



LUND UNIVERSITY

School of Economics and Management

Being a Manager Just Comes With the Job

Managerial Challenges Law Firms in Sweden Face

by

Charlotte Brännström & Helga María Pálsdóttir

June 2018

Master's Programme in Management

Supervisor: Pauline Mattsson
Examiner: Stein Kleppestø

Abstract

Purpose: A lot has been written on the topics revolving around management, professionals and work place attractiveness. However, the knowledge is fragmented and there is no research that links these three together. The overarching aim of this exploratory research is therefore to see how they come together. This will be done by studying a few law firms in Sweden to identify what managerial challenges these firms are facing and how these challenges might affect law firms in becoming an attractive workplace.

Research Questions:

- What are the main managerial challenges at law firms in Sweden?
- How do these challenges affect law firms in becoming an attractive workplace?

Methodology: This research is a multiple case study with an exploratory and qualitative approach. The exploratory approach gives a thorough understanding of the unexplored phenomenon that is being studied. The case studies were conducted through semi-structured interviews with eight lawyers working at Swedish law firms. The semi-structured interviews allow for the researchers to learn the interviewee's view on the management in place, as well as getting to know if the information received from interviews confirm the information and insights that the researchers already hold.

Findings: The managerial challenges identified in literature are, seen as a whole, confirmed by our study. However, a few additional managerial challenges have been identified. Furthermore, a connection between managerial challenges and workplace attractiveness has been identified.

Conclusion: The managerial challenges that literature had identified; the lacking knowledge management, the billable hours, the partnership structures, the lack of long-term vision and the lack of female partners were through this study confirmed at the Swedish law firms studied. The additional managerial challenges of managers attitude towards managerial tasks and the gap between generations were also identified, and connections between the challenges have also been identified. Furthermore, indicators of these challenges affecting the law firms in becoming an attractive workplace have been found.

Table of Contents

Abstract	1
1. Introduction	4
1.1 Background	4
1.2 Problem Statement.....	5
1.3 Aim, Purpose and Research Question	5
1.4 Research Limitations	6
1.5 Outline of the Thesis.....	7
2. Literature Review.....	7
2.1 Introduction.....	7
2.2 Professionals	7
2.2.1. Professionals	7
2.2.2 Lawyers	8
2.3 Workplace Attractiveness	9
2.3.1. Human Resource Management.....	9
2.3.2. The Perfect Workplace.....	10
2.4 Management in Law Firms	11
2.4.1 Management	11
2.4.2 Law firms.....	12
2.4.3 Managerial Challenges.....	13
2.4.3.1 Knowledge Management	13
2.4.3.2 Billable Hours.....	14
2.4.3.3 Partnership.....	15
2.4.3.4 Long Term Vision.....	16
2.4.3.5 Lack of Female Partners	17
2.4.3.6 Future Challenge.....	18
3. Methodology.....	18
3.1 Research Approach and Design	18
3.2 Data Collection Method.....	19
3.3 Data Analysis	20
3.4 Validity, Reliability and Limitations.....	21
4. Results and Analysis	22
4.1 Managerial Challenges	23
4.1.1 Knowledge and Information Sharing.....	23

4.1.2 Billable hours.....	24
4.1.3 Partnership.....	26
4.1.4 Long-term vision.....	27
4.1.5 Lack of female partners.....	28
4.1.6 Additional observations.....	29
4.2 Effects of the managerial challenges.....	31
5. Discussion.....	32
6. Conclusion.....	34
6.1 Research limitations.....	35
6.2 Future research.....	35
References.....	36
Appendix A – Interview Questions.....	43

1.Introduction

1.1 Background

Lawyers are one of the oldest professions and are described to be conservative and traditional. Their profession has managed to adapt well to changes throughout the ages and lawyers, especially law firm partners, are doing well financially (Winroth, 1999 and Maister, 2006). Associates at law firms on the other hand have, both in the past and in the present, been said to be dissatisfied and felt that they are treated as mere "leveraging tools" at law firms (Molot, 2014, p.1). A survey conducted in 2018 by the branch organization Legally Yours amongst professionals in the legal field in Sweden showed that among Swedish associates 50% of them claimed that their job had negatively affected their health and 49,5% regret their choice of profession (Marcus Bouvin (personal communication, 30 May 2018) results from Juristbarometern 2018).

Law firms are said to make money by having everyone working hard, cutting down costs and basically not caring about how the people working at these firms feel about their work life. Furthermore, the incentives to change the working methods are low when law firms only compete with other law firms and the employees are earning satisfying amounts of money. (Maister, 2006)

Due to the new business environment that emerged in the new millennium, change is expected in the daily business of law firms. The drivers of these changes are technological improvements, economic disruptions, liberalization and globalization. Like other consumers the behavior of law firm clients is changing, and clients expect more for less money. Diminishing brand loyalty leads to the greatest success going to the brands who offer true value to their clients at either end of the spectrum. In this age of the clients, clients are more cost-conscious and more self-assured. For an ongoing success, law firms need to now, more than ever before, create a competitive edge. (Susskind, 2017; LexisNexis, 2015; Lopes, 2016; and Campbell & Charlesworth, 2012).

These changes also influence the way legal work is performed in law firms and lead to more lawyers being employed rather than self-employed. Management in law firms is therefore becoming more important. (Campbell & Charlesworth, 2012)

1.2 Problem Statement

Literature has identified managerial challenges within law firms, these being the lacking knowledge management, the billable hours, the partnership structures, the lack of long-term vision and the lack of female partners (Bartel et. Al., 2017; Lopes, 2016; Campbell & Charlesworth, 2012; McKinsey, 2017; Richards, 2002; Maister, 2006; Molot, 2014; Thomas, 2014; Conrad & Weishaupl, 2008 and Stumpf, 2002). Furthermore, there are suggestions in literature that managing professionals poses challenges different from when managing non-professionals (Empson, 2017). Studies have also shown that there is a current discontentment among professionals, in this case lawyers, both internationally and in Sweden (Maister, 2006; Bower, 2003; Saab Fortney, 2001; Molot, 2014; Brittain, 2005 and Marcus Bouvin (personal communication, 30 May 2018) results from Juristbarometern 2018). Finally, human resource literature suggests how to utilize employees in a manner that leads to satisfied staff and better results (competitive advantage) for organizations. However, literature does not identify how these challenges might affect law firms in reaching or utilizing human resource strategies or ideas to the advantage of their employees and in creating an attractive workplace.

1.3 Aim, Purpose and Research Question

As has been presented, and which will be presented further on in this thesis, there is a lot written on the topics revolving around management, professionals and work place attractiveness. However, the knowledge is fragmented and there is no research that links these three together. The overarching aim of this exploratory research is therefore to see how this comes together. This is visualized below, in figure 1, where the three circles present previously investigated topics and the area where all three circles overlap each other is the part investigated in this paper. For this thesis we are looking at lawyers specifically, not all professionals.



Figure 1: Topic visualization

The purpose has led to the following research questions:

- What are the main managerial challenges at law firms in Sweden?
- How do these challenges affect law firms in becoming an attractive workplace?

1.4 Research Limitations

To the best of our knowledge, there is no overall literature to be found about the managerial challenges amongst law firms and little has been written about them in Sweden. Most literature on the topic comes from studies and researches done in the US, Canada and some from the UK and Australia. These four countries all have a legal system based on common law (judge made law), while Sweden has a civil law (laws based on fixed codes and statutes) system. We found one important book though, a PhD study that was conducted in Sweden and published 1999. However, as this book in big parts is outdated, its age has been taken into consideration when studying it.

As for the professionals in this research we have only looked at lawyers and we have chosen to only look at lawyers working at law firms. Other organizations with legal work have not been investigated for this thesis. As for the law firms, we have chosen to only look at law firms who have the size of 15 employees or more to ensure that there is a certain level of managerial tasks required within the organization.

1.5 Outline of the Thesis

This thesis starts with a literature review describing the definition of terminology around professionals, and workplace attractiveness, before explaining management in law firms and the managerial challenges identified in previous literature. The third chapter explains the method regarding research approach, research design, data collection method, data analysis and contains a presentation of measures taken by the authors to ensure validity and reliability during the research. The following chapter presents the results found in our interviews and an analysis of these. This then leads the reader in to the fifth chapter, which discusses the findings. Finally, there is a chapter with a conclusion and recommendations for future research closely tied to the topic.

2. Literature Review

2.1 Introduction

The purpose of this chapter is to explain existing knowledge within the three combining areas of the thesis; professionals, workplace attractiveness and management. We then investigate the best knowledge about managerial challenges within law firms and how these challenges affect the firms. To make the section about managerial challenges more accessible, we have classified the main challenges identified in literature into five categories. These areas are knowledge management, billable hours, the partnership system, lack of long-term vision and the lack of female partners.

