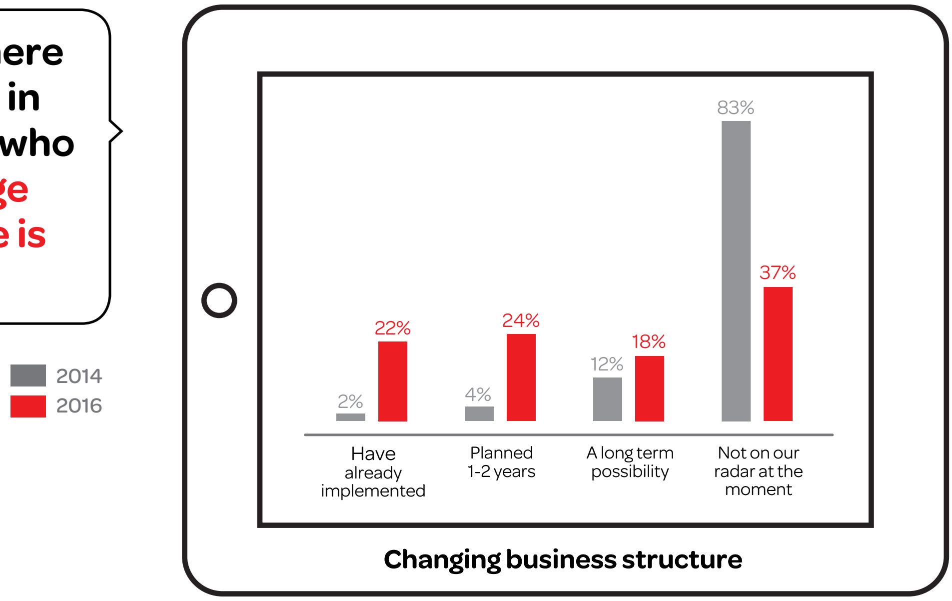
Trends

Trends: Changing business structure 2014 vs. 2016

Below is a list of major changes that other law firms have noted.
How relevant are they to your practice?

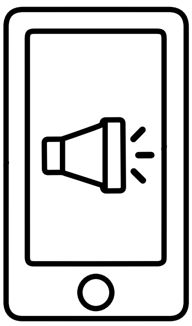
In the past 2 years there has been a 46% drop in the number of firms who indicate that a change in business structure is 'not on their radar'.

