



THE BRUTALITY OF PERFORMANCE-BASED EMPLOYMENT FOR PROFESSIONAL ATHLETES

In the high-stakes world of professional sports, every game, race, or match is a test of skill and resilience. For professional athletes competing in arenas like Formula 1 or top-tier football leagues, the relentless demand for peak performance leaves little margin for error and even less room for underperformance. Careers that once seemed promising can pivot abruptly, resulting from a single mistake or a streak of poor results.

This emphasis on results draws a striking parallel to the experiences of employees in the corporate world, where job security is often tied to measurable success. Yet, while corporate employment typically includes safeguards such as improvement plans and legal protections, professional athletes navigate unique contractual frameworks that prioritise performance above all else, which can come at the cost of job stability and personal well-being.

FORMULA 1: HIGH-SPEED TERMINATIONS

Formula 1 operates within a fiercely competitive environment, where every driver is under relentless pressure to deliver exceptional results. This high-stakes reality subjects drivers to unique employment pressures that differ from traditional workplace protections. Recent examples, such as Daniel Ricciardo's unexpected release from Red Bull's Visa Cash App team just six races before the conclusion of the 2024 season, and Logan Sargeant's dismissal from Williams Racing, highlight the speed of performance-based terminations in F1. Despite Ricciardo's impressive record of eight Grand Prix wins, his recent performance fell short of his team's expected standards, resulting in his replacement by reserve driver, Liam Lawson¹.

In contrast, Alexander Albon has emerged as a beacon of resilience. Despite initial setbacks in his career, including a high-profile exit from Red Bull in

2020, Albon has redefined his narrative with standout performances at Williams Racing. His consistency and ability to outperform expectations provide a sharp contrast to the fate of his former teammate, Sargeant. This demonstrates that in F1, delivering results consistently is the ultimate safeguard against its brutal employment realities.

Corporate employees typically receive warnings or are placed on performance improvement plans (PIPs) to address and improve poor performance. These processes are designed to provide employees with opportunities to improve before termination becomes a consideration. In contrast, F1 drivers often operate under contracts that include express performance clauses. These clauses give teams the right to terminate drivers' contracts if certain performance benchmarks are not met, often leading to abrupt or mid-season dismissals.



[1] <https://www.gpfans.com/en/f1-news/1031129/daniel-ricciardo-f1-exit-red-bull-vcarb-official-statement/>

This “perform or leave” dynamic creates a high-pressure environment where immediate results are paramount. Drivers must balance the demand for top-tier performance with the physical and mental toll of competing in one of the most gruelling sports in the world. An injury, such as Ricciardo’s hand fracture earlier in the 2024 season, exemplifies how quickly circumstances can shift². A driver sidelined by injury risks losing their primary seat to a reserve or support role, as teams prioritise results over rehabilitation. This uncompromising performance culture highlights the differences between the employment realities of corporate employees and the precarious contracts of F1 drivers.

The Unique Nature of F1 Contracts

F1 driver contracts are typically determined season by season. These contracts are also highly incentivised, with bonuses linked to targets such as race performance and championship standings. This structure differs from traditional corporate roles, where employees usually have fixed salaries and annual performance reviews rather than ongoing assessments tied directly to points classification. F1 drivers are expected to bring immediate results, or they risk being replaced by another driver, as seen with Lawson stepping in for Ricciardo. This contrasts with a traditional workplace environment, where performance evaluations are conducted over an extended period, with structured support for improvement.



Furthermore, F1 driver contracts may also include sponsorship obligations, team appearances, and requirements to maintain a public image that aligns with the team. When there is a performance decline, F1 drivers may face reputational risks, adding to the pressure to constantly meet team expectations and their sponsor’s image requirements. Unlike corporate roles, where employment laws provide for warnings, F1 drivers typically receive minimal notice upon termination.

Lack of Collective Bargaining Power for Drivers

While other professional athletes may have trade unions that negotiate protections on behalf of them, F1 drivers lack a formal collective bargaining organisation that could advocate for more balanced contract terms. This leads to a lack of standard protections, such as a grievance process, which athletes in other sports may have access to. This gives team owners and management the discretion to replace drivers on a whim, leaving drivers with lower job stability.