2.2 Professionals

2.2.1. Professionals

Shell (2002) defines professionals as "employees with specialized or technical education who utilize that knowledge in performing their regular work" (p.12). The demand for these knowledge workers has increased and most knowledge workers are professionals, such as lawyers, accountants, physicians, teachers, nurses etc. Professionals are usually highly trained and educated, very motivated, opinionated and tend to protect their own interests instead of compromising "for the sake of the greater good". (Empson, 2017, p.3)

Managing professionals differs from managing non-professionals as professionals have the tendency to pose high mobility and have a strong sense of self-worth. Furthermore, professional organizations can be very difficult to manage as they represent very complex and challenging leadership and interpersonal issues. Still, professionals are very often chosen into the leadership roles with little or no preparation for that role. Professionals might therefore have to give up the job they love and have invested in through academic and specialized training, for managerial roles they perhaps are not that interested in. Their acquired skills, are what they consider to be the most important part of their lives and, when becoming managers, they still believe that their greatest contribution should be made through the application of these skills. When this occurs most of the professional managers' time is spent on the professional work, and as a result managerial tasks are not prioritized and neglected. (Shell, 2002 and Empson, 2017)

There are some characteristics that professionals have in common, which place special demands on the ones in the managing positions. These characteristics are high needs of autonomy, recognition and desire for stimulating tasks. However, the characteristics vary between different professions (Empson, 2017). Lawyers are considered to be experts which according to Teece (2003) "are those privileged individuals who through superior education, experience, position [...] or performance, somehow get recognized by society as leaders in their field."(p.896) Many of the characteristics found in lawyers can be found amongst other experts, such as doctors, professors, economists, engineers and other highly skilled knowledge workers (Teece, 2014).

2.2.2 Lawyers

In Sweden the profession of being a lawyer is split up into *advokat* and *jurist*. The *advokater* are the ones who are members of the Swedish Bar Association. To become a member of the Bar Association you must first graduate with a law degree, thereafter you need to have practiced law for five years. Typically, this is started off with a couple of years working at a Swedish court. The applicant must then have worked at least three of the five years at a law firm or run its own law firm. Thereafter a suitability evaluation is done before you can become a member. The title *advokat* is protected and can only be used by members of the Swedish Bar Association. When being a member you then also have a few requirements you must follow, such as ethical

requirements. The Swedish Bar Association has a very strong influence over both its members and law firms in Sweden (Winroth, 1999).

Maister (2006) reached the conclusion, after thinking that all professions were similar for 25 years, that managing law firms differs from other professions. He claims that the ways lawyers are trained, and how they practice their profession prevents them from being able to effectively function in groups. Lawyers tend to have problems with trust, engagement, values, principles and ideology and have unusual ways of reaching decisions (Maister, 2006). This is somewhat in accordance with a study (Richard, 2002) conducted with 95 lawyers, and the profiling of several hundred more, that Richard together with Caliper and Altman Weil conducted in 1998 discovering persistent patterns about the common personality traits of lawyers compared to the common public. According to this study, lawyers have several personality traits that differ radically from people in other professions. Based on these findings Richard (2002) states that “managing lawyers is like herding cats” (p.1), meaning that as lawyers average autonomy scores on personality tests are above 89%, it is common for them to resist management, restrictions, being told what to do and they have a strong will to keep their independence. Other traits that lawyers usually scored higher on, compared to other people, are skepticism and urgency. Skepticism often results in lawyers being judgmental, cynical, argumentative and self-protective. The high score on urgency can lead to impatience and a high need to get things done. On the other hand, lawyers average score on sociability and resilience was lower than among other people. People with a low score on sociability prefer dealing with information and intellect, rather than interacting with other people. As lawyers on average score low on resilience, they tend to be defensive and not willing to receive any criticism. While these traits might make lawyers good at their profession, Richard (2002) claims that they have broad implications when it comes to management.

2.3 Workplace Attractiveness

2.3.1. Human Resource Management

According to human resource management assumptions "people and organizations need each other. Organizations need ideas, energy, and talent; people need careers, salaries, and opportunities" (Bolman & Deal, 2017, p.118). Accordingly, there needs to be a good fit between the individuals and the organization. Fit, is according to Cable and DeRue (2002) a

threefold function: the organization's ability to respond to individuals' longing that their work is useful; the prospects of a job to let individuals express skills and their own identity; and how well work fulfills individual financial and lifestyle needs. If the fit is not good, either the employee or the organization, or both, suffer.

This assumption, that organizations need to look at their employees' needs, has for a long time been controversial, as some scholars have found it to be vague and irrelevant (Bolman and Deal, 2017). Furthermore, human resource systems have often been the first cuts when cutbacks have been needed (Salaman, Storey & Billsberry, 2005). While it being controversial one of the most influential and widely accepted theories in managerial practices is Maslow's (1954) hierarchy of needs model. According to his model all individuals have a hierarchy of emotional needs, from the basic needs, such as food, shelter, sense of safety to the longing for satisfaction, respect, and the feeling of accomplishment. Where these values have been the core of an organization's policies it has always led to positive results (Waterman, 1994).

Recent developments within the human resource field have also shown that when internal resources have been viewed as a source of competitive advantage they have been more important to the organization. Furthermore, a key understanding in human resource management is that most people want to succeed and want to be part of a team that is doing well. When a workplace focuses on motivating and engaging their employees, the job satisfaction and performance within the workforce increases. Because of this, productivity and workforce efficiency increases (Dunn, 2010; Schuler & MacMillan, 1984; and Salaman, Storey & Billsberry, 2005).

2.3.2. The Perfect Workplace

Goffee and Jones (2009) give an overview of the opinions expressed in the field of human resource management and answer the question of what makes a workplace attractive. They asked hundreds of executives in surveys over a three-year period, to describe their ideal workplace. The results of these surveys allowed them to describe the six characteristics that need to be in place to create the best workplace in the world. Even though these principles are mainly aspirational according to the authors, they claim that having these principles in place will create an organization operating "at its fullest potential by allowing people to do their best work" (p.99). These principles are the following; (1) individuals need to be nurtured, meaning that people feel free to be themselves and are encouraged to speak out and express their

opinions and diverse individuals thrive within the organization; (2) information must be unsuppressed and shared openly and freely through different communication channels. It is okay to say negative things and management takes in bad news, just as good news; (3) the organization adds value to the employees and not only demotulates it from them. Employees are given the opportunity to develop, weak performance is considered a way to improve and compensation is shared amongst employees; (4) the organization has a meaning as the company stands for more than just making profit. The employees know what the organization stands for and feel they are a part of that purpose; (5) The employees are shown how their everyday work makes sense, the work is rewarding and energizes employees and gives them pleasure. The work makes sense and the employees see a connection between their work and others within the organization. Everyone's work matters as it reaches a common goal; (6) and there are no stupid rules at the workplace, there is structure but not too much hierarchy and not too flat either. The rules must make sense to the employees so that they respect them and the authority. Most of these principles call for managers to be mindful about how they allocate their attention and time and that they balance different interests.

2.4 Management in Law Firms

2.4.1 Management

Management and leadership are two closely connected topics that are increasingly invested in and widely talked about in modern organizations (Bolden, 2004). The difference between leadership and management is extensively discussed (Bolden, 2004, Kotter, 1990 & Bennis and Nanus, 1985). Bolden (2004) points out that there are many different definitions of the difference between the two, one of them is given by Kotter (1990) who said that "management is about coping with complexity" whilst "leadership, by contrast, is about coping with change" (Kotter, 1990, p. 104). Another definition of management, is it being the formation and realization of goals through joint efforts of all individuals involved. The goals here are then the collective goals of the organization, or the specific goals for individuals in the group (Shell, 2002). However, others also say that a distinction between leadership and management is misleading (Bolden, 2004). Mintzberg (2009) does have a similar approach to the topic and sees management and leadership as naturally intertwined. For this thesis we see management in accordance with how Mintzberg (2009) sees it, closely connected to leadership. All these definitions are general for all industries, however, management in law firms can be defined a

bit more specific. Winroth (1999) explains that management within law firms, is the area that is essential for the work within the firm but at the same time not in direct relation to the legal work.

Teece (2014) discusses how managing professionals and experts, such as lawyers, requires a different mode of management from ordinary operations. They explain that the presence of experts only adds value to the organization when the experts are properly managed. The management of experts that is said to bring the best results is significantly different from the management required in ordinary organizations. Two valuable considerations when managing people with creative talent or experts are given. Firstly, these individuals respond best to a less hierarchical approach than what might be used in other organizations. Secondly, they are most likely to do well in an environment with open collaboration (Teece, 2014). Within the legal field, management is not considered to be related to the profession of being a lawyer. Therefore, management is not always met in a positive manner by lawyers (Winroth, 1999).

The most common purpose for having a hierarchy in an organization is to delegate. However, in organizations consisting of professional experts a hierarchy is not needed. The reason for this is that experts tend to be essentially self-guided and self-motivated. In bigger organizations, some level of bureaucratic organization is inescapable. However, this must support their activities while not controlling them. Nonetheless, autonomy and accountability shall come together, and it is said that the easier the performance can be measured, the safer the autonomy can be sanctioned. (Teece, 2014)

2.4.2 Law firms

Most lawyers run and own their own firm, or they plan to become partners at a firm within the coming years. Law firms are therefore usually structured as partnerships where associates become partners through the "up-or-out model" (Winroth, 1999). By the end of a certain pre-arranged period an associate either becomes a partner and an owner of the law firm, which is the up, or he is fired, which is the out, (Rebitzer & Taylor, 2007). In law firms the very talented lawyers are seen to be the best and usually are those who become partners quickly (Brittain, 2005). This group of partners, the owners, is the body with the highest decision-making power within the firm (Winroth, 1999). The way firm ownership is given to senior employees, while letting the ones that do not get partnership leave, is something that differs from typical businesses (Rebitzer & Taylor, 2007).

