On the Professionalism and Marketization of Lawyers

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Abstract: The emergence of new-generation legal technologies, which are represented by artificial intelligence, is reshaping the legal profession by transforming its knowledge management, organizational structures, and commercial paradigms. The traditional professional dominance of lawyers is gradually waning, while novel modes of legal service delivery are rapidly emerging. This transformation has triggered an intense debate over the tension between legal professionalism and marketization. At the core of this debate lies the intensification of intra-professional competition, commonly referred to as involution, and the growing pressure of external market forces, including capital and technology. This paper argues that the legal profession is inherently characterized by public responsibility, specialized expertise, and professional self-regulation. It contends that the legal services market should operate under regulated market competition. More importantly, the relationship between professionalism and marketization is not a binary opposition but a complementary and evolving dynamic of integration and balance.

Keywords: Lawyers; Professionalism; Marketization; Legal Technology

Introduction

Professionalism and marketization constitute two essential dimensions for understanding the nature of the legal profession. With the rise of capital and technology, traditional theories of legal professionalism have come under significant challenge. Many lawyers today experience a growing sense of disillusionment, as lofty professional ideals appear increasingly fragmented by the harsh realities of practice. This tension has given rise to a pressing question within the legal community. Should lawyers adhere firmly to the values of professionalism, or should they embrace market-driven models of practice? How to strike an appropriate balance between these two forces has become a critical point of consideration for practitioners and policymakers alike.

1. Are lawyers businesspeople?

From their inception, lawyers, physicians, and teachers have been regarded as members of the professions, rather than participants in mere contractual or hire-for-service arrangements.[1] Max Weber further observed that the independent "practice" of physicians, lawyers, or artists reflects a form of autonomous professional specialization.[2] The professionalism of lawyers is characterized by three core attributes: public responsibility, specialized expertise, and self-regulation.[3] From the perspective of public responsibility, the legal profession is fundamentally oriented toward public service, with justice and the public good as its core objectives.[4] Émile Durkheim's sociology of law likewise emphasizes that professionalization should be guided by a clear public-service orientation: professionals are expected to apply theoretical knowledge in practice to serve and give back to society. The legitimacy of such professions derives from the control rights conferred upon them by society as a form of delegated authority. Legal professional associations, which perform certain political functions, are legally empowered entities. This framework introduces the concept of "intermediary organizations" within society.[5] In other words, a law firm is an *organization*, not a *company*. It fulfills political and public functions, rather than merely providing commercial legal services.

From the perspective of specialized expertise, legal professionals are individuals equipped with requisite political literacy, legal competence, professional ethics, and formal qualifications. They constitute a specialized group engaged in legislation, law enforcement, judicial adjudication, legal services, and legal education and research.

In China, the legal profession specifically refers to individuals who have obtained the Unified National Legal Professional Qualification and serve as judges, prosecutors, lawyers, notaries, and legal arbitrators, as well as civil servants who perform legal functions in administrative agencies. These functions include administrative penalty reviews, administrative reconsideration, administrative adjudication, and the provision of government legal counsel.[6]

The legal professional community formed through this institutional framework serves as a cornerstone of China's rule-of-law development. Building an independent, professional, and robust legal profession is essential to realizing a society governed by law. On December 6, 2021, President Xi Jinping, in the 35th collective study session of the 19th CPC Central Political Bureau, emphasized the need to strengthen political

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[1] Huang, M. (2017). How do lawyers professionalize? A textual analysis based on ancient Greek and Roman sources. *The Jurist*, (3).

[2] Weber, M. (2019). Economy and Society (Y. Kewen, Trans.). Shanghai People's Publishing House. (Original work published in German)

[3] Ji, L. (2022). *A reflection on the professionalism of lawyers in China* (Master's thesis, Soochow University).

[4] Wang, J. (2021). *Legal professional ethics* (2nd ed.). China Renmin University Press. (p. 2)

[5] Durkheim, É. (2015). *Professional ethics and civic morals* (Q. Jingdong, Trans.). The Commercial Press. (p. 113)

[6] Wang, J. (2021). *Legal professional ethics* (2nd ed.). China Renmin University Press. (p. 4)

leadership over the legal profession. He called for guiding and educating lawyers to consciously uphold the leadership of the Communist Party of China, to support China's socialist rule of law, and to strive to become lawyers who meet the expectations of both the Party and the people.[7]

Accordingly, various mechanisms such as the legal professional qualification examination for market entry, the internship assessments for law practice registration, the annual evaluations of lawyers' professional competence, and the annual inspections of law firms, together with the requirements set forth by Xi Jinping Thought on the Rule of Law, all function to uphold and reinforce the professional standards of the legal profession.