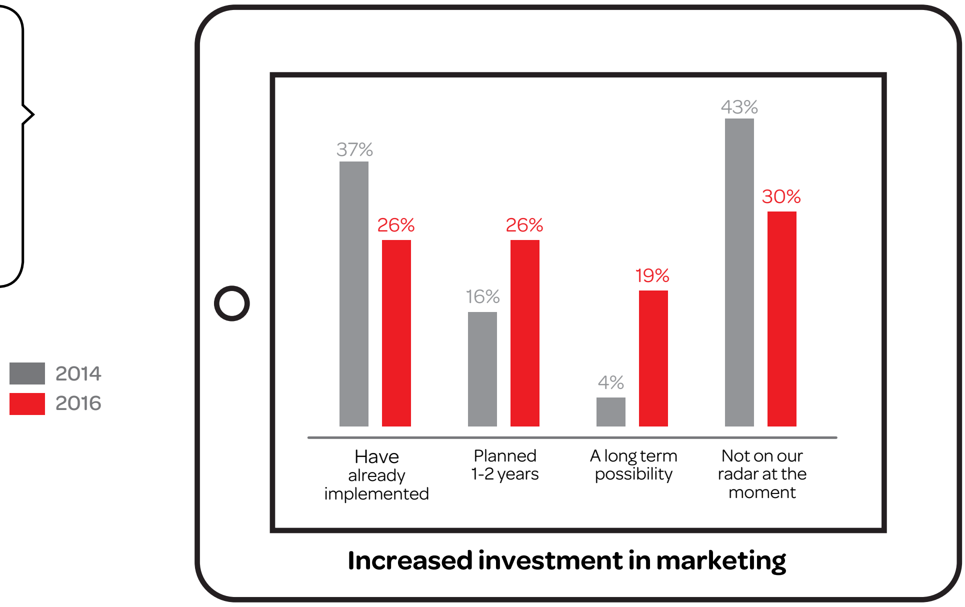




Trends: Increased investement in marketing 2014 vs. 2016

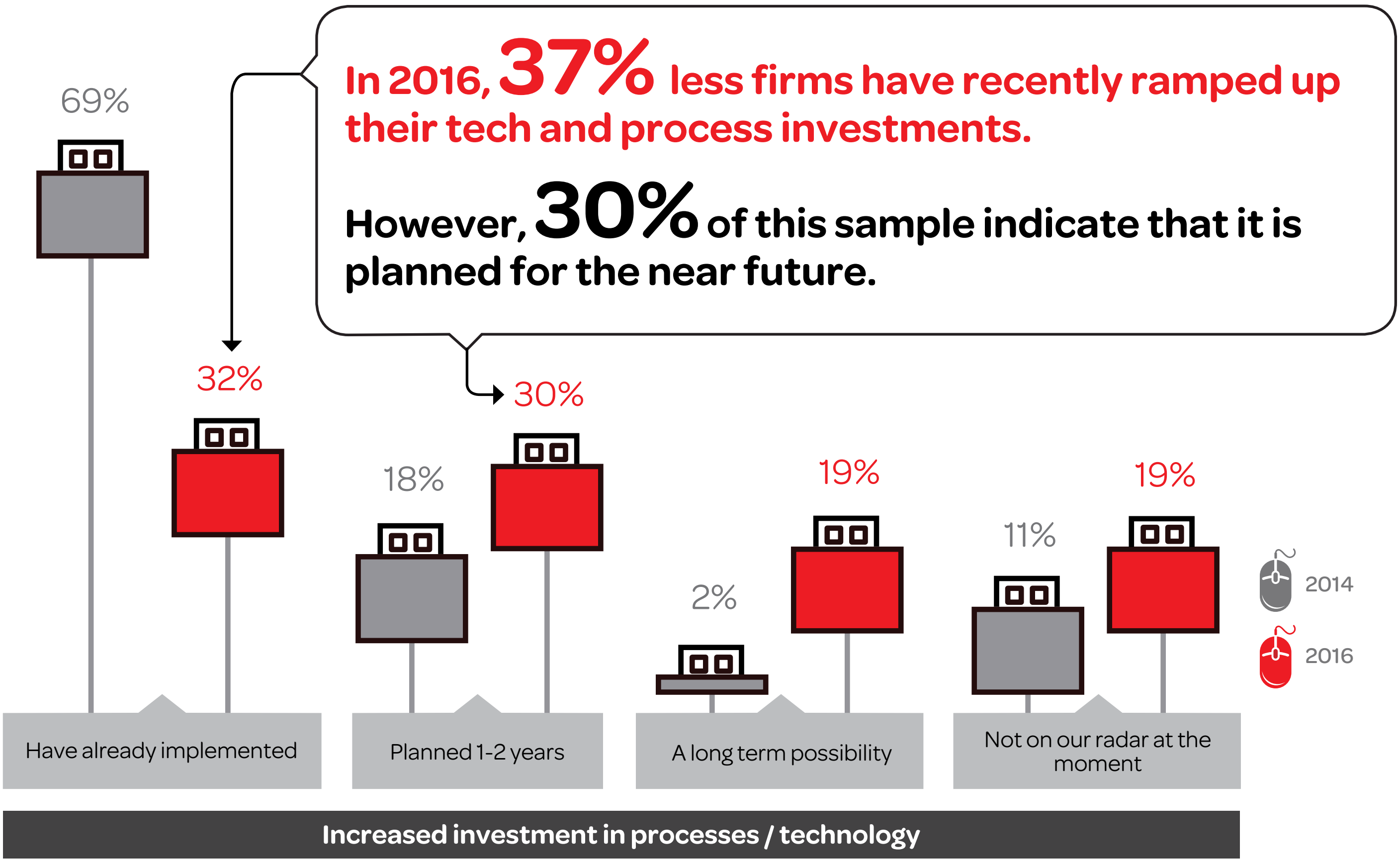
In 2016 there are 10% more firms planning to invest in marketing than there were in 2014.





