Attorneys’ Profession in South Africa

2016 Review LexisNexis | Law Society of South Africa
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

Source: statutory provincial law societies

<table>
<thead>
<tr>
<th>Gender</th>
<th>Total</th>
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<tbody>
<tr>
<td>Male</td>
<td>15 133</td>
</tr>
<tr>
<td>Female</td>
<td>9 197</td>
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</tbody>
</table>

Total Attorneys: 24 330

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

Male Female
2131 2778
Total Candidate Attorneys 4909

27% 33%
White candidate attorneys - 1973
Black candidate attorneys - 2936

16%
White male candidate attorneys - 799
Black male candidate attorneys - 1332

24%
White female candidate attorneys - 1174
Black female candidate attorneys - 1604
Demographics

Law Society of South Africa
Source: statutory provincial law societies

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

Total Attorneys’ firms
12,373

- 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.

<table>
<thead>
<tr>
<th>Province</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Gauteng</td>
<td>49%</td>
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<tr>
<td>Western Cape</td>
<td>20%</td>
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<tr>
<td>KwaZulu Natal</td>
<td>13%</td>
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<tr>
<td>Eastern Cape</td>
<td>5%</td>
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<td>Mpumalanga</td>
<td>3%</td>
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<td>North West</td>
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<td>Free State</td>
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<td>Limpopo</td>
<td>2%</td>
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<tr>
<td>Northern Cape</td>
<td>2%</td>
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</tbody>
</table>

Example counts:
- Gauteng: 329
- Western Cape: 135
- KwaZulu Natal: 85
- Eastern Cape: 34
- Mpumalanga: 20
- North West: 19
- Free State: 17
- Limpopo: 16
- Northern Cape: 15
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.

<table>
<thead>
<tr>
<th>Age</th>
<th>Count</th>
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<tbody>
<tr>
<td>23</td>
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<td>81</td>
<td>2</td>
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<tr>
<td>82</td>
<td>1</td>
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<tr>
<td>83</td>
<td>1</td>
</tr>
<tr>
<td>84</td>
<td>1</td>
</tr>
</tbody>
</table>

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

52%
Equity Partner / Director

48%
Other

Roles
What is your role in the practice?

- Equity Partner / Director: 52%
- Other - Write In (Required): 18%
- Professional Assistant: 14%
- Salaried Partner: 10%
- Candidate Attorney: 3%
- Consultant: 2%
- Legal Secretary: 0%
- Administrative Support Staff: 0%
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.

Tenure
How many years have you been with the current practice?

Number of years with current practice - 0
1
2
3
4
5
6
7
8
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10
11
12
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14
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18
19
20
21
22
23
24

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.
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.

In total 79% of the sample work in firms with 5 or fewer fee earners.
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** (47%)
- **287 Incorporated Companies** (41%)
- **82 Partnerships** (12%)

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.

- **Sole Practitioner**
  - Fee earners: 1-2 (72%)
  - Fee earners: 3-5 (28%)
  - Fee earners: 6-10 (9%)
- **Partnership**
  - Fee earners: 1-2 (6%)
  - Fee earners: 3-5 (21%)
  - Fee earners: 6-10 (15%)
  - Fee earners: 11-20 (23%)
  - Fee earners: 21+ (11%)
- **Incorporated Company**
  - Fee earners: 1-2 (22%)
  - Fee earners: 3-5 (51%)
  - Fee earners: 6-10 (77%)
  - Fee earners: 11-20 (77%)
  - Fee earners: 21+ (89%)

Once a firm grows to more than 2 fee earners an incorporated structure is favoured.
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.