From the perspective of self-regulation, the core of realizing the ideal functions of a professional association lies in its autonomy. Also referred to as co-governance, such autonomy enables lawyers to exercise self-management and internal oversight through bar associations, thereby ensuring compliance with industry standards and legal ethics.

The All-China Lawyers' Association is a statutory self-regulatory organization empowered by law to represent the legal profession. As the institutionalized professional association of lawyers, it plays a central role in safeguarding professional rights and implementing self-regulation. Since the restoration of China's lawyer system in 1979, the legal profession has evolved through several stages: from state-employed legal workers with no autonomy, to legal service providers with limited self-governance, and eventually to the current dual model—one that combines supervision by judicial administrative organs with autonomous governance by the legal profession itself. This evolution reflects a steady progression toward greater self-regulation, which remains the ultimate aspiration of the legal profession.

The self-regulatory nature of the legal profession is founded upon professional independence, and functions primarily through its specialized and social character. The independence of lawyers is also the foundation of both legal ethics and the protection of the right to practice. Thus, the autonomy and independence of the legal profession are defining features that distinguish lawyers from purely market-oriented legal consulting firms that lack the status and responsibilities of a true profession.

In summary, the core elements of legal professionalism include public responsibility, specialized expertise, self-regulation, and professional independence. These defining characteristics serve not only as the key criteria distinguishing lawyers from non-lawyers, but also as the normative foundation for resolving value conflicts among public interest, client interests, and lawyers' own interests. Moreover, they provide the theoretical basis for the legal profession to realize its unique social value, setting it

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[7] Sun, B. (2022, April 29). Promoting high-quality development of the legal profession through political leadership. *Ministry of Justice of the People's Republic of China*. Retrieved September 2, 2025, from https://www.moj.gov.cn/pub/sfbgw/zwgkztzl/xxxcgcxjpfzsx/fzsxllqy/202204/t20220429_453992.html

apart from other providers of legal services. In this light, the concept of professionalism offers the most compelling response to the question: *Are Lawyers Businesspeople?*

2. Legal services as a regulated market of competition

The marketization of the legal profession is not inherently incompatible with its social responsibilities; rather, the tension between them can be reconciled. The commercialization of legal practice is, in itself, not objectionable, as it is rooted in social reality and shaped by external constraints and environmental factors. However, such commercialization must remain within appropriate limits. Excessive commercialization can obstruct the realization of lawyers' social responsibilities. Therefore, it is imperative to strike a balance between the pursuit of commercial interests and the fulfillment of public duties.[8] In other words, while lawyers may pursue economic gain, they must also adhere to professional ethics and avoid undermining the public interest and their broader social responsibilities in the process.

The marketization of the legal profession has also introduced commercial risks, including professional responsibilities. These include intensified regulatory oversight and an increasingly diverse client base, both of which may affect lawyers' career development and the stability of their income. External regulatory agencies are gradually increasing disciplinary measures targeting the legal profession. Law firms not only face significant tax-related risks but are also subject to compliance scrutiny by institutions such as the China Securities Regulatory Commission. When a law firm receives large fines or is subjected to industry bans, equity partners are required by law to bear economic liability. These penalties often result in mass departures of partner teams and a decline in business operations. Some firms that rely heavily on online promotion have earned substantial profits while also attracting a large number of complaints, which has led to disciplinary action within the profession. The practice risks caused by such excessively commercialized behavior are continuing to escalate. Marketization without regulatory constraints results not only in punishment for individual rule violations but also in the erosion of public trust in the legal profession as a whole.

From the perspective of costs and benefits, economists generally believe that law firms, like all economic entities, operate on the basis of their members' self-interest. Lawyers must generate income by providing legal services in order to sustain the operation and growth of their professional activities, and their work is ultimately oriented toward the pursuit of profit.

In addition, as market entities subject to taxation, law firms are required by law to fulfill their tax obligations. Although they currently do not enjoy the same tax

[8] Gu, C. (2011). On the trend of commercialization in the legal profession. *Legal System and Society*, (27).

treatment as corporate enterprises and are therefore subject to relatively unfavorable tax policies, tax compliance remains a statutory duty for every law firm. Furthermore, law firms must pay close attention to balancing costs and revenues. No partner is willing or able to absorb long-term financial losses. The pursuit of profitability compels law firms to continually upgrade their office spaces and improve both software and hardware infrastructure in order to enhance service quality and operational efficiency. These improvements are essential for attracting legal talent and securing clients in a highly competitive market environment. For these reasons, the commercial nature of the legal profession constitutes the economic foundation upon which both lawyers and law firms rely for their survival and development.

