

FOLLOWING FIRTH
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SOUTH AFRICA NEEDS A PERFORMANCE-DRIVEN CULTURE



MIP

A SOCIAL SOLUTION IN A DIGITAL DIMENSION

Some consider South Africa's labour laws to be extremely stringent, but even those that believe the levels of protection offered to employees are good argue that certain aspects of the laws need to be relaxed to promote economic growth while still addressing inequality. In reality, South Africa's employment laws are not as stringent as those of many European markets, even though they are more rigid than those in various other developing markets, following International Labour Organisation labour law frameworks.

This is a vital consideration for the long-term economic growth of the country. International employers deciding whether to enter a market look at how protective labour legislation is, along with the efficiency and expediency of the country's labour dispute resolution mechanisms. South Africa is generally seen as an attractive jurisdiction in which to employ workers, despite the fact that firing someone can be an onerous process.



A knock-on effect

In South Africa, there is a process that must be followed when letting someone go. This has been designed to ensure that companies follow responsible procedures and to ensure unfair dismissals are minimised. Unfortunately, the same processes that are in place to provide recourse for individuals who have been unfairly fired have become every employee's go-to response when they have been let go. Most employers are forced to defend their actions at the CCMA, costing businesses hundreds of thousands in legal fees and time, even when the dismissal followed the correct procedures and was justified.

Firing someone is tough. It is not a decision that is taken lightly, even though politicians paint a picture of companies letting people go on a whim. If a business has reached the point where they see no other alternative, it's because all other avenues have been exhausted. What most people don't realise is that a non-performing team member in a corporate environment can have significant negative ripple effects, not just on productivity but on morale, culture, and business outcomes.

When one person consistently fails to meet expectations, others often have to pick up the slack, leading to bottlenecks and missed deadlines. It can also lead to resentment among team members who feel they're carrying unequal weight, resulting in high-performing team members becoming demotivated if they see poor performance being tolerated or burned out if they're compensating for others.



In other words, lost productivity equals lost revenue. This, in turn, equals less money for salaries and bonuses – all because the company has tolerated poor performance.

A different approach

A system that enables letting go of consistently underperforming individuals can support a performance-driven culture, where contribution matters. It protects high performers and team morale from being dragged down by consistently unproductive colleagues. However, South Africa's quota-driven labour laws make this harder to achieve.

Countries like Denmark follow a model called "flexicurity", where it's relatively easy to hire and fire, but with generous unemployment benefits and active labour market policies. South Africa's economy can't support the same type of benefits, but we should be able to find a better way of balancing business flexibility and worker security.

The starting point should be to look at the impact BBE has on hiring and firing practices. Companies are more likely to take chances on candidates who might be unconventional or less experienced if they're not locked into difficult-to-undo decisions, but they can't do this if the person doesn't fit a demographic gap at the company. If people perceive that someone was hired just to fill a quota, it can lead to unfair assumptions about their capability, qualifications, or value, even when the candidate is fully deserving. This can harm the individual's experience and the team's trust in leadership.

Diversity is essential for innovation, decision-making, and business success, but how you achieve it matters. Quota hiring can backfire if it's not grounded in fairness, inclusion, and strategic intent. Companies should be focusing on building inclusive systems, not just hitting numbers, and that requires being able to hire the right people for the job – and fire those that don't contribute to the company.



MIP is not listed and, like most companies, is hampered by the red tape involved in ensuring that hiring and firing follows all the correct procedures. Even though we are private, we even appointed an employee representative to our board. This representative ensures that our independent board makes decisions that represent all aspects of our company, including the employee, the customer and the shareholder.

Tolerating poor performance without intervention sets a dangerous precedent. It signals that performance doesn't matter, discourages accountability, and makes it harder to enforce standards later. A single non-performing team member can quietly sabotage team performance, morale, and culture. Let's revitalise how we approach talent in our companies, and focus on developing and maintaining high-performance environments.



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HOLDINGS*