

*Alexandra Chistyakova, Dmitry Prokofiev. AEB Business Quarterly magazine. December 2007.*

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### **TOP REWARDS FOR LAWYERS WHO PLAY THEIR CARDS RIGHT**

The job market in Russia has been developing dynamically during the last year, and the legal segment in particular is currently booming. The two basic trends in the recruitment market this year are the growing number of open vacancies and continuous salary increases (particularly in consulting).

Legal jobs could be divided into two major types – in-house and legal consulting. In-house are lawyers working in the legal departments of companies; legal consulting are lawyers working in law firms. The motivations and priorities of these two kinds of lawyers as a rule are very different. As a rule, in-house lawyers are more focused on maintaining a decent work-life balance. Sometimes a lawyer moving from a law firm to an in-house position will agree to a 20 - 30% pay cut in return for relatively peaceful work and more free time.

Lawyers in law firms are very focused on attaining maximum experience and the corresponding compensation for his/her efforts – as soon as the firm no longer suits the lawyer he will find another employer without hesitation. The length of time that lawyers stay in a law firm is not that long: on average 1.5 to 2 years. In an in-house legal department, on the other hand, the situation is significantly more stable: if after one year a lawyer remains in the department, it generally means that he is happy in his position and that he is unlikely to change it for another 3-5 years.

If you are interested in working as an in-house lawyer, changing your workplace on a regular basis is not viewed favourably by employers as it shows that you may not be loyal to the company. Illogical changes in employment are viewed the most negatively – for example when a lawyer suddenly moves from a branded law firm to a little known law firm where he has fewer responsibilities, even if he receives a better salary. Unfortunately, such poorly judged career moves are not rare.

The recruitment market for in-house lawyers is rather stable. Over the last year there has not been a significant increase in salaries for such lawyers. As a rule salaries are reviewed once a year at the beginning of the year. As a general guide, in-house salaries increased on average by 10-20% last year.

We have not noticed a deficit of candidates in the recruitment of in-house lawyers. In fact, the number of candidates exceeded the number of vacancies; moreover, the level of candidates has been reasonably high. This situation can be explained by the fact that the position of Head of Legal Department is often attractive to those senior lawyers from law firms who for various reasons believe that a partnership will be difficult or of no interest for them to achieve, or who simply prefer a good work-life balance.

Unsurprisingly, the largest compensation packages for in-house lawyers are offered by oil and gas companies (where there is a large difference between the salaries of managers and standard employees), investment and commercial banks and telecommunication companies. The average salary for a Head of Legal Department in such companies is \$180,000-200,000 a year.

Lawyers looking for employment in commercial or investment banks have excellent chances of being hired to very good positions. The market is experiencing a deficit in such specialists. The most surprising outcome of this situation is the increase in pay of lawyers working in this sphere. Today, the yearly compensation of say a Head of Legal Department in an investment bank is one of the highest and can be compared with the salaries paid in oil and gas companies.

It is also interesting to note that bonuses make up the main part of the salary of a lawyer working in an investment bank. The fixed income is usually not that large.

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Lawyers are most in demand in the following practice areas:

- Capital Markets
- Banking & Finance
- M&A

Usually, lawyers with this type of experience are from law firms. In this case companies should be ready to offer higher salaries to make the move from a law firm to an in-house attractive. One must bear in mind that, in the long term, hiring a lawyer from a law firm is more cost-effective for the company than paying huge bills to an outsource law firm.

Lawyers working in construction companies, trading networks and pharmaceutical companies receive the smallest salaries.

As far as law firms are concerned their activity in recruiting qualified lawyers has been more than active throughout the year. Today it's difficult to find a law firm that is not seeking lawyers. This cannot be put down to an increase in the number of law firms, since we did not really see much of an increase on the Moscow market during the last year. It is more down to "regrouping": some law firms increased their presence in the market, opening new practices and increasing the number of lawyers heading up particular areas of the firm's activity. However, there were cases where law firms lost entire practices due to the lawyers responsible for those practices leaving for other firms.

It should be noted that there has been a considerable growth in the salary levels of lawyers working in law firms during the year. In fact, one English law firm has raised the salaries of its employees five times in the last year and a half. On average during the last 2- 3 years salaries in law firms increased by 30-40% every year. The most attractive compensations are offered by TOP US Law Firms and so called Magic Circle Law Firms (leading English law firms); European and leading national law firms offer relatively the same pay level.

It is interesting to note that due to the deficit of candidates law firms are hiring lawyers with in-house background on a more frequent basis. Until very recently, the situation was such that it was possible to move from a law firm to an in-house position but not the other way round. Now, increasingly lawyers can move in both directions. However, the work required of lawyers by law firms is very specific; therefore they prefer to hire students or lawyers with experience from other law firms.

The situation on the market at the moment is extremely favourable and a recent law graduate with fluent English will find lots of opportunity to successfully develop his career. In the early stages of a career it is important however to make these steps yourself. You need to do your own market research to understand what kind of work would be the most interesting: in-house or consulting.

It is also worth bearing in mind that not only law firms offer interesting programs for young specialists, but also larger Russian and international companies (for example the program offered by Procter and Gamble). Unfortunately, former students are not well enough informed about all opportunities available to them.

Using the services of a recruitment company makes sense if the candidate already has some experience. For lawyers with more than 5 years experience, working with a specialised agency, whose consultants possess the appropriate information about the job market is considered the most expedient way of finding new employment.