From the perspective of the internationalization of the legal profession, foreign-related legal services are an integral component of the socialist rule-of-law system with Chinese characteristics. Enhancing the Chinese voice and rule-making capacity in global legal affairs requires the development of world-class law firms. This effort aims to provide high-quality legal support for Chinese enterprises and citizens engaging in overseas activities and to safeguard the country's interests abroad.

For the Chinese legal profession to truly integrate into the international legal services market, it must not only strengthen its internal capacity and enhance its international competitiveness, but also confront challenges and seize opportunities in an increasingly competitive global environment. Participation in global competition in legal services is indispensable. For instance, under the United Kingdom's Legal Services Act of 2007, non-lawyer ownership of legal service providers is permitted in England and Wales, thereby allowing consumers to access legal services from commercial entities. Law firms without commercial orientation are poorly positioned to compete in the international legal services market.

To become internationally competitive and elevate the global voice of Chinese lawyers, law firms must strengthen their commercial capabilities in order to meet the legal needs of Chinese enterprises and citizens engaged in cross-border matters. The foreign-related legal services market should not be narrowly defined as limited to litigation representation and legal consultancy. Rather, it constitutes a broad legal service market that spans multiple domains, including business, taxation, and legal compliance.

In conclusion, drawing on stakeholder theory and the sociology of law, the intensifying "involution" of market competition is compelling the legal profession to accelerate its market-oriented transformation. However, legal practice must remain a form of regulated market activity that adheres to the rules of professional conduct governing lawyers. Only by expanding the legal services market, improving service delivery methods, and enhancing the quality of legal services can the profession respond effectively to increasingly stringent regulatory market conditions. These market-oriented strategies are essential for advancing the modernization of the legal profession.

3. How to balance professionalism and marketization in the legal profession

The competitive and complementary relationship between professionalism and marketization in the legal profession is most clearly reflected in the legal services bidding market. Achieving a mutually beneficial that integrates both the economic and social value of legal practice, while resisting involution-style competition, requires the creation of a fair and mutually beneficial market ecosystem. To this end, all stakeholders must work to improve the allocation of market resources. In particular, law firms and bar associations must assume responsibility for balancing professionalism and marketization and for advancing reforms aimed at the high-quality development of the legal profession.

From the perspective of the internal legal services market, the self-disciplinary rules formulated by bar associations already allow lawyers and law firms to engage in advertising and marketing, as long as they comply with relevant standards of professional conduct.[9] With the rapid growth of the livestreaming industry, new forms of legal marketing have continuously emerged. These include lawyers with high public profiles on social media and firms that rely heavily on online promotion. In some cases, the involvement of capital in controlling law firms has led to frequent public controversies and widespread concern. As a result, how to properly balance professionalism and marketization within the legal profession has become a prominent issue of internal debate.

First, a law firm is a partnership organization built on a foundation of personal relationships. The management of a law firm must ensure that its partners believe the firm is not merely a tool for generating profit but also embodies important non-financial professional ideals. These ideals should guide the partners in practicing law in accordance with the values of professionalism. Addressing this challenge makes it possible to build a stronger form of firm-specific capital, which becomes the core bond between the partners and the law firm. This capital is based on a combination of financial and non-financial returns that only a law firm can provide, rather than what purely market-oriented entities such as legal consulting companies are able to offer. Therefore, the market value and professional value of the legal profession can either complement or contradict each other. Each law firm must find its own way of navigating this dynamic and consider how to strike a balance under the

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[9] Baidu Baike. (2018, January 6). Rules on promotional activities for lawyers by the All-China Lawyers' Association (Trial). Retrieved July 28, 2025, from https://baike.baidu.com/item/中华全国律师协会律师业务推广行为规则（试行）/23350760

specific conditions it faces.[10]

Second, law firms should strengthen their capital base. Although they are not permitted to introduce external capital investors as equity partners, there are several approaches available to address the problem of capital shortages within law firms. One possible solution is to restructure internal capital through organizational reform among partners. This may involve transitioning from traditional partner structures such as pyramid-shaped, rocket-shaped, or diamond-shaped models to a flatter partnership structure.[11]

Another approach is to consolidate small law firms with fewer than twenty lawyers through strategic alliances in order to form firms with over one hundred lawyers and achieve economies of scale. More importantly, there is growing expectation that judicial administrative authorities across the country will draw on the pilot reform experiences of cities such as Shanghai and Hainan. These reforms involve relaxing restrictions on partnership qualifications and allowing financial institutions, accounting firms, and legal technology companies to become equity partners in law firms. Such developments would introduce entirely new capital pathways for the growth of the Chinese legal profession.

