

## **Development Dialogue Seminar**

TIPS has the pleasure to invite you to the following Seminar

### **Dinga Fatman**

#### **Labour Regulations and Firm Performance in South Africa**

### **Discussants**

**Rudi Dicks – Executive Director, NALEDI**

**Dr Rob Smorfitt – CEO, Mainspring**

**Date:** Thursday, 23 August 2012

**Time:** 13h00 – 15h00

**Venue:** TIPS Offices, 826 Government Avenue, Entrance at the Corner of Percy, Pretoria

RSVP by email: [lpeleng@tips.org.za](mailto:lpeleng@tips.org.za) to confirm attendance.

### **Abstract**

Using data from two surveys evaluating South Africa's investment climate that were administered by the World Bank, I found evidence suggesting that there exists a relationship between perceptions of managers with regard to labour regulations and firm performance. Firms whose managers perceived labour regulations to be burdensome performed worse than other firms. They grew more slowly and were less likely to invest their profits in the establishment than other firms. There is also evidence suggesting that where firms perceive labour regulations to be burdensome, they will substitute away from the conventional employment contract (regular or permanent contract) towards more atypical employment contracts (temporary or part-time contracts) which have a lower regulatory burden. There is evidence that also suggests firms are not limited in their ability to substitute towards this atypical employment despite limits imposed by South Africa's labour legislation. I found no evidence to suggest that firms who find labour regulations to be burdensome will choose to substitute away from labour towards capital.

### **About the Speaker**

Dinga Fatman is an economist at TIPS. He joined TIPS in 2011 to provide research assistance in the industrial development pillar. He is in the process of completing his Master's degree in Economics at the University of KwaZulu-Natal. His Masters dissertation topic was entitled: "Labour Regulations and Firm Performance in South Africa". Dinga's general research interests involve South Africa's investment climate issues.