2.4.3 Managerial Challenges

2.4.3.1 Knowledge Management

Knowledge management is what enables organizations, teams and individuals to share, create and apply knowledge collectively and systematically. It contributes to increasing effectiveness and efficiency in organizations while also contributing to innovation and change of the quality of competition. Knowledge-oriented management has the aim to develop knowledge from information and then turn this knowledge into a sustainable competitive advantage. This can then be used to measure success in the business. Knowledge management consists of acquiring knowledge, creating knowledge, sharing and using knowledge, learning and, finally, protecting knowledge. However, it is also a challenge to develop the best approach for managing knowledge. The approach is dependent on both the culture of the organization and the people in the organization (North & Kumta, 2018).

"The only product sold in law firms is intellectual capital" (Chatzkel, 1999, p.6) and "knowledge and expertise are both the input and the output of law firms" (Hunter et al., 2002, p. 8). Lawyers constantly need new information about legislation, case law etc. A knowledge management of some sort has existed among law firms for a long time and, as indicated above, is extremely important for their business. There are, however, indicators of knowledge management not being applied as strategically as possible in this sector, as law firms pose special challenges when it comes to knowledge sharing (Zeide & Liebowitz, 2012 and Evans & Price, 2017). One of the key barriers, identified by Zeide & Liebowitz (2012), is a cultural resistance within law firms. The culture of stars and experts within this sector leads to lawyers wanting to keep knowledge for themselves to become the star or to climb the ladder, this is especially common among the "older" generation of lawyers. The main source of income is the time spent on work for clients, commonly called "billable hours". Lawyers work by the billable hours' system and are rewarded for the hours they bill. Knowledge sharing is not a billable activity within a law firm and therefore time is not spent on it (Lambe, 2003 and Zeide & Liebowitz, 2012).

2.4.3.2 Billable Hours

Since 1960 hourly billing has progressed into becoming the most common billing method for attorneys. With this development the number of expected hours billed per attorney within law firms has increased significantly, and it has become the most common method for measurement of lawyers' performance and compensation, as it is an easy way to track lawyers' contribution. (Saab Fortney, 2001 and Bartel et al., 2017) According to a survey conducted by Saab Fortney (2001) in 1999 with one thousand associates working at law firms in Texas, 84% reported that there were annual billable hours expectation in place at the firm they worked for. The mean average annual billable hours expectation for associates was 1,961 hours per year.

There are indicators of the system of billable hours wearing associates down as "the mere mention of billable hours to a firm associate might cause the attorneys' blood pressure to rise." (Saab Fortney, 2001, p.1061). The pressure of billable hours is causing stress and unhappiness among associates, and they are shown to have a hard time achieving a healthy balance between work and personal life. This system is said, not only to negatively affect the employees' work satisfaction and growth, but also to decrease client satisfaction (Fortney, 2001 and Saab Fortney, 2001). Due to "globalization, economic downturns and market deregulation linked with technology advancements" (Lopes, 2016, p.207) clients are not as willing to pay for commoditized work based on the traditional billing arrangement law firms have. Clients are requesting more flexibility and other options in fee arrangements than the old, charged by the hour, system which is connected only to the number of hours worked (Campbell & Charlesworth, 2012; Susskind, 2013 and Lopes, 2016).

Even though management is a part of every partner's job description, partners are also a part of the workforce within the law firm, and are required to achieve high goals of billable hours. Compensations within law firms are often solely based on billable hours, this is sometimes referred to as the eat-what-you-kill formula, the more you bill the more you get paid. Because of this formula partners and senior associates that have managerial responsibilities, tend to spend their time on billable hours rather than the non-billable hours of managerial tasks that are not included in the compensation formula, this is the so-called multitasking problem. This is something that firm leaders have complained about for decades, but few have managed to solve (Bartel et. al., 2017; Maister, 2006 and Lopes, 2016).

A study was done on an international law firm that revised its compensation plan to tackle this multitasking problem. Team leaders were encouraged to spend time on activities that were

beneficial for the firm's growth, instead of only focusing on providing legal services that can be billed, by introducing a bonus system that rewarded a range of non-billable tasks. The results were that team leaders spent more time on non-billable activities, and team members increased their billable hours. Multitasking models have shown that if certain tasks are not included in the individual paid for performance, employees do not allocate time for doing these tasks, as you get what you measure. (Bartel et al., 2017 and Kaplan & Norton, 1992)

Scholars like Molot (2014), Bartel et. Al. (2017), Maister (2006) and Lopes (2016) claim that the billable hour system is outdated, and law firms ought to be moving away from it and strive to be better businesses, and thereby answer to their clients' demand and respecting the needs of the employees. A good compensation plan supports a behavior that results in a better success and sustainability of a firm, and fosters a culture that develops, retains and attracts talented employees (Bruce, 2016). However, Campell and Charlesworth (2012) argue that this system is so firmly embedded in the system of law firms, and is supported by the present trends seen to the arrangements of legal services and how the law firms have developed. Even though there are indicators of it causing dissatisfaction, sex discrimination, poor mental health, high attrition and poor work-life balance.

2.4.3.3 Partnership

Most law firms are structured in a way where associates become partners via the, above mentioned, up-or-out promotion contest. Associates are hired for a period, and by the end of that period they are either offered to become partners, or they are required to leave the firm (Rebitzer & Taylor, 2007). Rebitzer and Taylor (2007) claim that this system offers a solution to the difficulties law firms have when it comes to supervising the main knowledge assets and the client relationships the firm has, by limiting the size of partnership to maximize the profit per partner and making the senior associates lingering claimants. Hereby, law firms prevent subgroups of partners leaving with the firm's clients.

The compensation systems among partners at law firms vary but the most common ones are the parity model, also called true partnership, and the eat what you kill model. In parity and lockstep models, all partners split the profit evenly. Whilst in eat what you kill system each lawyer's compensation is based on the net revenues he generates (Bruce, 2016 and Rebitzer & Taylor, 2007). The true partnership model is the newer of the two and is seen to be beneficial

as the way profit is divided in this model visualizes the fact that the firm is a common interest. The eat what you kill model on the other hand, often only rewards the work done with the clients and questions regarding the firm are often secondary while the true partnership model gives a greater priority of the firm (Winroth, 1999).

The previously mentioned models for becoming a partner are supported by a superhero myth, that a small percentage of lawyers are high performers, with a broad range of skills and attributes that are needed to win the partnership tournament (Stumpf, 2002). Even though it is expected of lawyers that they are just as competent managers as they are lawyers there is still an overemphasis made on their legal skills. Law schools still underscore the importance of teaching narrow legal analytical skills and therefore there is a gap between the competences expected of lawyers today and the ones they have acquired in law school. The emphasis on legal skills is also indicated by the fact that clients value legal competences, such as analysis and reasoning, partners keep on being grinders and are expected to have higher levels of expertise. To hold on to the best legally skilled employees, they are rewarded with partnership and the focus of law schools is to develop legal skills (Lopes, 2017, Susskind, 2013 and Harper, 2013).

Management is a part of a partner's job description. When lawyers become partners at law firms they are given more management responsibilities, as they become supervisors for either a team or a department. When given these new roles, law firms often fail to give them training and guidance in management (Conrad & Weishaupl, 2008). Molot (2014) claims that not only is the old partnership model noncurrent, but it is also harmful. Partners only hold equity whilst they are employees, and the only economic reward for the partnership is the annual compensation earned during successful work, which results in short-termism within the firm.

Further, these models create a clear distinction of partners and associates into two different categories within law firms. It gives them groups of partners, who are the main sources of knowledge and the firm's income, and a group of associates who are employees acquiring knowledge and performing work for the partners for a fixed income (Sherer, 1995).

2.4.3.4 Long Term Vision

Molot (2014) states that as a law firm's main goal is maximizing profit and cost-cutting it leads to dissatisfaction of all stakeholders involved, partners, employees and clients. The root of it

all, Molot (2014) claims is the law firm short-termism. There is too much emphasis on the annual profits-per-partner and not enough focus on long-term values. This prohibits law firms from building long-term loyalty with both their employees and their clients. Lawyers are rewarded for their current billing, instead of building long-lasting businesses. According to Susskind (2017) law firms should instead show that they have thought about the possible changes in the broader business environment, and in particular the legal market.