Finally, in order to reconcile the demands of professionalism with the imperatives of marketization, law firms should attach great importance to the research, development, and application of legal technology, particularly legal artificial intelligence. Legal AI has become a critical productive factor for advancing the modernization of law firms. Whether addressing the efficiency pressures brought about by low-price competition, meeting the increasingly diverse legal service needs of clients, or responding to technological challenges posed by non-lawyer commercial entities, law firms must embrace legal technology.

Only by doing so can they successfully transition from traditional, craft-based models of legal service delivery to modernized legal service systems. This transformation is essential for adapting to the reality of a legal services market that is shifting from low-frequency, high-cost transactions toward a more inclusive and accessible model. The era of technological revolution in legal services, driven by legal technology, has already arrived.

From the perspective of the external legal services market, the more significant competitive pressures facing the legal profession come from outside the profession itself. First, legal consulting companies and legal service firms that operate outside the scope of bar regulation have proliferated rapidly. Although local bar associations in various regions have issued numerous formal statements and even coordinated with market supervision authorities in so-called campaigns to “rectify and clean up” these

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[10] Regan, M., & Lerman, L. (2024). *Big law: Commercial concerns and professional values in modern law firms* (W. Jinx i & L. Hua, Trans.). Law Press. (pp. 7–9) (Original work published in English)

[11] Wang, Z. (2024). A brief analysis of the development paths and models of law firms. *China Rule of Law*, (4).

entities, such efforts to exclude competitors and monopolize the legal services market lack a clear legal basis.

Nevertheless, regulated institutions such as banks, state-owned enterprises, and publicly listed companies, which are subject to internal compliance audits and third-party supervision, often require legal service providers to be licensed law firms employing licensed lawyers. This requirement stems from their own compliance needs and does not reflect the outcome of open market competition. As a result, the non-litigation legal services market—which accounts for a substantial share of total legal services—is expected to face even more intense competitive pressure.

Second, many lawyers increasingly feel the pressure of external competition, as legal fees continue to decline and regulatory requirements for professional conduct become more stringent. A majority of law firm partners believe that these changes reflect a permanent and structural shift in the legal services market. At the same time, the rise of legal technology companies has further intensified this trend of external market competition. However, no matter how fierce the external competition may become, the core elements of legal professionalism remain unchanged. The professional value and ideals of lawyers have not undergone any fundamental transformation. In a legal services market filled with both qualified and unqualified providers, the professionalism of lawyers stands out even more clearly and underscores the unique social value of the legal profession.

Nevertheless, the tension between maintaining professional ideals and facing the harsh realities of market competition continues to pose a fundamental dilemma. Finding an appropriate balance between professionalism and marketization remains an enduring and difficult challenge for decision-makers within law firms.

Finally, legal consulting companies and legal technology companies that target individual consumers (C-end) and private enterprises (B-end) have become strong market competitors supported by capital and technology. In contrast, the vast majority of law firms in China remain small-scale operations with fewer than twenty lawyers. These firms often lack not only funding and talent but also technological capacity. It is clear that in the current wave of competition driven by legal technology, most small law firms are at a significant disadvantage. Without reform and innovation, these firms will likely face eventual elimination as their senior partners grow older and retire, leading to a natural decline. Therefore, finding effective strategies to break this deadlock and reclaim the rapidly shrinking share of the legal services market has become a critical issue in the effort to balance professionalism and marketization within the legal profession.

4. Conclusion

Reform and innovation remain the only viable path to breaking the current deadlock. To that end, the tension between professionalism and marketization in the legal profession may be addressed through three interrelated strategies. One approach involves cultivating law firms as business communities founded on shared governance among partners. This entails moving away from the traditional cost-sharing model, which centers on dividing existing resources, and embracing a value-creation model that prioritizes expanding the interests of equity partners. Another important measure is to reinforce the legal profession's identity as a professional community supported by both material and non-material incentives. Structural safeguards should be established around the core components of professionalism, including public responsibility, specialized expertise, self-regulation, and professional independence. These safeguards help secure a defensible and sustainable position within the legal services market. A further imperative is to reimagine law firms as modern institutions driven by capital and technology. This requires a shift from traditional competition models based on human capital toward market-oriented models propelled by capital investment and technological innovation.

In short, as Stephen Hawking once observed, the most profound and increasingly influential transformation he witnessed in his lifetime was the rise of artificial intelligence.[12] In the decade to come, the era of legal AI entities will inevitably arrive. These entities will no longer serve merely as tools or assistants, but will become partners and collaborators in legal practice. In this future, the longstanding tension between professionalism and marketization will gradually evolve into a dynamic equilibrium, allowing for integrated and balanced development within the legal profession.

[12] Guo, Z. (2018). Five singularities that artificial intelligence may bring. *Theoretical Horizon*, (6).