

# Overview of Gender Diversity in Business Law

A RESEARCH COMPENDIUM  
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## I. Introduction

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Since 2016, women have outnumbered men in law schools, and this number continues to steadily increase. Despite this and the equal rate of graduation between the two genders, [women are vastly underrepresented in senior leadership positions in the legal industry](#).


In law firms, women are recruited into entry-level associate positions at a rate that reflects their representation in legal education, but the statistics decline sharply at the non-equity and equity partner levels. Women encounter a similar imbalance in their roles as general counsel, and women of color account for an even smaller number in both law firms and in-house.

Moreover, women in law firms continue to be paid at a lower rate than men even though they bill nearly the same hours. This disparity widens as one climbs the ladder, in accord with the growing gap in representation. Similarly, women earn significantly less than men as general counsel. Women of color encounter even greater inequity in pay.

This compendium offers statistical insight gathered from various resources, including reports and surveys, to highlight the clear lack of gender diversity in business law. The aim of this compendium is to spread awareness of the inequity in business law and to encourage law firms and companies to champion gender diversity.

First, we will discuss the [“four dimensions of gender diversity,”](#) as outlined in McKinsey & Company’s 2017 survey, which include representation, promotion, attrition, and external hiring. The next section will address the [gender pay gap in business law](#), regarding both law firm positions and in-house roles. Then, we will explore the benefits of women in business law and the reasons why [firms should work to improve gender representation](#). Finally, the compendium will conclude with advice on how to achieve that goal.



A group of diverse professionals are gathered around a wooden table in a meeting. On the left, a woman with short curly brown hair and glasses, wearing a tan blazer, is smiling and looking at a laptop. In the center, a woman with long dark hair tied back, wearing a grey sweater, is looking at a tablet. On the right, a man in a dark sweater is partially visible, holding a pen. The table is cluttered with laptops, papers, and a small potted cactus. The background is a warm-toned wall with a corkboard.

*“The American Lawyer has predicted that there will not be gender parity in terms of equity partners until 2181.”<sup>1</sup>*

*“Women want promotions to the next level as much as or even more than men but are less excited about making partner.”<sup>2</sup>*

*“...men made more at both extremes...”<sup>3</sup>*

*“To the question, “Why should we promote diversity in our organization?”, the answer is, “Because our clients and customers want it and, if we don’t meet that demand, our competitors will.””<sup>4</sup>*

*“Men tend to have near exclusive domain over the most highly compensated roles in the firm, whereas women occupy the least compensated positions in the firm even within the same role.”<sup>5</sup>*



## II. The Four Dimensions of Gender Diversity

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FACTS TAKEN FROM MCKINSEY & COMPANY

1. Representation
2. Promotion
3. Attrition
4. External Hiring



## II. The Four Dimensions of Gender Diversity

### 1. Representation

#### “2019 Survey on Retention and Promotion of Women in Law Firms” – National Association of Women Lawyers (NAWL)

NAWL’s 2019 survey reveals that, although about half of law students nationwide have been women for over a decade and law firms have accordingly recruited women as entry-level associates, this parity is not reflected in non-equity and equity partnership levels. However, although women represent only 20% of all equity partners, the new equity partner classes have been about 33%, in line with NAWL’s One-Third by 2020 Challenge.

#### “The 2019 General Counsel Landscape” – LawGeex & Association of Corporate Counsel

LawGeex and the Association of Corporate Counsel analyzed 34,000 general counsels nationwide. Their 2019 report finds that women made up less than half – only 31% - of the U.S. general counsel population, and only 30% within the Fortune 500. Although far from a balance, the statistic is unsurprising and more favorable than the numbers of women in other C-Suite positions in the Fortune 500 (only 24 women CEOs and 61 women CFOs). This study ultimately indicates that men have more opportunities than women to become general counsel.

## II. The Four Dimensions of Gender Diversity

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### 2. Promotion

#### “Women in Law Firms” – McKinsey & Company

McKinsey’s report establishes that even though more women advance as attorneys than in other industries, they advance less often than men. Women are 29% less likely to be promoted to partner than men, and for every 100 women promoted to partner, 141 men are promoted. The report also finds that women wanted promotion as much as or more than men but were less enthusiastic about becoming partner due to the challenges of balancing work life and family life.

