



LABOR MARKET BRIEFINGS SERIES

*LABOR MARKET INFORMATION FOR
RESEARCHERS*

THE LEGAL SECTOR IN EUROPE

WHAT?

Legal- "The legal sector is defined as being comprised of any legal services, advice, or activity which is undertaken for compensation."

The sector employs over 1.4 million Europeans.



The sector generates over 127.7 billion annually.



U.K.

The U.K. boasts the largest legal sector in Europe and the second largest in the world behind only the U.S. and accounts for over 7% of the global market for legal services.



Germany

While classically known for its dominant manufacturing sector, Germany actually has one of the fastest growing Legal sectors in Europe.

Researchers in the Sector



Occupations- most researchers work as legal scholars and teachers with a few working as civil service legal researchers, legal publishers, and legal librarians.



Research fields- the only applicable research field is Law.

Skills- negotiation, commitment, interpersonal, organizational, accuracy, professionalism, flexibility, analytical, and problem-solving skills.

As part of EURAXIND's Labor Market Briefings Series, this report will give an overview of the Legal sector specifically in Europe and how European researchers can begin making their career in the sector. While providing a general overview of the Legal sector, this report will focus on the Legal sectors in the U.K. and Germany, as both countries boast significant legal sectors. It should be noted that this is a general overview of the Legal sector and does not seek to give specific information, rather a glimpse of the sector.

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THE SECTOR

As the European economy increasingly leaves older economic sectors and embraces newer service-oriented ones, services have become integral to the health of the European economy. This can be evidenced clearly in the EU and in Europe at large. Services account for 71% of the EU value added and for 68% of EU employment, the legal sector specifically is a large part of European services as legal services are a necessity for almost every other economic sector in Europe. In recent years the legal sector has benefited heavily from globalization as traditionally each legal sector was only geared towards its specific national market. Globalization changed this, as Europe increasingly does more business around the world and the world does more business with Europe, the demand for European legal products & services has risen globally and European legal services/products are needed all over the world more than ever. Like many other European economic sectors, the Legal sector was hit hard because of the Eurozone crisis and the economic downturn. Despite this, the sector has since rebounded and is currently operating at higher levels than before the crisis. Furthermore, since the crisis, the sector has been on a trend of unparalleled growth.

Traditionally, the legal sector has not been a prominent economic sector while it has always been relevant it has never really been an economic force. This has changed, as mentioned before globalization has significantly changed the role of legal services in the global economy. As such, not only are legal services now being offered all over the world they are necessary for any modern international business, the need for legal documentation, sanctioned applications, and business structuring have become integral parts of any successful modern business and as such the legal sector has become indispensable.

So much so, that the legal sector/profession is viewed as one of the profitable and lucrative professions globally. As the sector has risen so has competition as almost every global market around the world wants a cut of the pie, the European legal sector has held its own. As it stands second in the world behind only the United States. Though as global competition increases it is yet to be seen whether Europe will maintain its strong position in the face of strong competition from countries such as China and Brazil and competition from North America and East Asia.

For this brief, we have loosely defined the legal sector as any legal activities for profit as the sector encompasses a wide range of services and products. Some examples of sectors in which European legal professionals work are commercial, criminal, legal aid, insolvency, labor, family, and taxation just to name a few. With the most prominent services/activities being, contract drafting, intellectual property issues, and litigation. The sector employs over 1.436 million Europeans, while the sector is not a relatively small employer its contribution to the European economy is significant as the sector has been averaging revenues of over \$156.7bl annually and has been growing at an overall rate of 3.1% since 2012. Overall, not only is the European legal sector already a force to be reckoned with, the sector looks to be continuing to grow and where it will end up is yet to be seen.

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THE EUROPEAN LEGAL SECTOR AT A GLANCE

The U.K. -

The U.K. boasts the largest legal sector in Europe and the second largest in the world behind only the U.S. and accounts for over 7% of the global market for legal services. Additionally, the U.K. contains 2 of the 4 largest legal firms based on employee size and 4 of the 10 largest by service free intake. The UK accounts for around 10% of global legal services fee revenue totaling about \$618bn annually. Furthermore, the sector generates 1.6% of U.K. GVA and a trade surplus of more than £3.4bn annually. Part of the reason the U.K. legal sector is so strong is that it can operate/provide services globally. This can be attributed to its historical past as 27% of the world's 320 legal jurisdictions use English Common Law, therefore the U.K. is in prime position to export its services to these markets. Like most sectors of the economy, the U.K. legal sector was hit quite hard in the financial crisis of 07-08 but has since rebounded, reporting five straight years of sustained growth.

The U.K. legal sector employs over 314,000 U.K. citizens, with the largest concentration of legal sector services found in London as the city accounts for a third of legal sector activity in the U.K. Surprisingly, the sector has been shifting, it used to be that the sector was dominated by large legal firms, but small and mediums firms have been making headway in recent years with the sector boasting over 30,000 firms at last count. The sector is best known for its expertise in arbitration, mediation, adjudication, and dispute resolution services. But it has also become known for its advice on M&As, project finance, tax, and intellectual property services. The U.K. legal sector is amongst the strongest in the world and is set to maintain its dominant position in years to come.

