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Date: February 19, 2014

Entry-level Law Firm Recruiting Remains Mostly Flat

In the fall of 2013, for the fifth year in a row, law firms continued to engage in limited entry-level hiring. With the large law firm business model still facing significant challenges five years after the Great Recession, recruiting volumes by U.S. law firms on the campuses of U.S. law schools remained mostly flat during the late summer and early fall of 2013 compared with recruiting activity the year before. There were variations by region and by city, but overall law firms continued to exhibit caution in recruiting new associates. These are among the key findings reported in NALPs just released Perspectives on Fall 2013 Law Student Recruiting, an annual report based on NALP surveys on selected aspects of fall recruitment activity and the experiences of both legal employers and law schools. A total of 123 U.S. law schools and more than 400 law firms provided information in response to NALP’s surveys on fall 2013 law student recruiting activities.

Over the last four years law firms have certainly increased their entry-level hiring activity compared with the crash in entry-level hiring reflected by the data from 2008 and 2009. Rather than exhibiting the slow and steady recovery that might be hoped for, however, the pattern in law firm entry-level recruiting has been something like two steps forward and one step back. Although the percentage of firms making fewer offers for summer associate positions exceeded the percentage that reported making more offers than they had the year before, nonetheless a significant number of firms did make more offers. Similarly, a higher percentage of callback interviews resulted in offers compared to the previous year, and the yield on those offers fell as there were more offers in play, but at the same time, the recruiting volume for 3Ls fell back again after slowly rising for three years.

In general, law firms continue to bring in small summer classes, though the average summer class size rose to its highest level since 2009. Offer rates coming out of summer programs nearly equaled pre-recession highs, but since summer classes were smaller, the overall number of offers remained proportionately smaller as well. And not surprisingly, acceptance rates for those offers remained high, but did fall a little bit as more competition returned to the market. Anecdotally, many law firm recruiting professionals reported feeling as
if they were competing fiercely with other firms for the same small group of job candidates, even though in the aggregate it remains a buyer’s market for law firms, as evidenced by the fact that overall law school graduate employment rates remain at historic lows.

For members of the Class of 2014, those who were summer associates in 2013, the offer rate for entry-level associate positions following those summer programs rose about two percentage points to 92% from 90% the previous year. This is a huge change from the stark offer rate of only 69% measured in 2009, and is only a single percentage point from the historic 93% offer rates recorded in 2006 and 2007. Conversely, and as we might expect with the higher offer rate, the offer acceptance rate fell about two points from 86% to 84%. The median summer class size remained flat at 5 for the third year in a row, after having been 6 for the period from 2005 to 2009, and then tumbling to 4 in 2010, but the average class size jumped from 9 to 11, suggesting that there were a few additional bigger summer programs in the mix. Meanwhile, only 16% of offices reported returning to the market to look for 3Ls who had not previously worked for them, a drop of three percentage points from the 19% measured in 2012, and still significantly off from the 53% rate measured in 2006.

For members of the Class of 2015, those who went through the OCI process in the fall of 2013, the markers also describe a mostly flat market. Across employers of all sizes, the median number of offers extended stayed at 8 for the second year in a row after having fallen from 10 in 2011, but the mean number of offers rose from 20 to 27, again reflecting that the growth that is happening seems to be happening at some of the firms with larger summer programs. These 2L recruiting numbers remain higher than the historic lows of 7 (median) and 16 (average) measured in 2009, but remain well below the figures of 15 and 39 recorded in 2007. The percent of callback interviews resulting in offers for summer positions rose about three percentage points, from 44% to 47%, and remained well above the historic low of 36% recorded in 2009. However, this marker likewise remains considerably below the offer rates of 60% and 63% measured in 2007 and 2006 respectively. Conversely, with more offers on the table, the offer acceptance rate fell by about three percentage points, from 38% to 35%, down from the historic high of nearly 43% reached in 2009, but considerably higher than the rates in the high 20s and low 30s that were the norm in the years leading up to the recession.

“We have seen some bobbling in recruiting volumes this past fall,” says James Leipold, NALP’s Executive Director, “with some numbers that point to increased recruiting volumes and some that suggest decreased volume, and in any event most of the markers that we track have more or less flat-lined for the last several years. At the end of 2013, the sense in the market seemed to be continued flat to declining volume in demand for legal services, with continued downward pressure on the costs for providing those services and a realization rate that continues to slip. There have also been predictions that there will be further stratification in the market, so one thing we may be seeing in the numbers is that some firms are growing their summer programs while others are reining in class size or leaving it flat.”
In 2013, both law schools and law firms reported a mix of both increases and decreases in recruiting activity as measured by the number of campus visits made, with many employers reporting no change at all. While law firm recruiting activity and volume vary greatly from one office to another, these national aggregate numbers demonstrate that recruiting volumes continue to be mostly flat following the steep decline that came with the recession and the modest recovery that followed. Geographic differences were apparent, underscoring the fact that the recovery for the legal economy has been uneven, varying by location and practice area. It seems clear that law firms remain cautious in their first-year hiring, in general unwilling to make commitments to large numbers of new law school graduates at a time when client behavior and the demand for legal services continue to be uncertain.

The full Perspectives on Fall 2013 Law Student Recruiting report details recruitment activity on campus and at job fairs in fall 2013; provides information on summer program characteristics and start dates for the most recent incoming associate class; and also provides information on the outcomes of 2013 summer programs and of fall 2013 recruiting for both second-year summer associates and entry-level associates not previously employed by that employer. To read the full report, including its numerous data tables, go to www.nalp.org/perspectivesonfallrecruiting.

About NALP:

NALP® (the National Association for Law Placement®) is an association of over 2,500 legal career professionals who advise law students, lawyers, law offices, and law schools in North America and beyond. What brings NALP members together is a common belief in three fundamental things. First, all law students and lawyers should benefit from a fair and ethical hiring process. Second, law students and lawyers are more successful when supported by professional development and legal career professionals. Third, a diverse and inclusive legal profession best serves clients and our communities. That’s why NALP members work together every day to collect and publish accurate legal employment data and information, and champion education and standards for recruiting, professional and career development, and diversity and inclusion. For more than 40 years, NALP has played an essential role in the success of our members and the lawyers and law students they serve.

NALP maintains an online archive of press releases at www.nalp.org/pressreleases. For additional information about NALP research, contact Judith Collins (jcollins@nalp.org), Director of Research, or James G. Leipold (jleipold@nalp.org), Executive Director, at 202-835-1001. Mailing address: National Association for Law Placement, 1220 19th Street NW, Suite 401, Washington, DC 20036-2405.