



# Legal Services Insights Report.

The culture of learning and future skills development





### About the CommBank Legal Services Insights Report

The findings in this edition of the Legal Services Insights Report for Professional Services are based on a wide-ranging quantitative survey of 414 business owners, decision-makers and managers from 'Professional Services firms' and 208 employees conducted on behalf of the Commonwealth Bank by ACA Research between September and October 2018. The specific references to Legal Services as a sub-sector within the Professional Services industry are based on responses from decision-makers within 62 Legal Services firms. Participants were drawn from Professional Services firms across Australia with an annual turnover of more than \$500,000 and at least two employees.

The results represented throughout the report also seek to compare the perspectives of business owners, decision-makers and managers within Legal Services firms with that of employees across the Professional Services sector more broadly.

All references in the text, tables and charts to Australian firms and employees refer to those surveyed. Likewise, all data points and percentages refer to the results of the quantitative survey.

### The OECD innovation framework

To determine which business initiatives were truly innovative, and assess innovation activity, CommBank adopted the framework set out in the Organisation for Economic Co-operation and Development (OECD) Oslo Manual. Used by organisations around the world, including the Australian Federal Government and the Australian Bureau of Statistics, the manual is constructed around four key innovation areas: products, processes, marketing and organisational.

References to 'innovation-active' are based on an assessment of innovation using the Oslo Manual definition - a new or significant improvement in one or more of the four areas.

We used the Oslo Manual criteria to test each innovation mentioned by the survey respondents, allowing us to determine whether their business improvements met the definition of innovation and the number of areas in which they were innovating. We used this approach because we did not use the word 'innovation' in this part of the survey so the results would be robust.



# Workplace learning and development

The first in-depth report for legal firms identified the skills and capabilities that decision-makers seek to ensure their organisation is future-fit.

This final report looks at the culture underlying staff training and development among legal firms and the approaches that firms take to securing the skills they need. It also assesses the range of training programs offered and their effectiveness.

Starting with the culture around employee learning and development, the biggest disconnects between decision-makers within legal firms and employees across the Professional Services sector are around continuous development that aims to keep the firm competitive and availability of training and development to increase creativity and innovation capabilities.

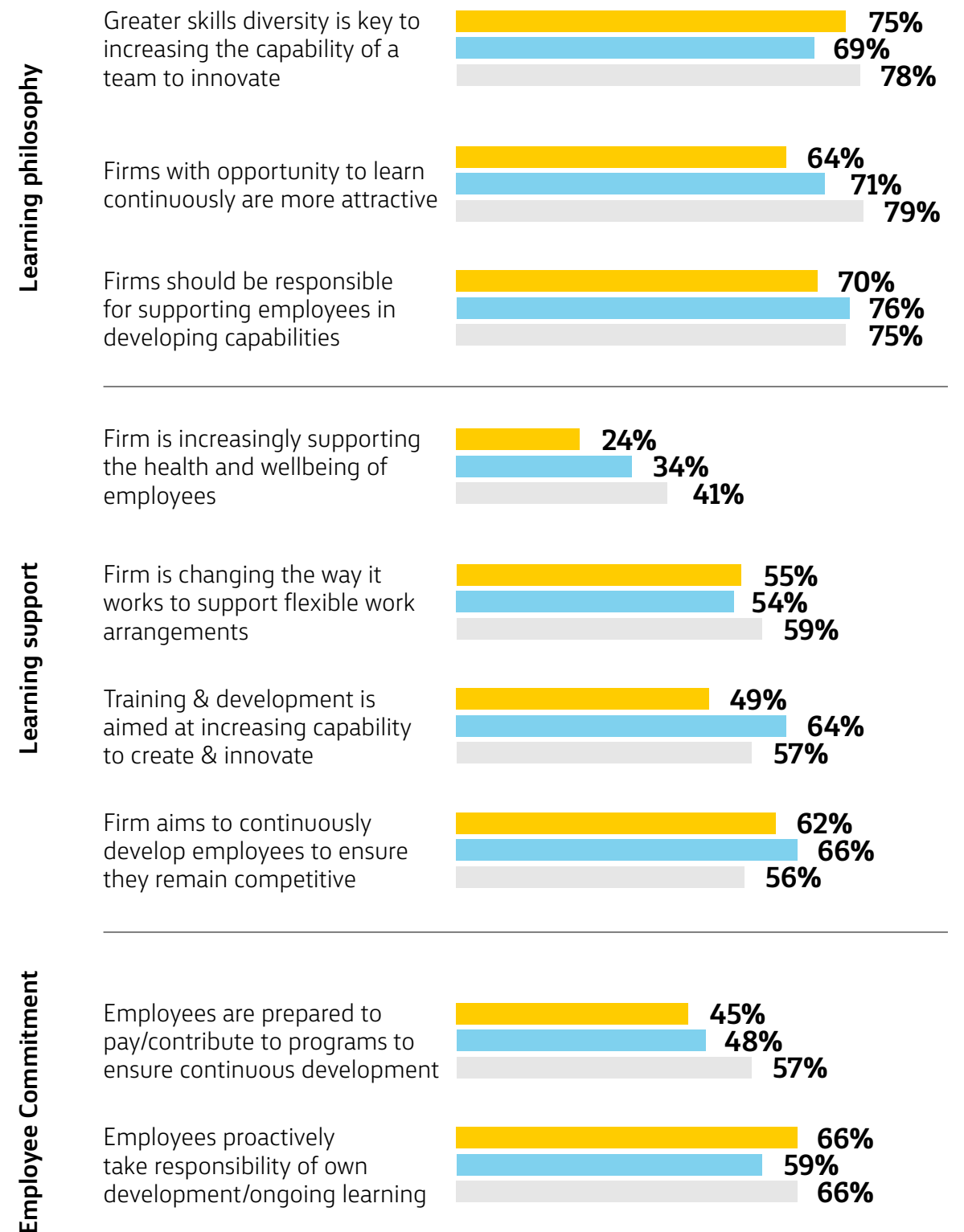
Employees who claim to work for innovative Professional Services firms more broadly are also more likely to enjoy those types of training and development. Innovative firms are far more likely to embrace a strong learning philosophy that delivers ongoing development and flexible working arrangements so that people can work from home, study and manage their health.