Further, and perhaps due to the short-termism, law firm leadership is not recognizing the need for spending money and time on planning, training, mentoring and other daily affairs of the law firm (Thomas, 2014). By doing so, law firm management is ignoring an important part of effective leadership, which is to take a personal interest in the long-term development of their employees and have an interest in the further development in the goal of the organization (Prentice, 1961). Maister (2006) claims that the lack of trust amongst lawyers could be a conducive factor to the short-termism of law firms. If partners do not believe that their contribution will be valued in the future success of the firm, they will not invest in it. Furthermore, he claims that as partners tend to be the best-skilled lawyers and best students from law schools, they often have no understanding for how to succeed in a team. Due to certain strong personality traits, their focus is more self-serving. This leads to a shortsightedness in decision making, which results in immediate rewards, instead of spending time and money in the future of the company (Richards, 2002 and Maister, 2006).

Having a long-lasting business model and a permanent equity model Molot (2014) claims, will benefit the partners, associates and the clients. Partners equity could become worth many times their annual compensation, associates would be considered the key to the firm's equity value rather than a source of leveraging and clients would gain in the sense that their loyalty becomes vital to the law firm, leading the firms to possibly accept different and lower billing arrangements.

2.4.3.5 Lack of Female Partners

McKinsey (2017) has looked into the gender diversity at law firms in North America. They found that fewer women advance to the first required level of partnership, with every 100 women being promoted to partner, there are 141 men being promoted. Furthermore, they found that it was in the more senior levels that the disparity grew, also seen among the external hires

for more senior positions, there were less women than men to be hired. An especially underrepresented group among the senior levels are women of color.

Looking into Swedish gender diversity amongst lawyers within law firms, the majority of students graduating from law school in Sweden since, 1994 has been female (Klingnell, 2016 & Hofbauer, 2018). Furthermore, there are more women than men taking out their final diploma, as 82 % of all female in the law programs take out their final diploma while only 63% of all men in the law programs do so (Wetterqvist, 2016). However, less than 20% of the partners at the biggest Swedish law firms are female. The number of female partners among law firms is increasing, though it is a slow progress. Furthermore, 60% of the associates at law firms are female. People with insight in law firms say that the issue is that men and women are measured in different ways. While men are promoted for showing potential, women are promoted on merits. A mentioned cause for more female partners is also that they do more of the household work and take out more parental leave than men do (Klingnell, 2016).

2.4.3.6 Future Challenge

Literature shows that artificial intelligence (AI) is a probable upcoming challenge. There are continuously claims being made about how an AI-based system, or a robot lawyer can replace or be better than the traditional real-life lawyer. In the UK, several law firms have signed up with an AI provider and they are expecting positive use of AI. However, it should not be underestimated that AI might have a significant impact on the law firm industry in the long run. Those who do not believe this to be true are claimed to live under the *AI fallacy*, which are the lawyers who persistently believe that they cannot be replaced. (Susskind, 2013)

3. Methodology

3.1 Research Approach and Design

This research has an exploratory approach as the aim is to develop a careful understanding of the phenomenon that is being studied, the managerial challenges within law firms and their effects on the firm's attractiveness as a workplace, before conducting further research (Sekaran & Bougie, 2016).

To get a clear picture of the research topic a case study, which according to Yin (2003) is "an empirical inquiry that investigates a contemporary phenomenon within its real-life context" (p.18), is conducted. Case studies are very useful and effective for doing management research (Sekaran & Bougie, 2016). Even though case studies can be considered less useful for answering "what" questions than "why" and "how" questions, Yin (2009) claims that when the "what" question is exploratory there is "justifiable rationale for conducting an exploratory study" to derive at a relevant hypotheses and suggestions for further research which is intended with this study (p.5).

While single case studies are considered better when investigating extraordinary or unique cases the purpose of this study is to get an overall picture of the managerial challenges that law firms face, it has to be investigated in more than one context and a multiple case study is therefore conducted. This method allows for the development of a deeper understanding of the managerial issues law firms face to see if lawyers at different law firms perceive similar challenges. From this the researchers are able to theorize about the challenges in a broader context. (Mills, Durepos & Wiebe, 2010 and Sekaran & Bougie, 2016).

3.2 Data Collection Method

Qualitative data was collected through semi-structured interviews with associates and partners of law firms (interview questions can be found in Appendix A). The semi-structured interviews allowed for the researchers to learn the interviewee's view on the management in place, as well as getting to know if the information received from interviews confirm the information and insights that the researchers already hold. However, this required for the interviewers to dig deeper into the mind of their interviewees while not confronting their views. (Mills et. al, 2010)

The interview questions were phrased to allow for the participants to speak freely and openly about their experiences and thoughts. This type of interview question allowed for the interviewees to contribute with as much information as they felt comfortable with and while letting the interviewer pose follow-up questions (Turner, 2010). The questions were prepared by using the studied literature on the topic and the same questions were used for both partners and law firm staff.

Seven of the nine interviews were face-to-face interviews, which have the benefit of allowing the interviewer to make sure that all questions are understood as well as allowing the

interviewer to pick up on any non-verbal clues from the respondent (Sekaran & Bougie, 2016). Two of the interviews were conducted through phone. Phone interviews have their advantages as well as they can remove discomfort that the interviewee might feel during a face-to-face interview and allow the interviewee to open up about more personal information (Sekaran & Bougie, 2016). All interviews were conducted in English and the average length of the interviews has been between 30-60 minutes. Interviews with associates were generally shorter than partner interviews.

The targeted population for the study was law firms in Sweden and the sample units consisted of individuals working within this population. To get a broader perspective of the managerial issues the sample unit consisted of both associates and managers. Furthermore, to ensure that there was some sort of minimum management in place the minimum number of employees working at each law firm was fifteen. The sample consisted of eight participants and one pilot interview. This sample size was limited due to the shortage of time which was assigned for this project. We did however have more potential participants who have wanted to take part.

3.3 Data Analysis

Preparation of the data, makes it easier to analyze and Easterby-Smith, Thorope & Jackson (2015) describe this as being the first step of the analysis. The information from the interviews was gathered through recordings, which then were transcribed, and notes taken during the interviews. Transcripts were typed up within days from the interviews taking place, to ensure the correctness of the content from the interview while it is fresh in the memory (Schutt, 2012).

When interpreting and making sense out of the data a content analysis approach was used. Key words, paragraphs and themes were identified to draw a systematic reasoning which had been structured with sets of concepts and ideas found in existing research. This was done to draw an overall distinction about what the managerial challenges law firms in Sweden face were before looking into how these challenges affect law firms in becoming an attractive workplace. (Easterby-Smith et. al, 2015)

Transcripts from the interviews were coded in accordance to the guidelines for qualitative analysis of interview data presented by Löfgren (2013). This has helped to get a comprehensive and accurate description of the studied areas (Eriksson & Kovalainen, 2016). The steps taken, in accordance to the guidelines, were the following. After transcribing all interviews, the

transcripts were briefly read through to get an overall picture. Thereafter transcripts were read over thoroughly, and relevant pieces labeled. Thirdly a decision was made about which codes were to be considered most important and categories created among these labeled pieces by bringing several codes together. Thereafter the categories were labeled and an evaluation of which were the most relevant was made and how these connect to each other. Finally, results were analyzed from the coding.

3.4 Validity, Reliability and Limitations

To ensure that the research holds a high level of validity and is reliable the measures presented in this chapter were taken.

As a significant part of the results and conclusion relies on the interviews taken they were prepared in a thorough manner before conducted. The interview questions were open ended and did not let the interviewees in on the researchers, beliefs. When conducting the interviews, participants were not given the questions beforehand nor was the literature discussed before the interviews.

To ensure that the participants felt confident to give honest answers they were assured that the answers were confidential and would not be traceable back to the participant not the law. Participants were not informed about which firms took part in the study. This was extremely important as the participants are in close competition with each other for clients, employees and are in opposing sides of cases this high level of anonymity has been a prerequisite for participation.

To the greatest possible extent, the interviews were done face-to-face. However, for practical reasons and due to limited amounts of time some of the people interviewed were not able to meet up face-to-face. For these occasions we had the interviews via phone or Skype instead, where Skype was the preferable choice. However, it should be mentioned that the quality of the answers could vary a bit when interviews were conducted in different manners.

To ensure reliability as to the information drawn from the interviews the authors have coded separately and then compared notes and merged for a final coding.

As mentioned earlier in the thesis we had interviews with nine people, one of them being a pilot interview. It should not be forgotten though, that if there would have been more time and

resources more interviews could have been done and a greater representation of thoughts could have been presented as well.

While several measures have been taken to ensure validity the research population is relatively small and therefore possible generalization will be limited. A bigger population would have given a broader and more accurate picture of the phenomenon under study but due to limited amount of time it was not possible to find and interview more participants. Nonetheless, the authors are confident that the study provides a useful contribution to research.

This research is based fully on studies of previous research within the field and the exploratory case studies. Each case study has the aim to explain how and why the management situation is structured the way it is at each law firm. These explanations are complex and vary a lot from firm to firm. Therefore, case studies have been the most suitable option for this type of research. Consequently, questionnaires and single-firm case studies have not been suitable options for this study, even though they can be useful when answering other important questions.