Individual contract negotiations also mean that drivers face large disparities in pay and sponsorship

[2] <https://www.formula1.com/en/latest/article/ricciardos-broken-hand-a-lot-worse-than-it-first-seemed-as-he-opens-up-on-2RtVND3j3JdfApvxa8S9v>

requirements. Higher-profile drivers with personal sponsors (such as Lewis Hamilton) can negotiate better terms, while newer or less popular drivers often accept restrictive terms that favour the team. In a unionised context, collective bargaining could help ensure fair compensation across the board, not just the top earners.

In a corporate setting, trade unions often help negotiate better protections and resolve employment disputes. F1's lack of traditional unionisation leaves drivers without a similar level of protection or negotiation power, which can result in contracts that prioritise the team's interests over the driver's employment security.

FOOTBALL: KICKED OFF THE PITCH

Football also operates within a unique employment structure that includes performance-based clauses and transfer windows, whereby football clubs can buy, sell, or loan players. This system creates a high-stakes environment for players, where underperformance can lead to mid-season transfers or even contract terminations. The transfer window structure enables football clubs to adjust their rosters based on players' performance and team requirements. To top it off, players must maintain peak performance to avoid being moved or replaced.

For example, players who fail to meet expectations can be loaned to lower-tier teams, replaced by new talent, or even released from their contracts during transfer windows. In some cases, high-profile players may find themselves sidelined or benched due to underperformance or injury, impacting their market value and potentially leading to unplanned

career shifts. Players like Philippe Coutinho, who moved from Barcelona to Aston Villa following underwhelming performances³, illustrate how football clubs would not hesitate to exercise these contractual rights to ensure that only top-performing players remain on the roster.

Impact of Injuries on Football Players

For football players, their contracts may include clauses that allow clubs to reduce their salaries or terminate contracts if they sustain an injury that renders them unable to perform. While this approach is financially advantageous for football clubs, it increases the pressure on players to maintain their physical fitness under challenging conditions. Compared to a corporate environment, where employment laws often mandate reasonable accommodations for injured or disabled employees, talks of an injured football player will often be replacement rather than rehabilitation.

The intense focus on performance can take a toll on players' health. Players face constant pressure not only to perform but also to avoid injuries in order to maintain their market value amidst fierce competition. Mental health challenges are also common, especially when players are sidelined or benched. The stigma surrounding mental health in sports can further aggravate their struggles. For instance, football players have reported experiencing depression and anxiety related to the uncertainty of their futures⁴.

Football clubs are increasingly recognising these pressures and small steps are being taken to support players' well-being. Organisations like FIFPRO, the global players' union, have advocated



[3] <https://www.goal.com/en/lists/fall-philippe-coutinho-barcelona-record-signing-unwanted-aston-villa/blt9439a7ecc0635596#csb33a808c1c47fe64>

[4] <https://www.forbes.com/sites/vitascarosella/2023/11/02/depression-anxiety-suicide-mental-health-issues-plaguing-football/>

for mental health support⁵. FIFPRO also works alongside players and their unions to strengthen the power of their collective bargaining, ensuring that the players' terms and conditions of employment adhere to a fair standard across the industry⁶.

Nevertheless, despite the support provided, the transient nature of football careers remains, with performance being the primary determinant of job security.



LESSONS FOR EMPLOYERS FROM THE PROFESSIONAL ATHLETE EMPLOYMENT MODEL

The professional athlete employment model offers valuable insights for traditional workplaces, particularly in managing performance-based terminations. While such terminations are increasingly common in high-stakes corporate roles, like those in positions of power, they are typically conducted through more gradual and structured processes. Lessons from the intense environment of professional sports emphasise the importance of establishing clear and mutually understood performance expectations. Defining KPIs and setting out goals provide employees with a framework to understand and meet performance standards.

However, the ruthless approach of abrupt terminations can leave athletes feeling expendable, negatively impacting morale and long-term career prospects. In the corporate setting, a similarly harsh approach could lead to excessive pressure, diminished workplace morale, and increased turnover. All of which are costly for workplaces.

Unlike the sports industry, most employment contracts are governed by employment laws that emphasise procedural fairness, termination with just cause and excuse, and opportunities for improvement. Systems such as PIPs and regular feedback are essential for helping employees address shortcomings and make real-time adjustments. These measures not only protect employees' rights but also contribute to a more sustainable and productive work environment.

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[5] <https://fifpro.org/en/supporting-players/health-and-performance/mental-health>

[6] <https://fifpro.org/en/supporting-players/conditions-of-employment/collective-bargaining-and-agreements>