## Opportunity

Legal Services under-index the Professional Services industry in providing training that ensures firms remain competitive, and even more so for training that increases the capability for creativity and innovation. The gap between the most innovative Professional Services firms is wider again. And while some legal firms offer flexible working arrangements, there is considerable scope for a greater focus on health and wellbeing initiatives.



## Culture of workplace learning – proportion that agree



● Legal firms ● Professional Services firms ● Professional Services employees

# Searching for skills inside and outside the firm

The ways that law firms access and develop the skills needed to be future-fit can be divided between internal and external. Internal refers to developing the skills and capabilities of their existing staff. External includes recruiting talent from outside of the organisation and outsourcing functions.

The research found that:

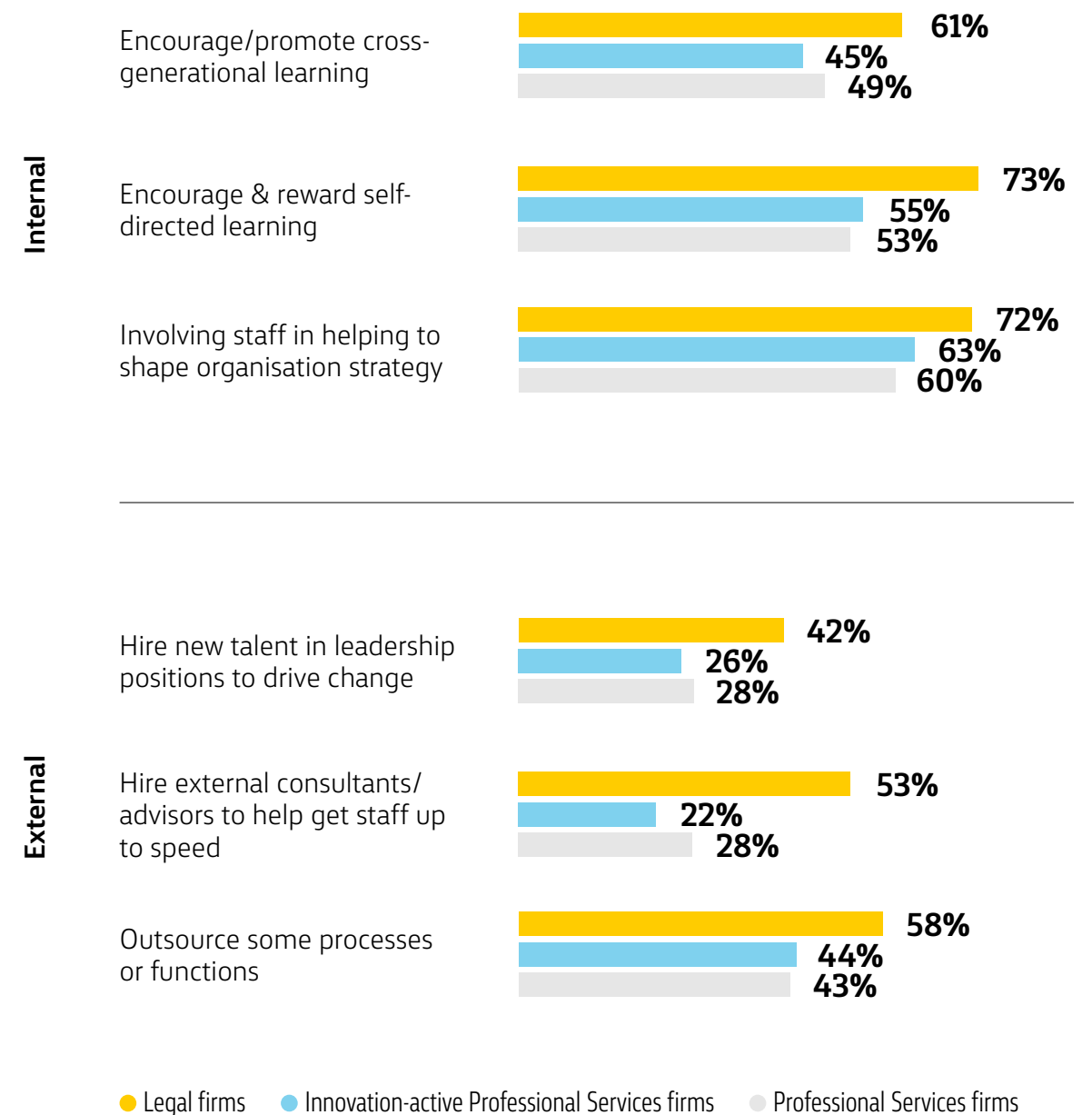
- Legal firms are more likely than other Professional Services sub-sectors (except Management Consultants) to engage employees in strategy development, as well as to encourage employee specialisation.
- It is further distinguished by being much more likely than their industry peers to outsource some processes or functions.
- Legal firms use a wider range of internal and external approaches than other Professional Services firms. They are also more aligned with, or outpacing, the most innovative firms in the broader industry.

## What innovation-active Professional Services firms do differently

- Compared with improving firms across the industry, the most innovative ones stand out for promoting cross-collaboration and learning across teams.
- The other big difference between innovation-active firms and improving firms is that they are far more proactive in hiring new people to fill any skill gaps. And, as a corollary, more inclined to replace employees who cannot adapt.



## Approach to securing the skills firms need for the future



# Legal firms offer a diverse range of training programs

Turning to building skills within their organisations, legal firms offer their staff a wider range of programs from their training and development budgets. They have a bias towards team-building exercises, external academic qualifications and online education and training content.

Legal firms are well aligned with Professional Services industry best practice given their strong focus on team-building activities. And like innovation-active firms, industry events and online content figure prominently in legal firms' training programs.