#### “Transforming Women’s Leadership in the Law” – Acritas & Thomson Reuters

The report by Acritas and Thomson Reuters finds that men are 250% more likely to be promoted than women to partnership from senior associate positions. Moreover, of the firms assessed, only 32% have had gender diverse assessment panels for promotions; only 17% have had gender-balanced assessment teams; and only 25% have had gender-balanced pools of candidates for partnership for over three years. Furthermore, women face greater incidences of bullying and sexual harassment at work, and only 21% of law firms enforced bullying and sexual harassment training for more than three years. Thus, as women are more wary of networking both within the firm and with clients, their opportunities for promotions weaken.

#### “2019 Survey on Retention and Promotion of Women in Law Firms” – NAWL

NAWL’s 2019 Survey finds that 81% of the firms sampled employ a two-tier model of partnership, which adds an additional roadblock (non-equity) for historically underrepresented groups to attain the highest level (equity partner) at the firm. The survey also reports that although nearly all firms claim to pursue diverse candidates, less than half employ standard hiring practices to make the process as equitable as possible and are, in fact, reluctant to implement procedures to reduce biased decision-making. Only 65% of firms applied bias-reduction strategies in recruitment, hiring, performance evaluation, and promotion.

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## II. The Four Dimensions of Gender Diversity

### 2. Promotion

#### “The 2019 General Counsel Landscape” – LawGeex & Association of Corporate Counsel

LawGeex and the Association of Corporate Counsel reports that, while more women have been hired as general counsels within the Fortune 500 over the past year (women filled 43% of the 46 general counsel job opportunities), women are more likely to become general counsel by external hiring than by promotion. Within the past year, 42% of Fortune 500 general counsel positions were filled through promotions, but women received only slightly more than one in five of these promotions. As baby boomers reach retirement age, it seems like there would be more opportunities for women and minorities to become general counsel. However, of the 30 high-profile U.S. companies whose general counsel retired between 2017 and 2018, 25 of the 30 were men, and 22 of the 30 replacement were also men. As Diana Toman, senior vice president and general counsel of Compass Minerals said, “Women often have to be proven in that GC role before they are entertained as a candidate against a male.”

#### “Walking Out The Door” – ABA

This report by the ABA reveals the difficulties women face in advancing in their legal careers. Women have “less access on the buildings blocks for success than men,” and face greater harmful impact as law firms decrease the number of newly named equity partners and rely on lateral partners, of which more than 70% are men. Senior women lawyers have reported that they are less likely than their male counterparts to be considered for advancement; offered a salary increase or bonus; and given access to business development opportunities. Instead, they are more likely to be subjected to sexual harassment and biases, and to be viewed as “less committed to their careers.” In fact, women report being four to eight times more likely to be overlooked for advancement or an increase in salary.

## II. The Four Dimensions of Gender Diversity

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### 3. Attrition

#### “Women in Law Firms” – McKinsey & Company

McKinsey’s report analyzes the contrasting levels of attrition by gender in law firms. There is a lower level of attrition among women in law firms until they reach the equity partner level. Based on a one-year sample, women are 43% more likely than men to leave as equity partners, resulting in a gender gap wider than those of other industries. While 63% of men plan to stay with their law firm for at least five years, only 54% of women plan the same. That may be because only 44% of women, compared to 60% of men, believe they can succeed in both their careers and personal lives.

#### “Transforming Women’s Leadership in the Law” – McKinsey & Company Acritas & Thomson Reuters

This report establishes that more women leave the firm before the partnership level, and that fewer women apply for partnership positions. Acritas and Thomson Reuters suggests this may be because of the demands of the job, including long hours and lack of flexibility, that clash with responsibilities outside of work. Because women tend to be the primary party for childcare, it is more difficult to work at the partnership level, and many choose not to become partners or to leave the firm altogether.

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## II. The Four Dimensions of Gender Diversity

### 3. Attrition

#### “2019 Survey on Retention and Promotion of Women in Law Firms” – NAWL

As mentioned under ‘Promotion,’ only 65% of firms engage in bias-reduction strategies in performance evaluation and promotion. Furthermore, NAWL’s 2019 Survey finds that firms are more likely to apply these procedures at the junior levels, when women and men are fairly balanced in representation and pay, but firms are less likely to implement similar procedures at higher levels when women are advancing at a less equitable rate. In connection with Acritas and Thomson Reuters’s report that women may face difficulties balancing partnership level and family life, NAWL reports that, of the firms offering unpaid parental leave in addition to paid leave, women take 46% of the available unpaid time off, while men only take 22% of the time off, reflecting the challenges women face as the primary party for childcare.

