# Do law professionals lack economic knowledge?

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## Abstract

This study examines the relevance of economic knowledge among lawyers, based on a survey of Greek law professionals. The econometric results unveil a gap between the perceived usefulness and adequacy of economics literacy by lawyers. We argue that graduate studies in economics increase perceived competence, while self-employed practice is less beneficial. The findings survive robustness checks when we account for demographic characteristics. Lastly, the empirical analysis underscores the value of continued education and the impact of professional business experience in deepening lawyers' understanding of economics.

## 1. Introduction

It has long been recognized that knowledge of economics is valuable for practicing lawyers and other legal professionals (White, 1985; Waples et al., 1998). A fundamental grasp of economics aids in understanding issues that frequently arise across many areas of law (Landes and Posner, 1993; Kaplow and Shavell, 2002), and in certain fields, economic analysis is a crucial component of legal arguments made by both the prosecution and defense. Furthermore, legal professionals engaged in public policymaking regularly encounter economic matters, making economic knowledge essential for evaluating the impact of proposed legislation and regulations (White, 1985).

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Economics training provides lawyers with additional professional advantages, often leading to higher earnings (Winters, 2016). However, there is evidence highlighting the need for more training of law students in economic skills (LAPET, 2024; Coates et al., 2015), along with views that the scope and content of interdisciplinary education for lawyers in economics and other related subjects should be expanded (Hunter, 2022).

This work contributes to the understanding of economic knowledge among lawyers. It identifies a critical gap between the perceived usefulness and perceived actual adequacy of economic skills, highlighting the need for enhanced education in this area. By analyzing educational and professional backgrounds, the paper provides valuable insights into how advanced degrees and business experience can enhance economic literacy among legal professionals.

## 2. Data and framework

The analysis draws on data collected from an online survey conducted from December 2023 to March 2024 (LAPET, 2024). There were 310 responses by Greek lawyers in the survey.[1] Data includes demographic, educational, and professional characteristics of the respondents and their top five rankings about fields of expertise within private law, the existing usefulness of knowledge in economic fields, and self-assessed knowledge adequacy in economics (see Tables A1 & A2 in the Online Appendix). In other words, each participant was asked to identify up to five subject areas in which they consider themselves most knowledgeable, ranking these areas from highest to lowest level of expertise.

The rank-ordered logit model is employed to analyze and estimate preferences or perceptions when survey participants are asked to rank a set of alternative items. The model utilizes the entire ranking information provided by respondents, giving insight not only into the top choice but also into how each item compares with all others and thus providing more efficient estimates of their preferences (Fok et al., 2012). In a rank-ordered logit model, the probability of observing a specific ranking is determined by an underlying random utility model, which assumes each item has an associated latent utility. Respondents rank items based on perceived utility; however, since this utility cannot be directly observed, the model assumes that items with higher utility are ranked higher than those with lower utility.

The estimates were obtained using the rank-ordered logit model (see Beggs *et al.*, 1981 and Hausman and Ruud, 1987). The model estimates are based on a maximum likelihood procedure of an appropriately specified Cox regression model (Allison and Christakis, 1994). By applying this model, we can effectively handle the ordinal nature of the ranking data and derive insights into the perceived economic knowledge gaps among lawyers.

We estimate the following log-likelihood equation:

$$logL_i = \sum_{i=1}^{n}\sum_{j=1}^{J_i} \mu_{ij} - \sum_{i=1}^{n}\sum_{j=1}^{J_i} log \left| \sum_{k=1}^{J_i} \delta_{ijk}\exp\left(\mu_{i\kappa}\right) \right| \tag{1}$$

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[1] The original sample size is 353, including respondents employed by law firms without being lawyers (e.g., "*paralegals*"). To deal with possible bias and measurement error, we only keep the responses from lawyers (88%).

here $\quad L_i = \prod_{j=1}^{J} \left[ \dfrac{\exp\{\mu_{ij}\}}{\sum_{k=1}^{J} \delta_{ijk} \exp\{\mu_{ik}\}} \right]$ with $\quad \delta_{ijk} = 1 \; if \; R_{ik} \geq R_{ij} \quad$ and 0 otherwise. $R_{ij}$ denotes the ranking given by respondent *i* to item *j*, $\mu_{ij}$ *is* the systematic part of a random utility model for respondent *i* and item *j*, expressed as a function of explanatory variables $(\beta_j x_i)$ where *x* is a vector of variables describing respondents and *β* is a vector of coefficients to be estimated.