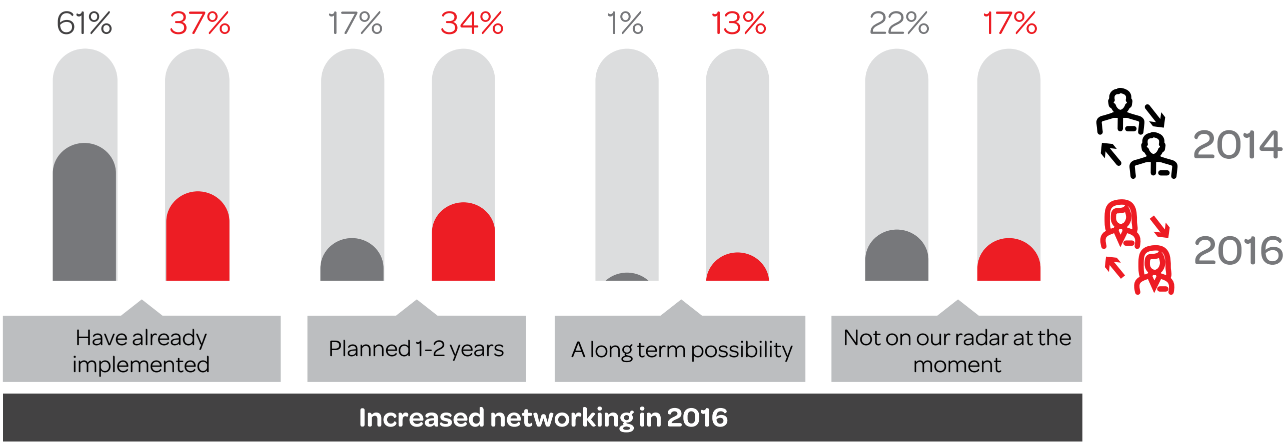
Trends

Trends: Investment in technology 2014 vs. 2016



Trends: Increasing networking 2014 vs. 2016

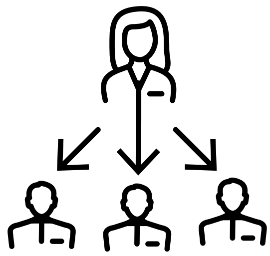
While 24% less firms have implemented an increase in networking in 2016; 17% of the these respondents intend to do so in the next 12 – 24 months.

