



PRESS RELEASE

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Devested interests

The global legal services market is currently worth around a trillion US dollars and is set to grow significantly over the next three years - whether, or not, the world collapses into a recession.

Lawyers arose from the role of the medieval scribe. In an era when few people could write, it was necessary for anyone going before the primitive manorial courts to set down in the written word their side of a dispute. The scribe did this for them. But it was then a short step from writing a submission to representing one of the parties to a dispute in court. Thus, the lawyer was born and soon there was a whole industry of interpreting legal rules and representing those who could not argue their own case.

Today around a third of lawyer fees come from litigation and the rest from a mish-mash of tasks, such as drawing up contracts and advising on appropriate courses of action. True, a lawyer will typically have no operational experience in the fields where they advise, but this has not prevented many from exceeding their brief - as if all legal knowledge was true wisdom.

Dig down into the legal profession and it soon becomes clear why this sector enjoys high levels of profitability.

Firstly, much of the heavy duty research (due diligence) is carried out by lowly paid trainees or associates. The more senior lawyer often secures a significant amount of billing income simply by oversight of this work.

Secondly, much of the contractual work draws on templates that are shared between lawyers in the same firm. Few, if any, lawyers actually draw up an employment contract from scratch. However, the Client will often be charged as if this has happened.

Thirdly, lawyers often seek to encourage adversarial stances when litigation is in prospect. This is most common in divorce and child custody cases, but it is present in many employment law cases too. FedEE has the course of litigation and found that there are, in fact, seven stages to a litigation process. Only in 5-10% of cases does a case result in success for the party bringing it to court, but along the way both parties are too often encouraged to pursue the dispute, much to the advantage of lawyers who collect their fees along the way. As the UK advisory body ACAS has



demonstrated very well, many cases could be settled at a relatively early stage. In fact, as FedEE has found through its own legal service, without any lawyer involvement many threatened disputes could be settled internally virtually when they arise.

Finally, few lawyers respond quickly, decisively or sufficiently comprehensively. Many still rely on the "come and see me" approach and look for a fee upfront before they will act. Lawyers also never stray outside the jurisdiction in which they are trained. Many, in fact, specialise in one field - such as M&A - and never go outside it. This limits their experience and cuts them off from relevant developments in other fields. It also makes them of little value for a multinational client whose HR department and internal legal counsel personally have to range over many jurisdictions. The attempt by large law firms to overcome this by referencing their lawyers in each jurisdiction not only slows down the process of handling cross-border legal issues, but also greatly inflates the legal fees involved. By contrast, companies using FedEE's legal services have immediate access to expertise covering over 100 jurisdictions worldwide for a tiny fraction of even a single conventional lawyer's fees.

Robin Chater, Secretary-General of the Federation of International Employers ([FedEE](#)), recalls *"visiting the UK employment tribunal services repository in Bury-St-Edmunds, Suffolk, some years ago and finding it full of freelance researchers paid by law firms to hunt out new tribunal applications. The way lawyers obtained their clients was by offering their services before a rival firm beat them to the innocent applicant. This illustrated to me, in the raw, what it meant to be a lawyer. It was essentially preying on the insecurity of someone trying to pursue their rights or defend themselves against misplaced claims. The legal profession, of course, does have its dignified emanations, but its limitations and pretensions do need to be questioned more widely and its protectionism fundamentally challenged."*

For further information please contact Eustace Fernsby at the FedEE Press Office on press@fedee.com and 0044 203 608 4412.

What is FedEE?

The Federation of International Employers ([FedEE](#)) is a leading corporate membership organisation for multinational companies. It was founded in 1998, with financial assistance from the European Commission. Today it is an independent body with corporate members all around the globe.