## 3. Results and discussion

Lawyers rate knowledge in "Economics for Business", "The Functioning of Markets" and "Competition Economics" as the most useful (see Table 1). The statistically significant estimates show that the former field exhibits 2.43 (coefficient = 0.89; *p*-value = 0.000) times higher perceived usefulness than its benchmark.[2] In contrast, fields like "Finance and Accounting", "Tax and Insurance", and "Business Administration" are considered equally or less useful than "Law Office Organization", with "Macroeconomics" rated as the least useful (Whaples *et al.*, 1998).

**Table 1.** Lawyer perceptions on the usefulness and adequacy of economic knowledge

| Areas | Usefulness | | | Adequacy | | |
|---|---|---|---|---|---|---|
| | *Rank* | **Coef** | **Exp** | *Rank* | **Coef** | **Exp** |
| Economics for Business | *1* | 0.89* | 2.43 | *1* | 0.20** | 1.22 |
| The Functioning of Markets | *2* | 0.62* | 1.86 | *4* | -0.16*** | 0.85 |
| Competition Economics | *3* | 0.55* | 1.73 | *3* | 0.00 | 1.00 |
| Law Office Organization | *4* | 0.00 | 1.00 | *2* | 0.00 | 1.00 |
| Finance and Accounting | *5* | -0.09 | 0.91 | *6* | -0.37* | 0.69 |
| Taxation and Insurance | *6* | -0.41* | 0.67 | *7* | -0.47* | 0.63 |
| Business Administration | *7* | -0.42* | 0.66 | *5* | -0.34* | 0.71 |
| Macroeconomics | *8* | -1.47* | 0.23 | *8* | -1.15* | 0.32 |
| Obs | | 2,480 | | | 2,480 | |
| Number of respondents | | 310 | | | 310 | |
| LR $\chi^2_{(7)}$ | | 594.56 | | | 197.82 | |
| *p-value* | | 0.000 | | | 0.000 | |

*Note*: All parameter estimates are in contrast with the benchmark (Law Office Organization). *,**,***Indicates statistical significance at the 1%, 5% and 10% level respectively. Exponents (Exp) of the numerical values of coefficients indicate the odds of preferring an item over the benchmark. The LR chi-square statistic tests the null hypothesis that all the parameters are zero (no differences among the areas of economics).

The perceived adequacy of knowledge differs from the useful ranking. "Economics for Business" remains highly rated, but its difference from the benchmark is less pronounced, with all other areas below it. This result indicates a need to enhance knowledge in economics,

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[2] Estimates are all in contrast with the benchmark ("Law Office Organization"). The choice of this benchmark though arbitrarily taken does not change the results of the analysis.

especially in areas considered highly useful by lawyers. Based on the respondents' specialization areas within private law, we argue that most law participants focus on Commercial, Civil, and Property Law (see Table A3 in the Online Appendix).

Although there are some differences in the ranking, the perceived adequacy of knowledge in economics does not vary significantly by gender or age, revealing that the results are robust (see Table A4 and A5 in the Online Appendix).

Perceived adequacy shows statistically significant variation based on the educational and professional backgrounds of the lawyers. The statistically significant estimates in Table 2 suggest that holding a postgraduate degree in Economics is associated with higher perceived adequacy, especially in areas like "Economics for Business", "The Functioning of Markets", "Business Administration", and "Tax and Insurance". Holding a postgraduate degree in Law is associated with significant differences in perceived adequacy only in "Macroeconomics". These results underline the role of advanced economic education in enhancing the adequacy of key economic methods that are deemed valuable to lawyers.

