

2006 Diversity Benchmarking Report Reveals Progress, Stagnation, and Decline

Benchmarking is a powerful tool to assess how organizations are progressing towards their goals. The 2006 New York City Bar Diversity Benchmarking reports indicate that New York law firms and legal departments can be proud of progress in certain areas and need to intensify their focus in others. The benchmarking reports are based on statistical information from 93 New York City law firms and 15 corporate law departments, all of which are signatories to the Association's Statement of Diversity Principles. This is the second year we have collected data on law firms and the first year for corporate law departments.

Law Firm Key Findings:

Progress for New Women Partners. One of the most encouraging developments since the last study is the substantial increase in the proportion of new women partners. In 2005, women represented 29.1 percent of new partner promotions, a marked improvement over 20.3 in 2003. Likewise, women represented 20.1 percent of lateral partner hires in 2005 compared to 12.8 percent in 2003.

Stagnation and Decline for New Minority Partners. Gains achieved by women new partners are not shared by racial/ethnic minorities with minorities representing 7.4 percent of new partner promotions in 2006 compared to 7.0 percent in 2004. The proportion of minority lateral partner hires actually decreased from the already low 5.5 percent to 3.2 percent.

More Data Collected on Openly Gay Attorneys. One of the most gratifying improvements is that twice as many openly gay attorneys are reported this year by signatory firms. Of the over 18,000 attorneys at signatory firms, 425 are counted as openly gay (2.3%), compared to 272 (or 1.6%) in last year's study. The number of firms reporting at least one openly gay attorney increased from 52 to 74. We attribute this gain, in part, to our urging of firms to solicit a more accurate count of diverse attorneys through a confidential and anonymous survey. However, the reported numbers for attorneys with disabilities remain largely unchanged.

Turnover Diminishes Women and Minority Representation Across Levels. For the first time, we collected data on turnover rates. At every level, racial/ethnic minorities have a higher turnover rate than their white counterparts. The differential is the most pronounced for senior associates and special counsel. With respect to gender, women associates have a somewhat higher turnover rate than men associates. The gender gap is greatest for mid-level associates where over 40 percent of women departed compared to over 30 percent of men.

Corporate Law Department Key Findings:

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To collect comparable data across corporations with varying law department structures, we requested data for 4 levels with representative titles given:

1. General Counsel (GC), Chief Legal Officer (CLO)
2. Deputy GC/CLO, Division or Practice Head, Direct Reports to GC/CLO
3. Managing Attorneys, High Level Specialists
4. All Other Attorneys

There is more diversity in lower levels of signatory law departments than in upper tiers. Nearly one-fifth of the 4th level, or junior-most attorneys, in signatory law departments are racial/ethnic minorities. The proportion drops to 11 percent for level 3 (managing attorneys) and 9.5 percent for level 2 (Deputy General Counsels). There is an upswing with nearly one-fifth of signatory general counsel positions occupied by racial/ethnic minorities.

One-half of the bottom rung of signatory law departments is comprised of women, dropping to 41.5 percent at the next level. Women represent one-quarter of the top two tiers in the law departments.

The racial and gender diversity of General Counsels in signatory corporations surpasses the Fortune 500. Compared to the Fortune 500, where 6 percent of General Counsels are minorities (29), the NYC Bar signatories are ahead of the curve with triple the percentage, 18.8 percent (MCCA, 2006). With one-quarter of the top job in signatory law departments held by women (4), the signatories outperform the F500, where 15 percent of general counsels (76) are women.

Corporations and firms can learn from each other. Corporate law department signatories are faring better than firms with greater representation of women overall (44.2% vs. 35.5%) and at all levels. Corporations are keeping pace with firms generally with regard to minorities (15.5% vs. 15.1%) and exceed firms at the upper tiers.

However, firms are leading the way with respect to counting their openly gay attorneys (2.3% vs. 0.6%) and attorneys with disabilities (0.1% vs. 0.0%). Only three signatory corporations provided data on their openly gay attorneys, and no companies reported attorneys with disabilities. This data suggests that both corporations and firms have opportunities to learn from each other.

Furthermore, there are lessons to be learned in the progress made for new women partners. The data suggest that firms have more work to do but are on the right track with regard to women. However, much still needs to be done to attract, retain, and advance racial/ethnic minorities. It is time for firms, and the profession as a whole, to re-double their efforts on this front.

The report captures the demographics of the New York offices as of January 2006. Individual organization data is kept strictly confidential. To learn more about the diversity benchmarking studies or to download the reports, visit www.nycbar.org. Please direct questions to Meredith Moore, Director of the Office for Diversity, by e-mail to mmoore@nycbar.org or 212-382-6689.