#### “Walking Out The Door” – ABA

This report finds that the top reason cited by experienced women lawyers as an influence on women leaving firms is caretaking commitments. Women are disproportionately responsible for arranging childcare, leaving work when needed to take care of children, handling children’s extracurricular activities, and returning to care for children in the evenings. For example, the percentage of women who claim arranging childcare as their full responsibility is 54, as compared to 1% of men who take on that responsibility.



## II. The Four Dimensions of Gender Diversity

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### 4. External Hiring

#### “Women in law firms” – McKinsey & Company

McKinsey’s “Women in law firms” again finds that there is greater gender disparity at the partner level than at the associate level in law firms. For associates, external hiring rates are almost equal for men and women. However, at the non-equity partner and counsel levels, men are twice as more likely than women to be hired externally. At the equity partner level, men are three times more likely to be hired externally than women. However, McKinsey notes that the pool of women available to be hired as equity partners is smaller, potentially skewing the numbers.

#### “Transforming Women’s Leadership in the Law” – Acritas & Thomson Reuters

This 2019 report explains that a possible reason for the gender gap in law firms’ external hiring is the wording of job postings. Of the firms assessed, only 49% have used gender neutral wording in job descriptions for over three years. 22% have used gender neutral wording within the last 1-3 years, and 11% within the last year of the report.

#### “Big Law Turning to Women Lateral Hires to Boost Diversity” – Bloomberg Law

According to Meghan Tribe of Bloomberg Law, women are less prominent in the lateral market because of reasons ranging from work-life balance to loyalty to their firms. For women, switching law firms means starting all over, having to prove themselves again, and “[giving] up a certain amount of sweat equity.” Moreover, women are under additional pressure to build up a business portfolio impressive enough to be appealing as a lateral hire in a male-dominated field.



### III. Gender Pay Gap

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#### LAW FIRMS

##### “2019 Survey on Retention and Promotion of Women in Law Firms” – NAWL

NAWL’s 2019 survey finds that men earn more than women in all levels, from entry-level associate roles to equity partner roles, despite no significant gaps in billable hours. 93% of firms surveyed report that their most highly compensated man of 2019 is a man. The difference in billing rates in senior leadership positions remains unclear. While women and men in associate positions bill similar rates, women bill lower rates as they climb the ranks. NAWL found that, on average, women made 94% of what men made as associates (~\$12,272 gap); 89% of what men made as non-equity partners (~\$40,566 gap); and 86% of what men made as equity partners (~\$109,491 gap).

#### IN HOUSE

##### “The 2019 General Counsel Landscape” – LawGeex & Association of Corporate Counsel

This study finds that the role of general counsel has now succeeded that of the law firm partner as the highest-paid and most-senior role in the field, reporting an average annual compensation of \$408,000 in the U.S. Yet, in senior law firm positions, there is an evident gap in pay between the genders in the role of general counsel. On average, women are paid \$127,148 less than men, resulting in a 39% gap. This study also reports that in spite of this glaring disparity, only 8% of men working as counsel agree with 48% of women counsel that there is “definitely” a gender pay gap.





## IV. Benefits of Women in Business Law

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### DIVERSITY APPEALS TO CLIENTS

#### “Big Law Turning to Women Lateral Hires to Boost Diversity” – Bloomberg Law

This article reports that law firms are hiring more women laterals to increase diversity. Over the last 5 years from 2015, the percentage of women hired at Am Law 100 firms has increased by approximately 6.7%. Tribe states the reason for the increased hiring of women laterals is client demand. Clients are attracted to more diverse teams and are also acting in response to the #MeToo movement. They are now asking for specifics beyond the numbers of diverse lawyers and want to know the racial and gender makeup of groups.

#### “Walking Out The Door” – ABA

This report by the ABA states that studies in professional settings have shown that gender diversity offers many benefits, and that a lack of diversity can actually be harmful. Gender diversity can impact the firm’s finances, client relationships, initial and continued engagement with clients, and recruitment of skilled lawyers. Accordingly, when senior women lawyers leave, the firm suffers a reduced talent pool, difficulty in maintaining relationships with the leaving lawyers’ clients, and challenges in growth and revenue. In fact, law firms have stated that their reasons for promoting diversity is to “[achieve] better decision-making,” “[widen] their talent pool,” “[improve] firm’s reputation and image,” and to be “more responsive to the requests of clients.”