**Table 2**. Effect of advanced education on the adequacy of lawyers in economics

| Areas | Postgraduate degree in Economics | | | Postgraduate degree in Law | | |
|---|---|---|---|---|---|---|
| | No (=0) Coef | Yes (=1) Coef | *Dif.* | No (=0) [a] Coef | Yes (=1) Coef | *Dif.* |
| Economics for Business | 0.10 | 0.87* | 0.77* | 0.09 | 0.10 | 0.01 |
| Law Office Organization | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Competition Economics | -0.05 | 0.34 | 0.39 | -0.19 | -0.01 | 0.18 |
| The Functioning of Markets | -0.22** | 0.28 | 0.50*** | -0.08 | -0.25** | -0.17 |
| Business Administration | -0.48* | 0.59** | 1.07* | -0.44 | -0.49* | -0.04 |
| Finance and Accounting | -0.33* | -0.65** | -0.31 | -0.60** | -0.28** | 0.32 |
| Taxation and Insurance | -0.54* | 0.09 | 0.64** | -0.40 | -0.58* | -0.19 |
| Macroeconomics | -1.18* | -0.93* | 0.26 | -0.62** | -1.35* | -0.72** |
| Obs | 2,480 | | | 2,152 | | |
| Number of respondents | 310 | | | 269 | | |
| LR $\chi^2_{(15)}$ | 221.13 | | | 182.29 | | |
| *p-value* | 0.000 | | | 0.000 | | |
| Wald $\chi^2_{(7)}$ | 26.94 | | | 14.46 | | |
| *p-value* | 0.000 | | | 0.0435 | | |

See notes in Table 1. The Wald chi-square statistic tests the hypothesis that there are no differences between groups.
[a] Respondents with postgraduate degrees in economics are not included.

Professional experience as a business legal advisor significantly enhances perceived adequacy in the main economic areas. The estimates in Table 3 reveal that, compared to those without this specific role, adequacy in "Economics for Business", "Business Administration", "Competition Economics", and "Finance and Accounting" is significantly higher.

Conversely, Self-employed (solo) lawyers' practice primarily strengthens competence in "Law Office Organization", which is ranked highest in perceived adequacy but without

statistically significant differences from many other areas. Solo lawyers report lower perceived adequacy in "Economics for Business", "Finance" and "Macroeconomics", likely due to the broader focus of their legal practice, which contributes to the varied perceptions of economics knowledge adequacy across professional roles.

**Table 3.** Effect of professional role on the adequacy of lawyers in economics

| Areas | Legal Advisor | | | Solo Lawyer | | |
|---|---|---|---|---|---|---|
| | No (=0) Coef | Yes (=1) Coef | *Dif.* | No (=0) Coef | Yes (=1) Coef | *Dif.* |
| Economics for Business | -0.01 | 0.69* | 0.70* | 0.39* | -0.02 | -0.41** |
| Law Office Organization | 0.00 | 0.00 | 0.0º0 | 0.00 | 0.00 | 0.00 |
| Competition Economics | -0.13 | 0.29*** | 0.42** | 0.09 | -0.11 | -0.20 |
| The Functioning of Markets | -0.25** | 0.05 | 0.31 | -0.15 | -0.18 | -0.03 |
| Business Administration | -0.56* | 0.15 | 0.71* | -0.21 | -0.50 | -0.29 |
| Finance and Accounting | -0.48* | -0.12 | 0.36*** | -0.47 | -0.26*** | 0.21 |
| Taxation and Insurance | -0.49* | -0.41** | 0.08 | -0.55* | -0.38* | 0.17 |
| Macroeconomics | -1.15* | -1.20* | -0.05 | -0.94* | -1.43* | -0.49** |
| Obs | 2,480 | | | 2,480 | | |
| Number of respondents | 310 | | | 310 | | |
| LR $\chi^2_{(15)}$ | 221.13 | | | 217.80 | | |
| *p-value* | 0.000 | | | 0.000 | | |
| Wald $\chi^2_{(7)}$ | 23.12 | | | 19.86 | | |
| *p-value* | 0.002 | | | 0.006 | | |