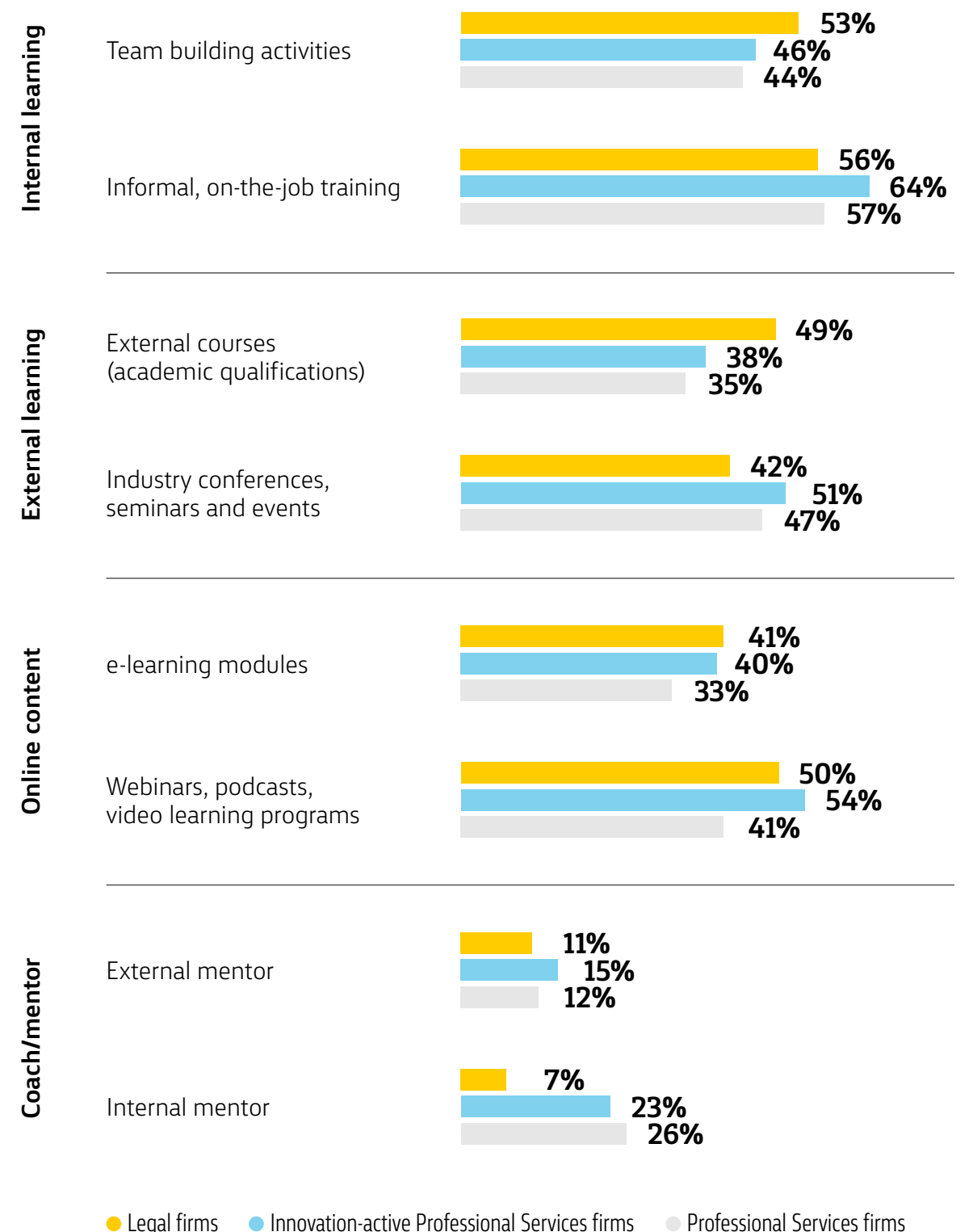
Across the Professional Services industry, regardless of innovation status, the most popular form of training is informal, on-the-job training. Is it effective?

## What innovation-active Professional Services firms do differently

- Online content is also particularly favoured by innovation-active firms compared with improving firms.
- They're also far more likely to offer internal, instructor-led face-to-face classes and industry events.
- In contrast, they don't tend to offer internal mentors nearly as much as improving firms.



## Training and development programs offered





# Effective workplace learning pays dividends

Yes, in the eyes of employees across the industry, it is. Of the 12 types of training programs offered, informal, on-the-job training ranks third equal after internal mentors and internal, instructor-led face-to-face classes.