The authors are aware of that the case study method is criticized as it is hard to reach a general conclusion. The method is considered to be too subject to the case/cases studied. Yin (2003) however explains that 'case studies generalizable to theoretical propositions and not to populations or universes. The goal of case studies and of this study is not to give an analytic generalization but rather "to expand and generalize theories"(Yin, 2003,p.10).

4. Results and Analysis

In this chapter, results found from the interviews are presented. The results concerning each challenge are presented at first, challenge by challenge, followed by a presentation of additional observations made through the interviews. Thereafter, the effects of these challenges are presented.

4.1 Managerial Challenges

4.1.1 Knowledge and Information Sharing

When talking to the interviewees the topic of knowledge management seemed to be very present at the firms and while some firms indicated that it was a challenge and it could be improved, they were all conscious about the issue. All participants indicated that knowledge management is a very contemporary topic and they seem to be aware of the discussions present in literature.

Two of the participating firms, which are some of the bigger firms in Sweden, also talked about having their own knowledge management divisions within the firm. They then used these divisions as a reason to explain that they have the challenge under control which might indicate this division giving a reassuring impact. These knowledge management divisions at the firms are in charge of the knowledge management actions in place and oversee in-house trainings or seminars and, in some cases, knowledge sharing platforms within the organization. The smaller firms were, on their own initiative, clear and straightforward about not having the resources to have employees focused on knowledge management. Furthermore, one participating partner explains that providing good knowledge management is harder for smaller firms when they are a full-service firm, when they offer services in all legal areas, as this requires a lot of resources. Not having resources to have employees fully focused on knowledge management can however at some firms almost seem to be an excuse for the knowledge management difficulties in place. One associate explaining the knowledge management within the firm says, "the big law firms have employees for this and of course here, that is not the case, we have to take our time to do it". The issue of taking time for knowledge management, or managerial tasks of any type, is a reoccurring issue in the interviews and the foundation for this is the issue of these tasks not being billable, something we will look closer at in the next sub-chapter.

Another issue with poor knowledge management participants claim is that knowledge can disappear from the firm when people leave the firm or when the older generation of lawyers retire. One interviewed associate drew the comparison to elephants, the older lawyers, who often are the partners, have huge amounts of information while the associates need to find their own manners to acquire and find information. The day the older lawyers leave, they also bring with them this information, as the "elephants" have not been able to share the knowledge they carry around.

The firms that directly express that improvements are needed in their knowledge management explain that the only knowledge management present in their organization today is an "open door policy" where employees are free to come ask questions or a "mouth to ear" method of information sharing when the more experienced lawyers consider necessary to pass on information. However, there is an awareness of the fact that improvements are needed. One participant opens up and says "We need to start working with it, but we just have not found what is efficient and easy accessed. We tried to start something, but it did not take off. We need to do more but we are not really sure what."

Another aspect of information sharing is how messages and news are shared within the law firm. One participating associate explains that "I think it's an old thing in law firms, I do not know where it comes from that you kind of want to keep decisions and tasks secret". This he claimed applies to the partners, in regards to managerial decisions that are made and not shared with employees. This same participant explains further that "Of course you are not allowed to be part of the decisions at the end, but you can, instead of keeping your employees outside, get people to work". This shows both an undesirable division between associates and partners and a wish among associates to be involved in processes at the firm.

The interviews have shown that the challenge of knowledge management can mainly be associated to the smaller and medium sized firms among the participants. The reason for this being a challenge is the lack of time and resources within these firms. Although all participants claim to have some sort of database where drafts and older cases can be found, most of the participating firms considered these to not be efficient enough and time is wasted looking for knowledge and information.

4.1.2 Billable hours

Participants all directly and indirectly indicate that billable hours affect the work climate and performance. Billable hours have shown to be the most common measurement and when asked upon the effects of this measurement tool, participants have unanimously spoken about the stress this causes in work places. It leads to an environment with sharp elbows where people compete about tasks and hours, and all tasks that are not billable are considered to be secondary relevance. However, many firms also indicate that they would want to find other systems of measuring performance. Some participants state their firms have moved away from a system where their bonuses are based solely on billable hours and that now there are several factors

considered when measuring performances and deciding on bonuses. However, one of the participants claims that as long as the associates know that partners can and do monitor the number of hours they bill, and they know how many hours they are expected to bill, this will cause stress. Furthermore, there seems to be a set minimum level of hours billed per month for associates at all the participating law firms, even though it didn't always directly affect their salary. A partner explains that "given that we are paying what is fair, or what I think is more than fair salary, to people, there needs to be a demand on how many hours need to be worked".

The majority of the participating associates also explain that not only are they expected to work the hours they bill, they also have hours that go to internal work and hours that are spent on company representation. However, when the hours are not billable participating partners indicated that these hours are hard to value. The majority of the participating partners also indicated that the quality of the work is hard to value when having a system where focus lies on billable hours. Even though associates don't know how partners are chosen they still want to be in level with, or above, the average of hours billed as this is likely to be something viewed by partners since it is the most subjective measurement of performance.

According to the interviews the view of the performance of partners is not as dependent on billable hours as the associates. Some firms still look at billable hours to measure partners contribution to the firm. Other partners do not look at the billed hours at all. One participating partner explains that "when you are a partner you do not count hours". Another partner explains that at their firm "the partners share the profit equally" to ensure that "all the clients are the firms' clients". This system ensures that the most qualified person takes on the case instead of the partner that "owns" that client, just to earn more money personally.

Efficiency and client orientation decreases if associates and partners solely focus on billable hours for their personal financial interests. As one partner explains it "If you get a new client or have an existing client that brings in a case, and I know that you are better at this than I am, the client would benefit if I give it to you. The client would benefit from it, but I would not because I would be giving you hours I could get instead of taking them myself. That could affect the work climate". For this exact reason many of the participating law firms now have, or plan to have a true partnership system, where profit is divided evenly amongst partners.

One participant also claimed that when recruiting new employees, they seek for associates who fit into the mindset of having billable hours without having sharp elbows at the workplace. A comment from one of the participating partners, which can seem rather contradicting to the

participants justification of billable hours, is "you need the best minds, not the ones who can work most hours". This thought being raised and the true partnership systems and more consciousness about the negative effects of billable hours could be indicators of a change in compensation and performance measurements at law firms.

Even though most law firms are moving away from using the billed hours per person as the sole measurement of performance and compensation and instead basing their compensation systems on other performances all off them still have a set minimum number of hours to be billed per month or year. This makes associates constantly conscious about the billable hours and they see it as a measurement of their work performance.

The interviews have shown that it is a challenge to not have billable hours affect the work climate, efficiency and client orientation at law firms. However, one of the partners says that he wishes that billable hours had more effects on the work climate, meaning that time could be used more efficiently at their firm. Seeing that all law participating firms use the hours listed by the lawyers when charging their clients, shows that this side of the system is still unchanged. Based on this, the challenge of billable hours therefore seems to be to prevent the negative effects it can have on the law firm, its employees, clients and owners.

4.1.3 Partnership

All participants have stated that when becoming a partner at the law firm you also take on the role of manager. However, how to become partner proofs to be very unclear in all firms but one, which is one of the larger organization. Most participants didn't have any clarity on the routines of how partners are chosen, neither among the partners themselves nor among the associates who desire to become partners. Furthermore, it varies a lot between firms if it is the associates that needs to initiate a request about becoming partner, how long they need to have been employed before partnership is an option or if they need to give a financial contribution when becoming partner. One participating partner explains that employees become partners when "it is more economical to make them partners". Another participating partner explains "there is no fixed system. You need to have the experience and you need to show that you will be long term prepared and capable of getting involved in our business". Many participants also mention the fit between the firm and the person to be essential, both when promoting to partnership and when recruiting. Several participants say that "having fun at work" is important and therefore it is important that aspiring partners feel this way too.

The interviews have shown that usually there is no management training provided for associates when they are promoted to partners. Furthermore, most of the participants claim that managerial skills are not especially valued when being advanced to partner. One participating partner opened up about partners as managers and explains that "Unfortunately I do not think that partners think too much about management. The problem is that the system works, it is not the best system, but it works. As long as you bring in money there is no reason to change." Another participant explains "here we choose the best lawyers into a management role". This same participant explains that "my previous experience would say that it is not always good to take a specialist into a leadership role, but I think here, this is such a specific task and job so, I think it is necessary to take one of the best employees we have and put into a leadership position, if they are interested of course. But I think it is a big difference to be a leader and to be very good at something". This indicates that the once chosen to be partners they are not necessarily interested in becoming managers. As one partner says that the firm didn't want to expand to much because that requires more administrative work that nobody wants to do as "we all want to work just as lawyers" and another one said, "we are supposed to be good at law and coping with clients, and being a manager just comes with the job."

The challenge created with the partnership models has through the interviews shown to be the high number of partners (managers) at a firm, the lack of clarity as to how partners are chosen and what factors are considered when choosing partners. Even though the partners become managers, managerial skills are not considered in the partner selection process and some of them do not even desire to become managers.