See notes in Table 1

It is worth mentioning that the econometric results are in alignment with the main findings of the skill gaps survey report that set the priorities of "*needs*" they should be redressed according to "*perceptions*" of the sample respondents on the prioritization of the economic knowledge "*gaps*" (LAPET, 2024). The results suggest that postgraduate education in economics enhances self-assessed competence, indicating a need for law schools to expand their curricula to include more economics-oriented courses. Additionally, fostering partnerships between legal and economics education could provide practical experience that enhances lawyers' understanding of economic principles, ultimately benefiting public policymaking and legal practice.

Legal education programs should consider blending economics courses that focus on practical applications (e.g., "Economics for Business" and "Competition Economics"), and incorporating experiential learning opportunities (i.e., internships), that expose students to economic concepts in practice. Lastly, the importance of continued education in economics for legal professionals suggests that law schools should promote lifelong learning initiatives,

encouraging graduates to pursue further education in economics throughout their careers.

## 4. Conclusions

This study explores the economic training of legal professionals. The findings highlight significant gaps in economic knowledge among legal professionals. Policymakers should consider implementing enhanced educational programs that integrate economics into legal training, addressing the identified deficiencies in lawyers' perceived adequacy of economic skills.

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# Appendix

**Table 4.** Respondents' characteristics

| Number of respondents (n) | 310 |
|---|---|
| | Percentage |
| Gender | |
| Male (=0) | 39.35 |
| Female (=1) | 60.65 |
| Age | |
| up to 35 | 45.48 |
| 36 to 45 | 17.42 |
| 46 to 55 | 22.58 |
| 56+ | 14.52 |
| Education | |
| Possession of advanced degree* (=1) | 81.61 |
| Postgraduate studies in economics (=1) | 13.23 |
| Professional roles | |
| Legal advisor to businesses (=1) | 29.68 |
| Self-employed (solo) lawyer (=1) | 46.45 |

*Including postgraduate degrees in Economics and Business.


**Table 5.** Legal fields and areas of economics and business-methods included in the survey

| # | Legal field | # | Area of economics and business-methods |
|---|---|---|---|
| 1. | Bankruptcy Law | 1. | Economics for Business |
| 2. | Civil Law | 2. | Business Administration |
| 3. | Commercial Law | 3. | Competition Economics |
| 4. | Consumer Protection Law | 4. | Finance and Accounting |
| 5. | Criminal Law | 5. | Law Office Organization |
| 6. | Family Law | 6. | Macroeconomics |
| 7. | Insurance Law | 7. | The Functioning of Markets |
| 8. | Intellectual Property Law | 8. | Taxation and Insurance |
| 9. | Labor Law | | |
| 10. | Maritime Law | | |
| 11. | Property Law | | |
| 12. | Public Procurement Law | | |

**Table 6.** Ranking of lawyers' expertise within fields of private law

| Rank | Legal Field | Coefficient | Exponent |
|------|-------------|-------------|----------|
| 1 | Commercial Law | 1.92* | 6.83 |
| 2 | Civil Law | 1.77* | 5.85 |
| 3 | Property Law | 1.11* | 3.02 |
| 4 | Insurance Law | 0.65* | 1.92 |
| 5 | Family Law | 0.63* | 1.87 |
| 6 | Consumer Protection Law | 0.61* | 1.83 |
| 7 | Intellectual Property Law | 0.55* | 1.73 |
| 8 | Labor Law | 0.28*** | 1.33 |
| 9 | Public Procurement Law | 0.05 | 1.05 |
| 10 | Criminal Law | 0.00 | 1.00 |
| 11 | Maritime Law | -0.58* | 0.56 |
| 12 | Bankruptcy Law | -0.63* | 0.53 |
| | Obs. (respondents-legal fields combinations) | 3,720 | |
| | Number of respondents | 310 | |
| | LR $\chi^2_{(11)}$ | 837.43 | |
| | p-value | 0.000 | |