Germany -

Germany is most notably known for its dominant manufacturing sector which is considered amongst the best in the world,

but in addition to this Germany is the third largest services exporter in the world. While manufacturing remains a pillar of the German economy recent years have seen the German economy increasingly embrace services with experts predicting most of the German economic added value coming from the services industry, predictions state that by 2035 services will account for 47% of total GVA for the German economy. Currently, services account for 71.1% of Germany's GDP and 73.8% of its workforce. This shift can be noticeably evidenced in the German legal sector which is currently experiencing a period of sustained growth. The strength of the sector can be attributed to the economic downturn, as the German economy and more specifically the German legal sector remained largely stable throughout the economic crisis. This compounded with Germany's prime location in the middle of Europe and its strong economy resulted in a large number of European firms and customers looking to the German market to meet their legal needs. Interestingly, the increased demand has led to the decrease of the dominance of large legal firms and has led to a proliferation of specialized and boutique firms.

Total revenues for the sector account for over \$23.1bn annually and has steadily been growing by 1.7% since 2012. In terms of employment, the overall trend in the sector has been positive. Some large firms have been decreasing employee levels to increase profitability, but many specialized and boutique firms have been popping up offsetting any negative employment trends. The sector currently employs over 163,000 Germans or while this comprises a relatively small percentage of the German workforce, employment in the sector has been steadily rising. The sector has become notable for its expertise in M&A and in Arbitration and is fast becoming a competitor to the U.K. legal sector. While services in general and more specifically the legal sector is often overlooked in Germany, the sector is on the rise and will be a sector to contend with in Europe in

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EMPLOYMENT IN THE EUROPEAN LEGAL SECTOR

For recent graduates or students looking for a sector in which to begin their careers, they should look no further than the legal sector as it is one of Europe's best economic sectors for employment. Recent trends have indicated sustained growth in the sector and as such employment has been following suit, with lots of new legal sector jobs becoming available each year. In addition to growth in the sector and in employment, compensation in the sector is quite high and is fast becoming one of the highest in the European economy. In terms of the composition of the sector, most legal sector enterprises (firms) are actually micro-enterprises, 66%, with between 1-9 employees. SMEs come in second with 28% leaving only 6% to large legal firms, although they are relatively few these large law firms account for a significant amount of revenue in the sector. Employees, in the sector, report overall happiness, citing regular hours, high compensation, and an abundance of employment opportunities. While overall excellent, employees in the sector do report high levels of stress and poor work-life balance.

Some examples of large legal enterprises and firms are:

Europe

Loyens & Loeff, Fidal, and Garrigues.

The UK

Clifford Chance, Linklaters, and Allen & Overy.

Germany

Hengeler Mueller, Haarman Hemmelrath, and Gleiss Lutz.

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GETTING A RESEARCH JOB IN THE EUROPEAN SECTOR

While the legal sector is a great economic one and one in which to work sadly it is quite limited to researchers. As employment in the sector is limited to those with a law degree alone. While Ph.D.'s in law exist most employees in the sector choose to pursue law degrees and sit their countries respective B.A.R. Law Ph.D. holders for the most part work as legal scholars and teachers. There are a few positions in the sector for researchers without law degrees such as civil service legal researchers, legal publishing, and legal librarians. These types of positions in the sector are few and far between and usually, those with legal degrees or backgrounds get first preference. Overall, researchers with legal backgrounds or degrees can look forward to great employment opportunities as they can pursue any position in the sector.

The skills most desired of researchers in the sector are negotiating skills, commitment, interpersonal skills, organizational, accuracy & detail oriented, professionalism, flexibility, analytical skills, and problem-solving skills.

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OVERVIEW

Overall, the legal sector in Europe is flourishing and is fast becoming a global player as the products and services of the sector are in demand today more than ever before. The U.K. and Germany both boast strong legal sectors. The U.K. benefits from its ability to export its products/services all over the world to its former colonies & the commonwealth, as such the U.K. legal sector has been significant in Europe for a long time. Germany not known for its legal sector has been experiencing sustained growth in the sector because of changes in Europe. The sector will soon begin to challenge other European countries for the largest in Europe. Employment in the sector has never been better as growth has led to a proliferation of jobs in the sector. Sadly, roles for researchers in the sector are quite limited as they are occupied mainly by law degree holders, some positions do exist, but they are few and far between.

Other useful sources of information and links

Eurostat Statistics-

http://ec.europa.eu/eurostat/statistics-explained/index.php/Archive:Legal_and_accounting_services_statistics_-_NACE_Rev._2

Legal services market report-

<https://assets.publishing.service.gov.uk/media/5887374d40f0b6593700001a/legal-services-market-study-final-report.pdf>

U.K. legal services- <https://www.barcouncil.org.uk/media/552526/uk-legal-services-2016.pdf>

Employment in the legal sector-

https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef1384en30.pdf

Alternative legal careers-

<https://www.nuigalway.ie/media/nuigalwayie/content/files/collegesschools/businesspublicpolicylaw/documents/forms/Alternative-Careers-in-Law.pdf>