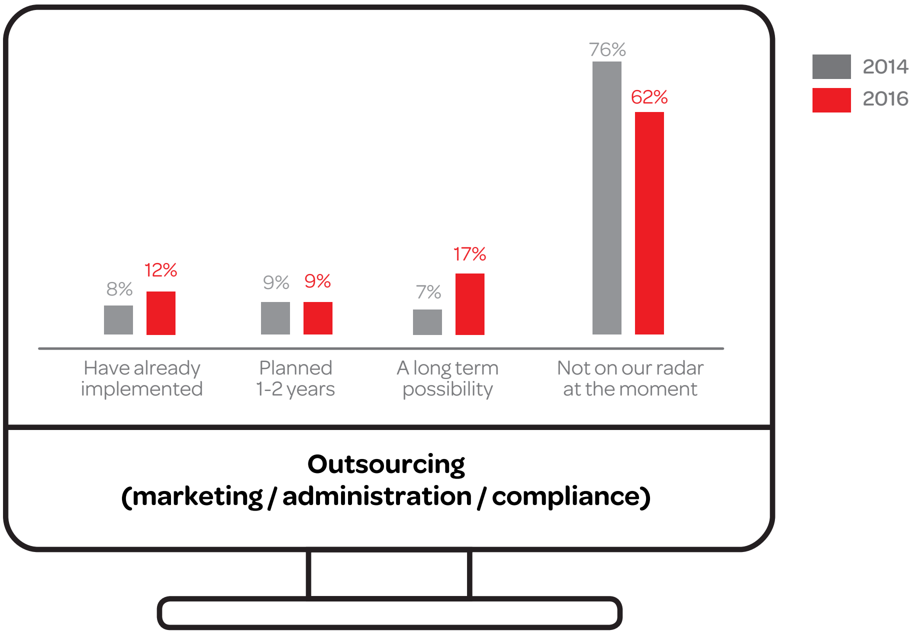


Trends

Trends: Outsourcing 2014 vs. 2016

As in 2014, the majority of law firms who participated in the 2016 study do not outsource.