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## IV. Benefits of Women in Business Law

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### DIVERSITY APPEALS TO BETTER PROBLEM-SOLVING

#### “More women means more success” – Scott Westfahl, Harvard Law Today (2015)

Professor Scott Westfahl of Harvard Law School advocates for gender diversity in the legal field as it not only benefits and supports women, but also results in greater success and revenues in firms. His research includes sources like Scott Page’s *The Difference*, which proves that diversity in teams enhances problem-solving skills, and studies by McKinsey & Company, which find that companies in the top quartile for gender diversity benefit from higher financial returns than their national industry median. Professor Westfahl also remarks that listening is an important skill for lawyers and is one in which women outshine men. Similarly, lawyers must be able to work in teams but are generally undertrained in doing so due to the structure of law schools. Increasing the number of women in teams can boost team performance and result in greater returns.

#### “A Note About Diversity to In-House Lawyers” – Jennifer H. Zimmerman (IILP Review 2019-2020)

Zimmerman states that the more diverse teams are, the better they can serve clients and their business. Inclusive teams can fight unconscious biases and more successfully interact with colleagues and clients.



## V. How To Champion Greater Gender Diversity

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### “Transforming Women’s Leadership in the Law” – Acritas & Thomson Reuters

Acritas’s Chief Analyst shares eight factors that help increase gender diversity:

- 1) gender balance in matters requiring teamwork;
- 2) gender balance in pitches;
- 3) reinforcement by leadership of gender diversity as a priority;
- 4) a board-level representative who focuses on diversity;
- 5) analytics of data through all levels of legal positions;
- 7) strong response to actions incompatible with diversity policies;
- 8) blind or semi-blind reviews.

This research also finds that “fixing the firms” rather than “fixing the women” leads to successful results: declare targets, let more women work face-to-face with clients, and engage in better training rather than focusing on mentoring women.

### “2019 Survey on Retention and Promotion of Women in Law Firms” – NAWL

NAWL reports that law firms can support women in the legal field by offering diversity trainings, engaging in bias-reduction procedures, implementing policies that support families such as flexible work schedules and parental leave, and dedicating budgets to women’s initiative programs (although it is unclear these initiatives affect representation of women in senior leadership positions).

### “Big Law Turning to Women Lateral Hires to Boost Diversity” – Bloomberg Law

Goodwin Procter chairman Robert Insolita asserts that law firms must focus on women attorneys from the early stages of their careers and stop the trend of male partners turning over client relationships to male associates only.

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## V. How To Champion Greater Gender Diversity

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### “Walking Out The Door” – ABA

The study asserts that women have done enough—women are not the ones who need to improve themselves. Instead, firms must change their structure and culture to improve the working environment in support of their women employees. While firms have policies in place, mere lip service fails to truly address the issue of gender diversity. The study encourages law firms to anonymously survey their attorneys to understand their needs; pushes leadership to better communicate the need to reform; asks men to take ownership of the discussions and not delegate the work of gender diversity to women partners, thereby making it a “women’s problem.” Law firms can, for example, establish timelines for their strategies and goals; use data to track their efforts; reinforce leadership’s commitment to gender diversity; increase the number of women partners on firm committees; implement bias and sexual harassment trainings; and offer support through family policies.

### “Signposts In The Road” – IILP Review 2019-2020

David L. Douglass suggests that the ABA should amend its Model Rules of Professional Responsibility to explicitly state the duty to promote diversity. He believes that by creating a legal obligation, lawyers are empowered (and required) to act, thus building a bridge between diversity initiatives and an obligation to support diversity and inclusion. He calls on bar associations to mandate this duty, stating that this should be an affirmative obligation in all lawyers’ roles in promoting equality for everyone in the legal field.

### More women means more success” – Scott Westfahl, Harvard Law Today (2015)

Professor Westfahl suggests women need to be each other’s advocate in the fight for gender diversity. Oftentimes, a woman is advised to advocate for herself, but that is the advice by men and an approach that women may not be familiar with. It is best then to enlist other women to help and to create a support system amongst fellow women attorneys.

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