4.1.4 Long-term vision

When asked about long-term vision for the firm it was something that all except one participant struggled with answering. Few firms seem to have a long-term vision. One partner confirms this when explaining "there is one issue, all law firms empty the firm every year. You do not make any investments for the future. You go naked in, naked out". There is very little interest for investments for the future since partners are likely to object to this and say, "no I do not want to do that because that means less money for me". This same partner further explains "you are always considered equals as partners and you will never have one partner telling the others what to do". It should be mentioned though that in some bigger firms, with more partners, they have a voting system among the partners. Therefore, it is not enough with one partner seeing

and initiating the need for change, the entire partner group, or the majority, must see the need for the change and want to work for the long run. This can be connected to the previous sub-chapter, where the partnership system is discussed, and one can see a connection between the partnership model with its many partners and the lack of long-term vision.

When asked about the future most partners avoid the question and start talking about the present or the competition among law firms. If they have a future vision, the answer we have received is "we want to be number one" or "we would see ourselves being in the same position we are in now". The closest thing to a long-term vision is one partner explaining that they have a limit as to how many staff members they want to have at the firm.

The non-partners, when asked the same question, were straight forward about having little or no information about the firms' long-term vision. However, having such little information regarding the matter does not seem to be an issue they have reflected on or anything that bothered them.

After the interviews the topic of not having a long-term vision is seen to not be a challenge itself in the eyes of the participants. Instead the challenge here might be the organization not having a common goal or vision they are working towards.

4.1.5 Lack of female partners

One more challenge, that all participants independently identified, without being asked about it, was the gender issue among law firms. All participants have fewer, or no, female partners at their firm and have expressed this as a challenge. One partner says "we have 16% female partners and it takes time, five years in law school and then around 10 years to become partner, so we are still in a sort of time lag. But from now on and in the years to come there is really no excuse, so it is on the top of the agenda."

However, another participant expressed "I do not think they would have fought so badly to name female partners if there wasn't a pressure from the outside." This same person explains further "if we have no female partners, then it is hard to attract female workers to come to us." Having few female partners gives newly graduated law students, who predominantly are female, few role models among law firms. As all law firms say that they hire "the best and the brightest" from law school, not having females in the top positions will give little inspiration

to the female graduates. Furthermore, the lack of female partners shows how law firms fail to reflect upon Swedish society in their teams.

The interviews have also shown a connection between the partnership system and the low number of female partners. One partner explains that the financial burden on the partners makes it hard for partners to be on parental leave. The same partner describes that "It can be a heavy burden to carry the cost of the firm, especially if you are a new partner. If you are a senior partner you might be able to carry the cost without bringing in any new money, but as a junior partner it can be a heavy burden to carry the cost of the firm and not being able to work. At a certain point you might need to find a system where it is possible to be a partner and be on parental leave." It should be mentioned though that this firm does not have the true partnership model, instead they apply the eat what you kill model. Having a true partnership system does at many firms facilitate being on parental leave while being a partner. Further explanation of these systems can be found in chapter 2.3.3 of the thesis.

However, all participants do not have the same view on the issue of few female partners. One participating partner says "The female rights start in the family where you choose who is to stay at home. So, you cannot punish your work." This partner further explains the view by describing that while mothers go home "with a child or three" the men at the firm "were actually here in front of their computers pulling in the money." This is then justified with the explanation that "Everything is math, everything is money. I would not say that we are hindering women from being partners, it is math." The same partner further supports this with saying "It would be different if we had a higher purpose, making the world a better place."

Through the interviews we could identify the lack of female partners as a challenge to not attract women to the law firms and not give them inspiration as to how they can develop in their roles. It should also be mentioned that this challenge is intertwined with the challenge regarding the partnership system that might to some extent prevent or make it undesirable for women to become partners.

4.1.6 Additional observations

During our interviews with the partners, they have all answered that at their firm a management role comes with the role of being a partner. However, when asked to describe their tasks at the firm none of them mention any managerial tasks. They all focused on explaining the legal areas

they work within and what tasks come with that. This could be an indication of them all seeing their managerial roles to be a secondary part of their work and that they prioritize the legal tasks of their work.

Through the interviews participants brought up managerial challenges which, to the best of our knowledge, have not been discussed in previous literature. One of these is the generational shift within these firms. There is a new generation coming in to the work force at law firms with new views and priorities. This new generation has greater demands on being able to combine professional life and private life in a way that they see fit and do not see why partners should be able to have more advantages than the associates. Which is different from the older generation who saw law as their main priority in life and who saw themselves as lawyers primarily, and everything else in life came in as second or third. One partner has the view that "the younger generation does not want to work as hard".

This has led to a slight lack of understanding between the generations where the older generation now see that they might need to change to adapt to the younger generation to attract young talent. A partner explains that "you want to keep a little bit from the old, i.e. being grateful, without being pissy about it or being a dinosaur." A common view among the partners is that the younger generation is not as loyal to just one firm and moves on to another company if he or she is not content. They also demand more feedback and clarity on what is expected of them. One partner explains that the younger employees are much more conscious about "how much in and how much out", in other words, how much they need to contribute in relation to how much they get in return. Consequently, it is a challenge for the present management to understand that the new generation coming in to the workforce has other expectations and priorities, compared to the generation of present management.

Two of the participating partners also brought up a future managerial challenge that they see. Which is how the task of lawyers will change when Artificial Intelligence (AI) can take on more of the tasks lawyers are doing today. Partners have already started to think about how this will affect law firms in the future and which tasks will remain for lawyers to do. However, they seem optimistic and not too concerned about being replaced. Which shows that they might have fallen for the AI fallacy which Susskind (2017) discusses and we have presented above. One partner says "We will see where that will take us, but so far we are not too worried. The current systems can do quite a lot, but they cannot replace the final fine tuning of the legal advice that actually has value."

Another observation we did during the interviews was that all the partners are looking for, what they call, "the best and the brightest" (in other words, the highest grades) among graduated students. They do so while also talking about aiming for diversity and a representation of the Swedish society among their workforce. Only hiring people with the highest grades could be viewed as being in contradiction to having a diverse workforce and mean losing talented people who have many other talents than scoring the highest grades. Furthermore, many participants say that when they recruit new employees they look for people who "fit the team" and "people I would have fun with", which also potentially limits the diversity within the organization.

Finally, we had one participating partner indicating the above presented trend, the age of the client. The participant explains "One of the problems being that we are a law firm, is being extremely client driven. That means that the clients come first, second and third, and then you must manage the rest. If we do not serve them with their needs, they will go elsewhere." Other participants have also indicated the stress of being client driven to such extent when explaining the expectation of answering the phone and providing legal services "even if they call you late Friday night".

4.2 Effects of the managerial challenges

Through the interviews effects of the managerial challenges have also been discussed. However, the possible effects have not been a topic that our participants have been wanting to discuss to the same extent as the challenges. The challenges were seemingly an easier topic for the participants and there were more opinions expressed, while the effects of these were noticeably not reflected upon to the same extent.

The effects identified by the participants were time spent on things that have felt unnecessary or unproductive, such as who has the correct information or that several people are searching for the same information, due to lack knowledge management. Another effect identified is resources spent on attracting new employees and employer branding when the client base is expanding faster than the firm can attract new employees and a dissatisfaction among the workforce when they are unable to balance work life and private life the way they would have wished. Furthermore, the gender representation among law firm partners has led to female lawyers having few potential role models among law firms, which in turn leads to women leaving the law firms before partnership being an option.

Seen to the partnership systems, effects that this seem to bring are an uncertainty and lack of clarity as to expectations to gain a partnership role. A process where lawyers go from being an associate one day, to a partner the next day, and often a high number of partners can in many cases lead to a confusion as for who to turn to in different scenarios. Furthermore, the partnership is often a "reward" given to those who are seen to be the best lawyer or the one who brings in the most money even though the partnership role also gives a managerial role. Despite this, managerial qualities are rarely considered when naming partners.

An overall effect of the managerial challenges, mainly the billable hour-system, is the general idea of law firms, not specifically the participating firms, being a harsh work environment seen from the outside. This idea is something that some of the participants have heard of. However, these same participants are also quick on clarifying that at their law firm there is only a friendly environment. The system of billable hours also has another effect. Due to the focus on billable hours all tasks, among these managerial tasks, that do not bring in money to the firm are secondary.

5. Discussion

As presented in chapter 2 of the thesis several managerial challenges within the law firms were identified in literature. The identified managerial challenges in literature are knowledge management, billable hours, partnership, lack of long-term vision, lack of female partners and finally a potential emerging challenge, artificial intelligence. In chapter 4, where the results of the interviews are presented, one can see that these challenges are mostly confirmed by participants. Though, confirmed to a varying extent.

While previous literature, and this thesis, has up until this point identified lack of long term vision as a challenge of its own it has during this research become clear that the short-termism might have an impact on all other challenges. It might be a cause for the other challenges, rather than a challenge equal to the other identified challenges. Not having a long-term vision is leading to the consequence of only being focused on the present. When only being focused on the present it is likely to be seen that spending money on knowledge management is not prioritized, since this means spending time on something that does not directly increase the profit for this year, neither do you feel the motivations to increase the number of female

partners or want to change the partnership structure so that it changes the incentives within the organization, if it means that you come out with less money. Neither are partners interested in focusing on reducing/resolving the effects of the managerial challenges when only focused on the present and therefore not interested in long-term solutions that would make the workplace better for the employees or the workplace more attractive. The short-termism can therefore be a cause for management practices which in turn decreases the employee satisfaction and the workplace attractiveness. And as one of our participants pointed out "the problem is that it works", so there has been little incentive to change and improve management.