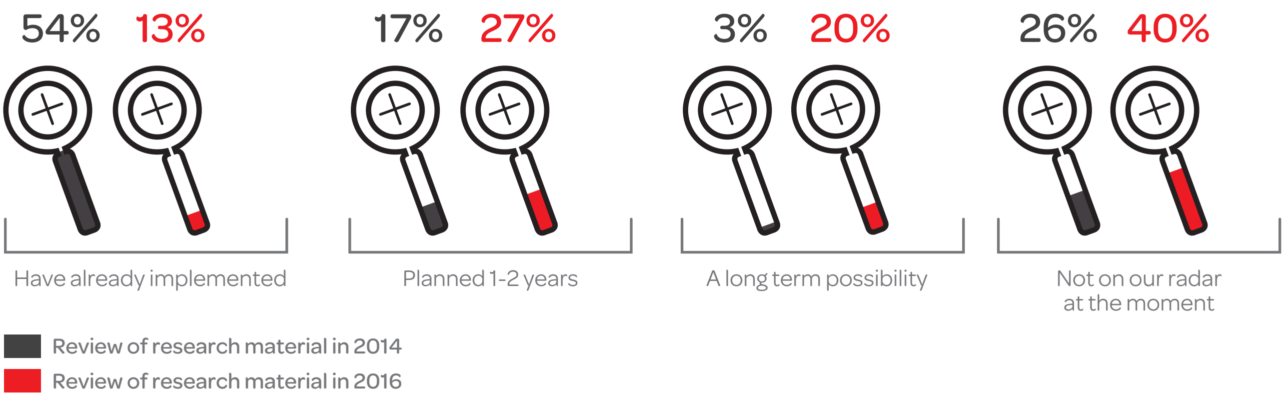




Trends: Review of research material 2014 vs. 2016

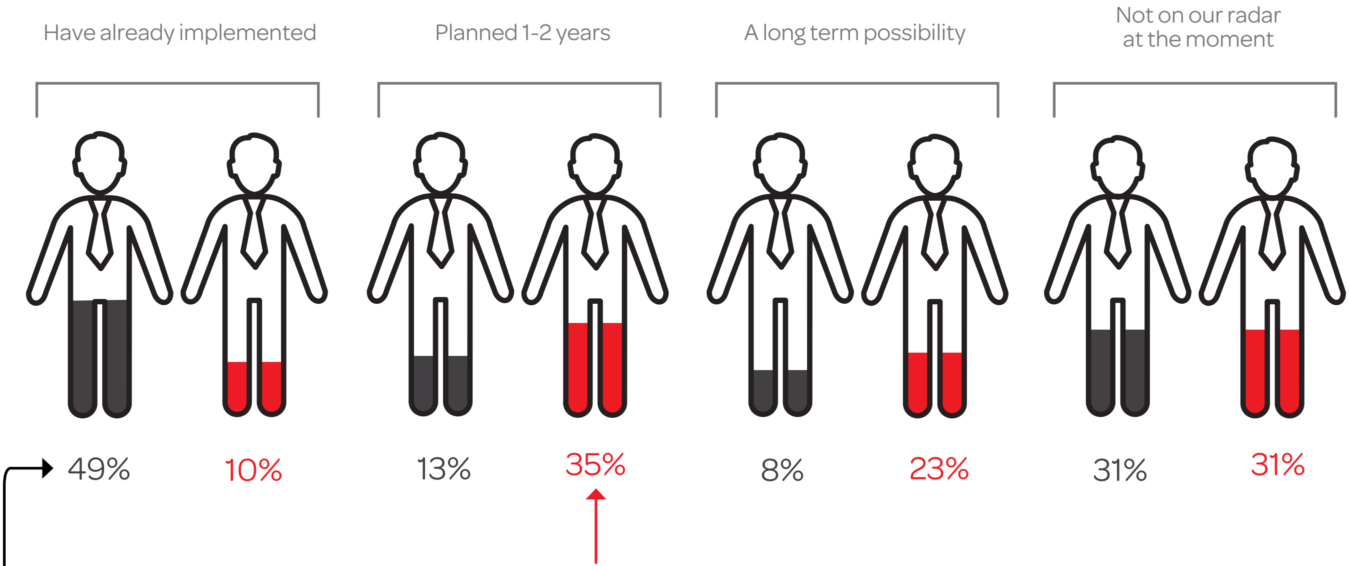
Review of research material was evidently more of a priority in 2014 than it is currently.

Two years ago most of the sample had already done an audit of their reference material, while currently 40% of the sample maintain that its not on their radar.



Trends

Trends: Taking on more staff 2014 vs. 2016



In 2014 most firms had already increased their staff complement.
In 2016 the focus is on future expansion.

Taking on more staff in 2014
Taking on more staff in 2016

Business Growth

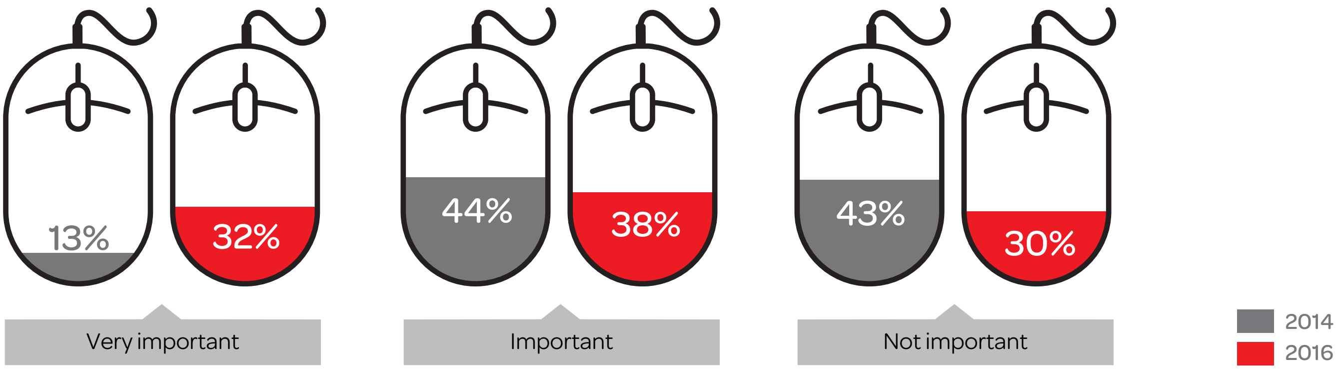
Business Growth

Business Growth 2014 vs. 2016

How important are each of the following to the growth of your business?

An appetite for online services has increased significantly in the last 2 years.

Development of online services. 19% more firms indicating that this development is a high priority in 2016.