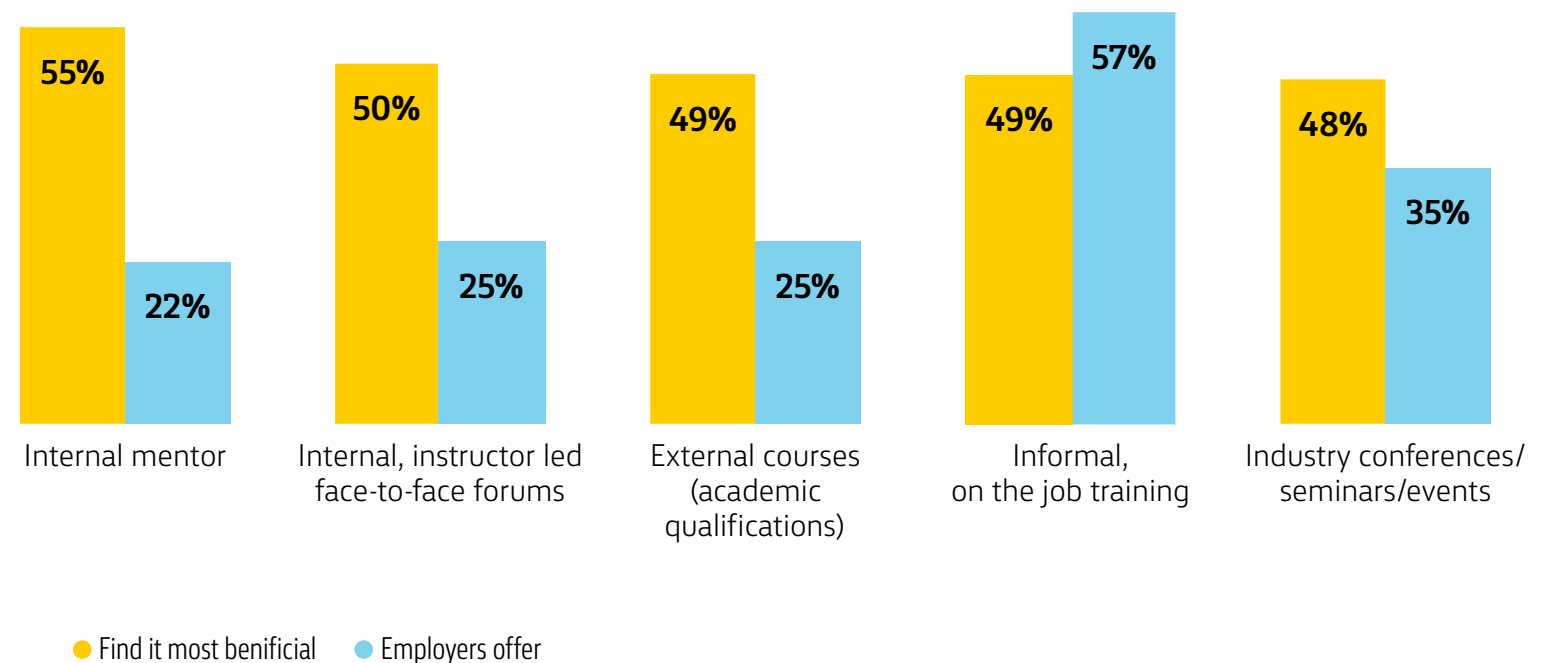
A higher proportion of employees within Professional Services firms also rate external courses that lead to academic qualifications and attending industry events as effective. Online content and social collaboration tools, on the other hand, are deemed the least effective.

Currently only 42% of employees believe the training programs they are offered are effective. The percentage rises to 54% among employees at innovative firms and drops to 28% among employees not working for innovative firms.

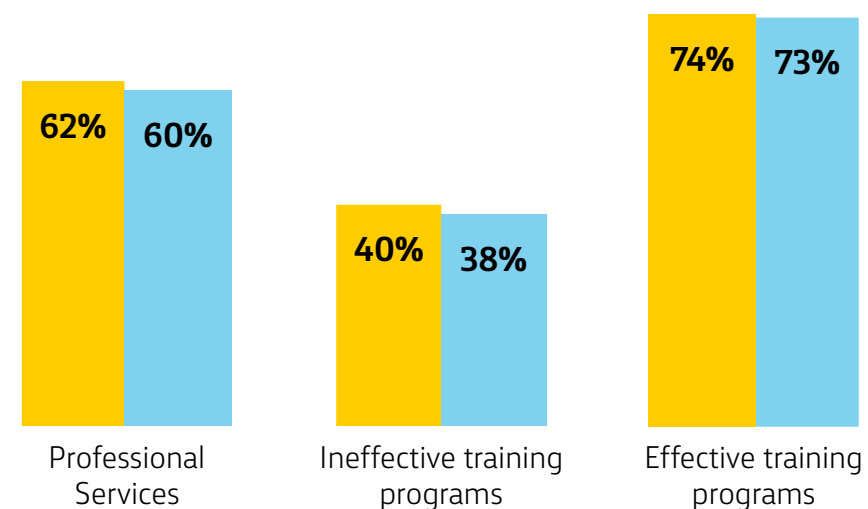
There is a clear link between effective workplace learning and job satisfaction. While 62% of Professional Services' employees report satisfaction in their role, this increases to 74% among employees who are offered effective training.

Of course, satisfied staff are more likely to stay with their firm. Across the Professional Services sector, 60% of employees expect to stay with their firm in the coming year. However, 73% of employees receiving effective training will likely stay with their current firm.

Training and development programs most beneficial to employees vs what employers offer (Professional Services industry)



Benefits of effective training programs (Professional Services industry)



● Job satisfaction ● Likely to stay with the firm

# Conclusion

More than half (56%) of Professional Services firms spend between \$10,000 and \$100,000 on training and development annually. There is a big opportunity to get a better return from this investment, one that will also better arm firms in the battle for talent.

Realigning training programs to be more effective in the eyes of employees will not only help firms to better develop the workforce skills needed for their future success, but also result in more satisfied employees who are more likely to stay with the firm.

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