As was presented in chapter 2.3.2 of this thesis Goffee and Jones (2009) present six principles which, if followed, will create an organization which operates at its fullest potential and can be considered an attractive workplace. While this research has investigated the managerial challenges among law firms a possible connection between the managerial challenges and the principles can be seen. The first of the six principles involved letting the employees feel free to be themselves. However, it is likely that the confidence to be oneself can be limited by the partnership structure. As the partnership is built up to be a reward for the lawyer who is the best, or brings in the money, this shapes people's manners and pressures the associates to act in a way that they hope will make them partners in the future. The second principle, about communication, can clearly be affected by the lack of knowledge management and information sharing that has been identified in literature and extensively spoken about during the interviews. A clear indicator of this, is the description by one of the participating associates, mentioned in chapter 4.4.1, about how there is a tendency amongst the partners to keep managerial decisions secret. The next principle, about giving employees the opportunity to develop and considering weak performance as room for improvement, is also hindered by the partnership models as they create a constant need for the associates to fit into what a potential partner should act and look like. The same can be said about the requirements of hours billed, if employees get the impression that billed hours is what is most important it does not leave much room for other activities that help employees grow, such as educational and reflective activities. Moving on to the next principle, that the organization stands for more than making profit, this is given to be very limited when individual and firm performance constantly revolves around making money through billing clients and there is a constant focus on billed hours. The fifth principle, about reaching a common goal, has also been discussed in the research under the issue of long-term vision and it has here become clear that the employees of the firm, both partners and associates, are not aware of the vision or goal of the firm, which

might result in them not feeling a part of something bigger and that their work is not contributing to something of importance. Finally, the last principle, which in a way evolves around the idea of not having too much of a hierarchy but still having a structure that makes sense to the employees. The partnership structure could affect this principle in two ways. Firstly, the partnership model creates a very clear division between associates and partners, and since partners are chosen for being the best lawyers, they have a label on themselves of being better than the associates. Secondly, when there are many partners acting as managers and they have decision making power the structure might be unclear to the employees. Who is in charge of what?

6. Conclusion

Before this research was conducted literature had shown that there were managerial challenges among law firms. These were the lacking knowledge management, the billable hours, the partnership structures, the lack of long-term vision and the lack of female partners. These managerial challenges have, through this study been confirmed at participating Swedish law firms, while also additional managerial challenges have been identified and connections between the challenges have been identified. One also knew, before the research was conducted, that there were suggestions in literature that managing professionals poses challenges different from when managing non-professionals and that there is discontentment among associates at law firms. Finally, human resource theory suggested that employees could be managed in a way that lead to both satisfied staff and a competitive advantage for the organization. However, this research has shown that when bringing these parts together one can see that the three issues are intertwined and by solving the managerial challenges, or the root thereof, both the discontentment among associates at law firms, the workplace attractiveness and the competitive advantage can be improved.

Both in the discussion and earlier on in this chapter we have presented a connection between the managerial challenges and the workplace attractiveness. Especially the challenges limiting the fulfilling of the six principles for having a workplace that operates at its fullest potential and is an attractive workplace have been identified to influence the workplace attractiveness. Therefore, we see it as a possible solution for law firms today to first focus on the short-termism, the billable hours, the partnership model and information sharing. However, we do encourage law firms to look at all managerial challenges identified in this research as they all hinder efficient management. In trying to solve these managerial challenges we believe that a

starting point must be for law firms to stop seeing management as something that comes secondary, as it has been identified to be through this research.

6.1 Research limitations

Overall the thoughts raised in the interviews have shown to align very well with the challenges found in literature. This alone is one interesting discovery, as this shows that it does not matter that most managerial challenges have been identified in literature from common law countries while the interviews have been conducted in a civil law country. This comes to show that the legal system of the country does not have a significant impact on the managerial challenges of the law firms. However, the generalizability of the results of this research might be impacted by the different legal systems.

Another limiting factor is that we first found managerial challenges in literature and then, to a fairly large extent, based our further research and research questions around these. While it gave us a solid foundation in our process it might have had a limiting impact on our minds throughout the process and made us focus on mainly these challenges instead of staying openminded.

6.2 Future research

In this thesis we have focused on one specific group of professionals, namely lawyers at law firms. However, similar research can be done in several other professional environments. One example could be to look at these same circles, which have been the foundation for this research, but look at physicians instead. Physicians are also highly skilled but are more dependent on their teams, compared to lawyers who work more individually.

Another possibility for future research could be to look deeper into the views among law firms by conducting a bigger study, with more participants, and thereby reach results with greater generalizability. A second option of how to dig deeper could be to conduct a research where one only focuses on one managerial challenge among law firms.

References

Bartel, A. P., Cardiff-Hicks, B. & Shaw, K. (2017). Incentives for Lawyers: Moving Away from “Eat What You Kill”, *ILR Review*, vol. 70, no. 2, pp. 336–358.

Becker, B. E. & Huselid, M. A. (1998). High Performance Work Systems and Firm Performance: A Synthesis of Research and Managerial Implications, *Research in Personnel and Human Resource Management*, 16, pp. 53-101.

Bennis, W. & Nanus, B. (1985) *Leaders: The Strategies for Taking Charge*. New York: Harper and Row.

Bolden, R. (2004). What is Leadership?, *Leadership South West*, Research Report 1.

Bolman, L. G. & Deal, T. E. (2013). *Reframing Organizations* 5th Edition, San Fransisco: Jossey-Bass.

Brittain, S. (2005) Talent: How to put it to good use, *The Lawyer*, 15 August, 21.

Bruce, Debra L., Law Practice: DEVELOPING AN EFFECTIVE LAW FIRM COMPENSATION., *The Business of Practicing Law*, 15479102, May/Jun2016, Vol. 42, Issue 3. Available through:
<http://eds.b.ebscohost.com.ludwig.lub.lu.se/eds/detail/detail?vid=6&sid=ee4cc408-451e-4b0c-8526-dd8282878136%40sessionmgr4006&bdata=JnNpdGU9ZWRzLWxpdmUmc2NvcGU9c2l0ZQ%3d%3d#AN=116464215&db=a9h> [Accessed 13 March 2018].

Cable, D. M. & DeRue, D. S. (2002). The Convergent and Discriminant Validity of Subjective Fit Perceptions., *Journal of Applied Psychology*, vol. 87, no. 5, pp.875–884. Available through:
<http://eds.b.ebscohost.com/eds/pdfviewer/pdfviewer?vid=9&sid=f8c9de51-a4ba-4af5-bec1-e0c29381e509%40pdc-v-sessmgr01> [Accessed 11 May 2018].

Campbell, I. & Charlesworth, S. (2012) Salaried lawyers and billable hours: a new perspective from the sociology of work, *International Journal of the Legal Profession*, 19(1), pp. 89–122. Available through:

<http://www.heinonline.org.ludwig.lub.lu.se/HOL/Page?handle=hein.journals/injlepro19&div=7> [Accessed 1 April 2018].

Chatzkel, J. (1999). 20th Anniversary McMaster Business Conference: 3rdWorld Conference on the Management of Intellectual Capital and Innovation.

Conrad, A.F. and Weishaupl, E.A. (2008) From lawyer to managers: essential skills for managing attorneys, The Colorado Lawyer and Colorado Bar Association, *Colorado Lawyer*. Vol. 37. Available through:

<http://www.heinonline.org.ludwig.lub.lu.se/HOL/Page?handle=hein.barjournals/cololaw0037&div=121> [Accessed 12 February 2018].

Dunn, B. H. (2010). Human Resource Management: The Importance of Getting It Right, *Rangelands*, vol. 32, no. 4, pp. 2-3. Available through: <https://www-jstor-org.ludwig.lub.lu.se/stable/40802646> [Accessed 11 May 2018].

Easterby-Smith, M., Thorpe, R. & Jackson, P. R. (2015). *Management and business research*, 5th edn, London: Sage Publication, Inc.

Eriksson, P. & Kovalainen, A. (2016). *Qualitative Methods in Business Research*, 2nd Edition, London: Sage.

Evans, N. & Price, J. (2017). *Managing Information in Law Firms: Changes and Challenges*.

Goffee, R. & Jones, G. (n.d.). What Employees Really Require to Be Their Most Productive, p.10. Available through:

<http://eds.b.ebscohost.com.ludwig.lub.lu.se/eds/pdfviewer/pdfviewer?vid=4&sid=1a838021-584f-4cd7-aa42-a85ea45e995b%40sessionmgr102> [Accessed 8 May 2018].

Harper, J.S. (2013) *The Lawyer Bubble: A Profession in Crisis*, New York: Basic Books.

