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market insight report

Talent, People &
Recruitment Strategy
in Australia's Legal
Sector

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introduction

The narrative of a “legal talent shortage” has become a familiar theme across the industry over the past decade.

However, the most successful law firms are no longer treating this challenge purely as a recruitment issue. Instead, they are rethinking how legal talent is accessed, structured and developed.

Through our work across the legal sector, Morgan Consulting has observed a clear divide emerging between firms that are reacting to talent shortages and those that are strategically redesigning their talent models.

The firms gaining competitive advantage in FY25/26 are adopting several unconventional approaches, including:

- Building proactive talent pipelines years before hiring needs arise
- Hiring lawyers for commercial capability rather than purely technical expertise
- Reconfiguring teams to rely less heavily on traditional associate hierarchies
- Competing with in-house roles by redesigning career pathways
- Using data and market intelligence to engage passive talent earlier



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These approaches reflect a broader realisation across the industry: the firms that win the talent market are not those offering the highest salaries, but those that understand the motivations and career decisions of top lawyers better than their competitors.

Morgan Consulting works closely with firms to provide this external perspective, helping clients access lawyers who are rarely visible through traditional recruitment channels.

In addition to recruiting legal professionals, we also work across multi-functional head office roles within Corporate Services, including HR, Finance, Technology, Marketing and Business Support.

This allows us to see how talent challenges influence a firm's broader strategic objectives, rather than simply the hiring needs of individual practice groups.

Because we operate across both fee-earning and corporate services functions, we bring a more holistic view of how high-performing firms are structured and where capability gaps can emerge.

This enables us to advise clients not only on attracting strong legal talent, but also on strengthening the leadership, operational and commercial capabilities that support sustainable growth.



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How Leading Firms Are Responding to the Talent Constraint

While many firms continue to approach recruitment through traditional vacancy-driven hiring, the most competitive firms are implementing structural solutions to talent scarcity.

Strategy 1: Proactive Talent Mapping, before a Role Exists

Historically, many law firms only engaged recruiters once a vacancy emerged. In today's market, that approach is increasingly ineffective.

Leading firms are now mapping the legal talent market continuously, identifying high-performing lawyers long before hiring needs arise. This allows firms to understand where the strongest talent sits in the market, track lawyers who may become future hires, and build relationships before competitors enter the conversation.

We have seen firms secure some of their strongest hires through conversations that began 12–24 months before a role formally existed. For organisations accustomed to reactive hiring processes, this shift represents one of the most significant changes in modern talent strategy.



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Strategy 2: Recruiting for Commercial Lawyers, Not Just Legal Technicians

Another notable shift in hiring priorities is the growing emphasis on commercial capability.

Clients increasingly expect lawyers who can translate complex legal advice into practical business outcomes.

As a result, firms are placing greater value on candidates who demonstrate strong client engagement skills, commercial awareness, business development capability and the ability to think strategically beyond purely legal analysis.

In lateral hiring processes, we frequently see candidates with strong client management capability outperform technically stronger peers. This reflects a broader shift in how law firms are defining top talent.



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Strategy 3: Redesigning the Associate Pyramid

The traditional law firm model relied heavily on a large base of junior lawyers progressing through a hierarchical structure.

However, many firms are quietly reshaping this model in response to talent pipeline constraints, changing economics and increased digitisation.

Several trends are emerging:

- Increased hiring of experienced lateral associates rather than relying solely on graduate pipelines
- Smaller junior cohorts supported by greater investment in training and technology
- Greater use of specialist or flexible legal talent

This shift allows firms to maintain service quality while adapting to a more constrained talent market.

However, it also creates long-term succession challenges, particularly around partner pipelines. Increasingly, firms are balancing immediate lateral hiring needs with longer-term internal talent development strategies.



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The Hidden Competition for Legal Talent

Another reality many firms underestimate is how significantly the competitive landscape for legal talent has evolved in recent years.

While law firms historically competed primarily with one another for experienced lawyers, the talent market now extends well beyond private practice.