Practice categories / Fee earners (%)
Would you describe the practice you work in as as a:

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

<table>
<thead>
<tr>
<th>Race</th>
<th>2008</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully White Owned</td>
<td>80%</td>
<td>60%</td>
</tr>
<tr>
<td>Mixed Ownership</td>
<td>6%</td>
<td>20%</td>
</tr>
<tr>
<td>Fully Black African Owned</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>Fully Indian or Asian Owned</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Fully Coloured Owned</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Gender</th>
<th>2008</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Male</td>
<td>367</td>
<td></td>
</tr>
<tr>
<td>Mixed Ownership</td>
<td>171</td>
<td></td>
</tr>
<tr>
<td>Fully Female</td>
<td>161</td>
<td></td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Gender Structure</th>
<th>Percentage</th>
<th>2008</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Male</td>
<td>67%</td>
<td>53%</td>
<td>9%</td>
</tr>
<tr>
<td>Mixed Ownership</td>
<td>27%</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>Fully Female</td>
<td>9%</td>
<td>25%</td>
<td>20%</td>
</tr>
</tbody>
</table>

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 female-owned firms there is little male input. Whereas in fully male-owned firms there is an attempt to include female decision makers.

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

% of decision makers

BEE
What is your BEE rating?

45% of the sample have no BEE rating.

45% 24% 10% 9% 8% 3% 1% 1% 0%

453 151 79 64 43 5 2 2 1

Don't have one Level 4 Level 1 Level 3 Level 2 Level 5 Level 6 Level 8 Level 7

Level 4 Level 1 Level 3 Level 2 Level 5 Level 6 Level 8 Level 7
**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.
Research formats
Which formats do you currently use for legal research information?

- **Online**: 91% (636 [PC, Laptop])
- **Print**: 47% (328 [Loose Leaf / Book / Journal])
- **Mobile**: 20% (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**: 54% (375 [PC, Laptop])
- **Mobile**: 30% (206 [Tablet / Phone / eBook])
- **Print**: 11% (62 [Loose Leaf / Book / Journal])
- **Other**: 5% (54 [Combination of all formats])

Online research is the preferred format.
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.

86% No
14% Yes
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.

51% Digital
49% Print
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.

- 83% use Google
- 72% use SAFLII
- 66% use Government websites
- 37% use Law firm websites
- 7% use Other resources
- 2% use Not applicable

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

- 57% trust them
- 33% do not fully trust them
- 8% fully trust them
- 2% not applicable

- 396 people trust them
- 240 people do not fully trust them
- 49 people fully trust them
- 10 people marked not applicable
Online research tools: Spend maximums - Fee earners
What is the most you would be willing to pay per annum for a comprehensive, fully searchable online legal research tool that gives you access to the latest legislation, case law, commentary and precedents?

Most respondents indicate that they would only pay R7 500 per year. This seems unlikely in reality, for larger firms, and highlights how problematic it is to ask cost related questions in surveys.
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.

Only a small percentage bill more than R3000 per hour.
Court and Briefing Patterns
High Court
Do you appear in the High Court?

No, only brief advocates: 359
Yes: 177
No: 155

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.

Case Law: 527 (76%)
Legislation: 417 (60%)
Commentaries: 278 (41%)
Not Applicable: 144 (21%)
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.

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

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.

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.
Trends
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’.

In 2016 there are 10% more firms planning to invest in marketing than there were in 2014.
**Trends: Investment in technology 2014 vs. 2016**

In 2016, **37%** less firms have recently ramped up their tech and process investments. However, **30%** of this sample indicate that it is planned for the near future.

**Trends: Increasing networking 2014 vs. 2016**

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

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

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 it’s 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.
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 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.

- **Networking in 2014**
  - Very important: 42%
  - Important: 48%
  - Not important: 9%

- **Networking in 2016**
  - Very important: 48%
  - Important: 39%
  - Not important: 12%

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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**
  - Very important: 58% (2014) vs. 52% (2016)
  - Important: 35% (2014) vs. 40% (2016)
  - Not important: 7% (2014) vs. 8% (2016)
Business Growth 2014 vs. 2016
How important are each of the following to the growth of your business?

<table>
<thead>
<tr>
<th>Social media</th>
<th>Very important</th>
<th>Important</th>
<th>Not important</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>13%</td>
<td>44%</td>
<td>36%</td>
</tr>
<tr>
<td>2016</td>
<td>28%</td>
<td>36%</td>
<td>43%</td>
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An area to watch: In the last two years, **15% more law firms** identify social media as very important to business growth.
Thank you.