Hunter, L, Beaumont, P, and Lee, M. (2002). Knowledge management practice in Scottish law firms. *Human Resource Management Journal*. London: 2002. Volume 12, Issue 2; page 4-21.

Hofbauer, C. (2018). Männen dominerar: Advokatbyråerna är usla på jämställdhet, *Dagens Industri*, [e-journal] published 29 April 2018, Available through <https://www.di.se/nyheter/mannen-dominerar-advokatbyraerna-ar-usla-pa-jamstalldhet/> [Accessed 11 May 2018].

Kaplan, R. S. & Norton, D. P. (1992). The Balanced Scorecard - Measures That Drive Performance, *BALANCED SCORECARD*, p.10. Available through <http://eds.b.ebscohost.com.ludwig.lub.lu.se/eds/pdfviewer/pdfviewer?vid=4&sid=d79569a9-6327-4dc9-93b4-5779485f864a%40sessionmgr4007> [Accessed 12 May 2018].

Klingnell, J. (2016). Kvinnor nobbas i toppen, *Dagens Industri*, [e-journal] published 20 December 2016), Available through <https://www.di.se/nyheter/kvinnor-nobbas-i-toppen/> [Accessed 11 May 2018].

Kotter, J.P. (1990) *A Force for Change: How Leadership Differs From Management*. New York: Free Press.

Lambe, P. (2003). What does KM mean for law firms? *Green Chameleon*. Available through: <http://greenchameleon.com/thoughtpieces/kmlaw.pdf> [Accessed 12 February 2018].

Lopes, S. A. (2016). High Performers Are Not Superheroes: Bridging Exclusive and Inclusive Talent Management Approaches for Law Firm Sustainability, *International Journal of the Legal Profession*, vol. 23, no. 2, pp.207–231. Available through: https://www.researchgate.net/publication/301740031_High_performers_are_not_superheroes_bridging_exclusive_and_inclusive_talent_management_approaches_for_law_firm_sustainability [Accessed 15 April 2018].

Löfgren, K. (2013). Qualitative analysis of interview data: A step-by-step guide, Youtube, [video online], Available at: <https://www.youtube.com/watch?v=DRL4PF2u9XA> [Accessed 11 May 2018].

Maister, D. (2006). Are Law Firms Manageable?, *The American Lawyer*, vol. 2006, no. April, pp.1–8. Available through: <http://search.informit.com.au.ludwig.lub.lu.se/fullText;res=AGISPT;dn=20081238> [Accessed 16 April 2018].

Mintzberg, H. (2009). *Managing*. San Fransisco: Berrett-Koehler Publishers.

McKinsey (2017). Women in law firms [pdf] Available at: <https://www.mckinsey.com/~media/mckinsey/global%20themes/gender%20equality/women%20in%20law%20firms/women-in-law-firms-final-103017.ashx> [Accessed 11 May 2018].

Mills, Durpos and Wiebe (2010). Multiple-Case Desgins. Available through: <http://methods.sagepub.com/reference/encyc-of-case-study-research/n216.xml> [Accessed 11 May 2018].

Molot, J. T. (2014). What’s Wrong with Law Firms: A Corporate Finance Solution to Law Firm Short-Termism, *S. Cal. L. Rev.*, vol. 88, p.1. Available through: <http://www.heinonline.org.ludwig.lub.lu.se/HOL/Page?handle=hein.journals/scal88&div=5> [Accessed 31 January 2018].

North, K. & Kumta, G. (2018). *Knowledge Management: Value Creation Through Organizational Learning*, Cham: Springer.

Prentice, W. C. H. (2004). Understanding Leadership, *Harvard Business Review*, vol. 82, no. 1, pp.102–109.

Rebitzer, J. B. & Taylor, L. J. (n.d.). When Knowledge Is an Asset: Explaining the Organizational Structure of Large Law Firms, p.30.

Richard, L. (2002) Herding cats: the lawyer personality revealed, Report to Legal Management, 29, pp. 1-12. Available through:
http://lawyerbrain.com/sites/default/files/caliper_herding_cats.pdf [Accessed 10 April 2018].

Saab Fortney, S. (2001). An empirical study of associate satisfaction, law firm culture, and the effects of billable hour requirements, *Texas Bar Journal*, vol. 64, no. 11, pp.1160-1169. Available through:
<http://www.heinonline.org.ludwig.lub.lu.se/HOL/Page?handle=hein.barjournals/texbarj0065&div=32> [Accessed 28 March 2018].

Salaman, G., Storey, J. & Billsberry, J. (2005). Strategic Human Resource Management – Theory and Practice, 2nd Edition, London: Sage Publications.

Schutt, R. K. (2012). Investigating the Social World: The Process and Practice of Research, 7th ed, Los Angeles: Sage Publications, Inc.

Sekaran, U. & Bougie, R. (2016). Research Methods for Business, Chichester: John Wiley & Sons.

Shanker, D. (2013), Why are lawyers such terrible managers?, *Fortune*. Available through:
<http://fortune.com/2013/01/11/why-are-lawyers-such-terrible-managers/> [Accessed 16 April 2018].

Shell, R. L. (2002). Management of Professionals, Second Edition, New York: Marcel Dekker.

Sherer, P. D. (1995). Leveraging human assets in law firms: Human capital structures and organizational capabilities, *Industrial and Labor Relations Review*, Vol. 48, No. 4, pp.671-691). Available through:
<http://eds.a.ebscohost.com.ludwig.lub.lu.se/eds/pdfviewer/pdfviewer?vid=25&sid=74388937-9f27-492b-8b3b-08ebef983c8%40sessionmgr4008> [Accessed 21 February 2018].

Stumpf, S.A. (2002) Becoming a partner in a professional services firm, *Career Development International*, 7(2), pp. 115–121.

Sullivan, C. (2017), Should Business Managers Run Law Firms, *Bloomberg Law Big Law Business*, <http://biglawbusiness.com/should-business-managers-run-law-firms/> [Accessed 16 April 2018].

Susskind, R. (2013) *Tomorrow's Lawyers: An Introduction to Your Future*, Oxford: Oxford University Press.

Teece, D.J. (2014). Managing experts and creative talent, in Bryson, J. & Daniels, P. (eds.) (2015). *Handbook of Service Business*, [e-book] Edward Elgar Publishing, Available Online: <http://www.elgaronline.com/view/9781781000403.xml> [Accessed 2 May 2018].

Teece, D. J. (2003). Expert Talent and the Design of (Professional Services) Firms, *Industrial and Corporate Change*, vol. 12, no. 4, pp.895–916. Available through: <http://eds.a.ebscohost.com/ludwig.lub.lu.se/eds/pdfviewer/pdfviewer?vid=13&sid=74388937-9f27-492b-8b3b-08ebef983c8%40sessionmgr4008> [Accessed 25 April 2018].

Thomas, C. (2014). What Makes Law Firms Succeed or Fail?, *Law Practice Magazine*, vol. 40, No.1. Available Online: https://www.americanbar.org/publications/law_practice_magazine/2014/january-february/what-makes-law-firms-succeed-or-fail.html [Accessed 2 April 2018].

Turner, D. W. (2010). Qualitative Interview Design: A Practical Guide for Novice Investigators. *The Qualitative Report*, 15(3), 754-760. Retrieved from <http://nsuworks.nova.edu/tqr/vol15/iss3/19> [Accessed 28 March 2018].

Waterman, R.H. (1994). *What America Does Right: Learning from Companies that Put People First*. New York: Norton.

Wetterqvist, A. (2016). Fler kvinnor än män tar examen från juristlinjen – men män får arbete även utan examen, *Dagens Juridik*, [e-journal] published 21 October 2016, Available through

<http://www.dagensjuridik.se/2016/10/fler-kvinnor-man-tar-examen-fran-juristlinjen-men-man-far-arbete-aven-utan-examen> [Accessed 11 May 2018].

Winroth, K. (1999). När management kom till advokatbyrån, Göteborg: Bokförlaget BAS.

Zeide, E. & Liebowitz, J. (2012). Knowledge Management in Law: A Look at Cultural Resistance, *Legal Information Management*, vol. 12, no. 01, pp.34–38. Available through: <http://eds.a.ebscohost.com.ludwig.lub.lu.se/eds/pdfviewer/pdfviewer?vid=10&sid=74388937-9f27-492b-8b3b-08ebef983c8%40sessionmgr4008> [Accessed 19 April 2018].

Yin, R.K. (2003). Case study research: design and methods, 3rd Edition, Thousand Oaks, Sage Publications, Inc.

Appendix A – Interview Questions

1. What is your role at the firm? How many people work here?
2. Can you describe your tasks here?
 - So, what is your job position?
3. How do people become partners here?
 - Do the partners then become managers?
 - Have you had any management training?
 - Why?
4. What are the firm's main goals and vision?
 - Is there a future vision of the firm?
5. Can you describe the management within this firm?
6. Do you see any managerial challenges (challenges of being a manager) within the firm?
Why?
 - How is knowledge shared within the firm? Why?
7. How is individual performance measured?
8. Do you think billable hours affect the work climate and performance? How? Why?