Corporate in-house legal teams and alternative legal service providers are increasingly attracting high-quality lawyers who may previously have remained within the law firm environment.

Corporate legal departments, in particular, have become one of the most compelling alternatives to private practice. Organisations are investing heavily in strengthening their internal legal capability, creating roles that offer lawyers closer proximity to commercial decision-making and the opportunity to contribute directly to business strategy.

While improved work-life balance is often cited as a driver, the appeal is not purely lifestyle-related. Many lawyers are attracted to the opportunity to take greater ownership of legal strategy and work alongside executive leadership.



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At the same time, Alternative Legal Service Providers (ALSPs) are quietly reshaping parts of the legal labour market. These organisations are creating new career models centred around project-based legal work, technology-enabled service delivery and more flexible operating structures.

While ALSPs do not replicate the traditional law firm career path, their continued growth is absorbing a growing share of mid-career legal talent. The combined effect of in-house teams and alternative service providers has therefore reduced the available pool of experienced lawyers across many practice areas.

What Top Lawyers Actually Look for in FY25/26

Through hundreds of conversations with lawyers across the market, Morgan Consulting consistently sees a gap between what firms believe attracts talent and what lawyers actually prioritise when considering a move.

While remuneration remains important, the strongest lawyers are far more focused on long-term career trajectory, the quality of work they will be exposed to and the leadership environment they will operate within.



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Career progression is one of the most significant drivers of lateral movement. High-performing lawyers want clarity around partnership pathways, the partners responsible for developing future leaders and whether they will have meaningful exposure to significant clients. Firms that clearly articulate these pathways are consistently more successful in attracting strong lateral candidates.

Exposure to meaningful work is equally important. Many experienced lawyers move firms not because of compensation, but because they want access to larger or more complex matters, international work or strategically significant clients. This is particularly evident among lawyers in the 5–9 PQE range, where career momentum becomes critical.

Leadership quality is another frequently underestimated factor in lateral hiring. Strong lawyers often move firms to work with partners they respect and believe will accelerate their development. In many cases, the strength of the partner–candidate relationship ultimately determines whether a hire occurs.

Speed and decisiveness in the recruitment process also play a critical role. High-performing lawyers often receive multiple opportunities simultaneously, and firms that move slowly through interview processes frequently lose momentum. In competitive hiring situations, the firm that establishes the strongest relationship early and demonstrates decisive leadership is often the one that secures the hire.



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Finally, access to broader market intelligence provides firms with a significant advantage. Many organisations have strong insight into their internal teams but limited visibility into how the wider legal talent market is evolving including where lawyers are moving, which firms are building momentum in particular practice areas and how candidate expectations are shifting.

Morgan Consulting's Approach

In today's legal talent market, many of the strongest lawyers are not actively seeking new opportunities and are therefore rarely accessible through traditional job advertising. These individuals are often highly successful within their current firms and will only consider a move when approached with a compelling career opportunity.

Morgan Consulting specialises in engaging this segment of the market through long-term relationship building and ongoing dialogue with lawyers throughout their careers. This allows us to identify potential opportunities well before candidates formally enter the market.

Combined with strong market intelligence and targeted engagement, this relationship-led approach enables us to identify lawyers whose experience and career ambitions align closely with our clients' strategic objectives.



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Rather than relying on broad outreach, we engage selectively with individuals who can genuinely strengthen a firm's practice.

As a result, Morgan Consulting clients gain access to high-performing lawyers who may otherwise remain invisible through traditional recruitment channels.

Conclusion

The legal talent market in FY25/26 is not simply defined by a shortage of lawyers. It is increasingly shaped by how effectively firms understand and navigate the broader talent ecosystem.

The firms that succeed will be those that:

- Invest in proactive talent strategies
- Adapt traditional career models
- Move decisively when engaging top candidates
- Leverage external market intelligence to stay ahead of competitors

Firms that adopt these approaches will not only improve their ability to attract talent but will also strengthen the long-term sustainability and competitiveness of their practices.



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