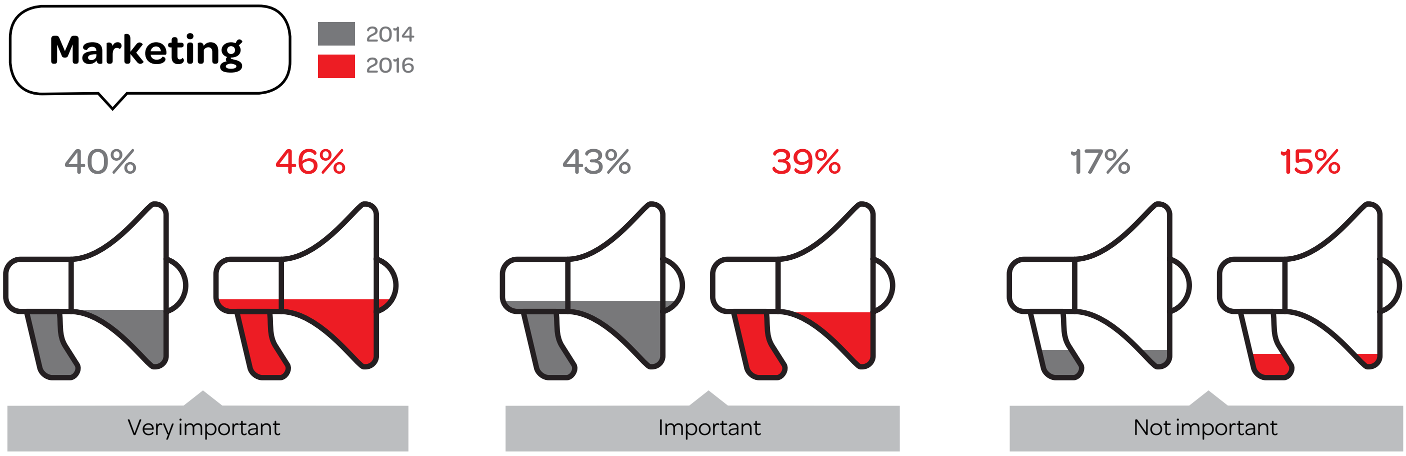


Business Growth 2014 vs. 2016

How important are each of the following to the growth of your business?

Marketing continues to be considered as an integral component for growth among law firms in South Africa.

Marketing

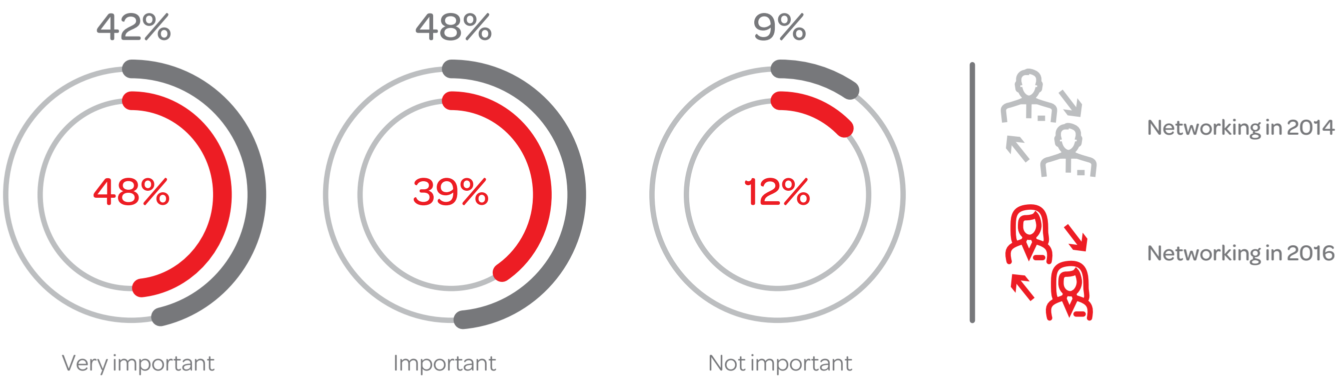


Business Growth

Business Growth 2014 vs. 2016

How important are each of the following to the growth of your business?

As in 2014, networking remains a key driver for business growth among local law firms.