*Note:* All parameter estimates are in contrast with the benchmark (Criminal Law). *Indicates statistical significance at the 1% level. **Indicates statistical significance at the 5% level. ***Indicates statistical significance at the 10% level. Exponents of the numerical values of coefficients indicate the odds of preferring an item over the reference item. The LR chi-square statistic tests the null hypothesis that all the parameters are zero (no differences among the fields of private law).

**Table 7.** Lawyer perceptions regarding adequacy of knowledge in economics and business-methods

| Areas of economics and business-methods | Male Coef | Female Coef | Difference |
|-----------------------------------------|-----------|-------------|------------|
| Economics for Business | 0.20 | 0.19 | -0.01 |
| Law Office Organization | 0.00 | 0.00 | 0.00 |
| Competition Economics | -0.04 | 0.02 | 0.06 |
| The Functioning of Markets | 0.04 | -0.29*** | -0.33*** |
| Business Administration | -0.46* | -0.27* | 0.19 |
| Finance and Accounting | -0.51* | -0.28* | 0.23 |
| Taxation and Insurance | -0.56* | -0.41* | 0.15 |
| Macroeconomics | -1.03* | -1.24* | -0.21 |
| Obs. (respondents-areas combinations) | 2,480 | | |
| Number of respondents | 310 | | |
| LR $\chi^2_{(15)}$ | 209.13 | | |
| p-value | 0.000 | | |
| Wald $\chi^2_{(7)}$ | 11.37 | | |
| p-value | 0.123 | | |

*Note:* All parameter estimates are in contrast with the benchmark (Law Office Organization). *Indicates statistical significance at the 1% level. **Indicates statistical significance at the 5% level. ***Indicates statistical significance at the 10% level. The LR chi-square statistic tests the null hypothesis that all the parameters are zero (no differences among the areas of economics and business-methods). The Wald chi-square statistic tests the hypothesis that there no differences between groups.

**Table 8.** Lawyer perceptions regarding adequacy of knowledge in economics and business-methods

| Areas of economics and business-methods | Age group | | | |
|---|---|---|---|---|
| | up to 35 Coef | 36-45 Coef | 46-56 Coef | 56+ Coef |
| Economics for Business | 0.29** | 0.16 | 0.26 | -0.11 |
| Law Office Organization | 0.00 | 0.00 | 0.00 | 0.00 |
| Competition Economics | -0.02 | 0.19 | -0.07 | -0.07 |
| The Functioning of Markets | -0.37** | 0.03 | -0.07 | 0.13 |
| Business Administration | -0.48* | -0.13 | -0.28 | -0.26 |
| | | | -0.34** | |
| Finance and Accounting | -0.35** | -0.50** | * | -0.35 |
| Taxation and Insurance | -0.56* | -0.34 | -0.43** | -0.37 |
| Macroeconomics | -1.32* | -0.88* | -1.50* | -0.61** |
| Obs. (respondents-areas combinations) | 2,480 | | | |
| Number of respondents | 310 | | | |
| LR $\chi^2_{(31)}$ | 223.69 | | | |
| p-value | 0.000 | | | |
| Wald $\chi^2_{(21)}$ | 25.54 | | | |
| p-value | 0.225 | | | |

*Note*: All parameter estimates are in contrast with the benchmark (Law Office Organization). *Indicates statistical significance at the 1% level. **Indicates statistical significance at the 5% level. ***Indicates statistical significance at the 10% level. The LR chi-square statistic tests the null hypothesis that all the parameters are zero (no differences among the areas of economics and business-methods). The Wald chi-square statistic tests the hypothesis that there are no differences between groups.