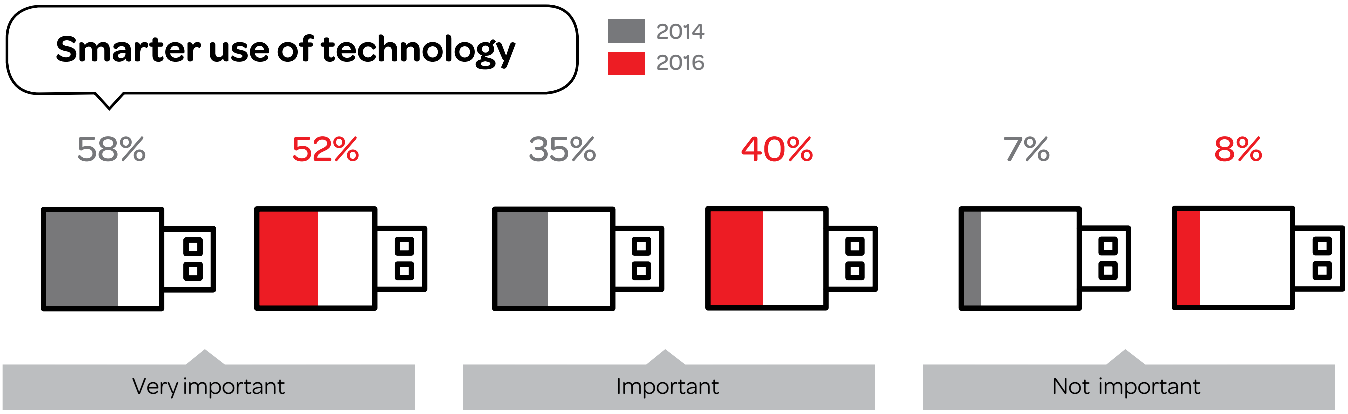


Business Growth 2014 vs. 2016

How important are each of the following to the growth of your business?

Improved use of technology remains a priority for business growth in South African law firms.

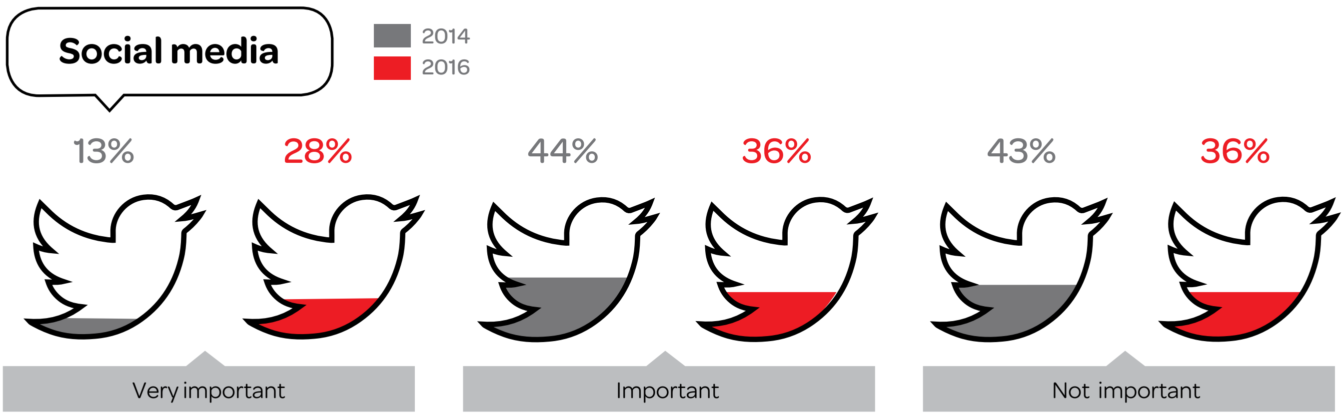
Smarter use of technology



Business Growth

Business Growth 2014 vs. 2016

How important are each of the following to the growth of your business?



An area to watch: In the last two years,

15% more law firms

identify social media as very important to business growth.

Thank you.