

Temporary employment services show resilience and flexibility



By [Jeandie Leone](#)

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The temporary employment services (TES) industry has seen its share of trials and tribulations over the last few years. Widespread exploitation of vulnerable workers has always been a controversial industry and has roots firmly in the casualisation of labour in the early 1900s, and well into apartheid-era laws restricting movement and freedom of trade under the Native Urban Areas Consolidation Act 25 of 1945, and the Natives Laws Amendment Act 54 of 1952. A lack of decent work and deliberate circumvention of the post-apartheid Labour Relations Act 66 of 1995, has further exacerbated the negative perception around what is commonly known as "labour brokers".



Jeandie Leone, Commercial Executive at Workforce Staffing

Yet, it is an industry that has shown consistent growth, even after the advent of the amendments to the Labour Relations Act in 2015 and the protracted litigation on the interpretation of some sections. This ultimately culminated in the Constitutional Court recognising the so-called triangular relationship between TES provider, its client, and an employee. Furthermore, also confirming that a proper reading of Section 198A confers joint and several liability on both the TES provider and the client where the LRA is contravened by either or both of them - creating much needed protection for workers.

The resilience of the TES industry lies in the very nature of its business - adaptability and flexibility. And with it, identifying opportunity in otherwise impossible circumstances. Research published in 2019 indicated that an estimate of 1.2 million workers were employed in the TES industry that same year, and that the industry is estimated to contribute 9% to the country's GDP, according to Professor Haroon Borat, Professor of Economics and Director of the Development Policy Research Unit at the University of Cape Town. This shows that despite concerns amongst workers' rights groups and unions, the TES industry remains a key role player in the South African labour market.

Flexibility

Unemployment remains rife in South Africa, with the current unemployment rate reaching its highest levels since 2008 at

34.9%. The high unemployment rate amongst youth remains a problem. In recent months, where businesses had to rethink their operations, diversify to keep their doors open, and adapt to working environments out of the norm, a few things became abundantly clear. Businesses need flexibility on short notice, technology (and access thereto) is a key driver for business continuity and agility, and workplaces need a greater focus on its most important resources - its employees and their wellbeing.

From a TES perspective, the overarching value proposition of a compliant TES provider has always been the ability to assist businesses to scale their workforce where flexibility is required. However, the key value proposition to employees and work seekers is that work seekers are connected with suitable employers and positions, where they often face difficulty to do so in their own capacity, due to recruitment bureaucracy and procedures. Where businesses with inflexible staffing models had to embark on extensive retrenchment proceedings during 2020, TES provider Workforce Staffing retrenched less than 10% of its temporary workforce during the initial lockdown period and in the six months thereafter. This is due to some clients having to drastically scale down operations while others' need for labour increased in a short period of time. Redundant workers could therefore seamlessly transition into new positions instead of losing their employment. The pandemic has shown that the perceived security of permanent employment was not so secure after all - businesses cannot afford inefficient hiring practices and unproductive workforces.

This is evidenced by the CCMA's annual report for the 2020/2021 period, in which it states that "(I)t appears that as companies weighed up the costs of resuming operations and associated operational and labour costs, the likelihood of retrenchment and possible business closure increased". A total of 1,124 large scale retrenchments were referred during this time - the most ever reported by the CCMA (54% increase from the 2019/2020 financial year). Small scale retrenchments also increased by 37% (8,645 referrals).

Value proposition

Not only did TES offer a lifeline to workers who would otherwise be affected by job losses, but it also saw opportunities to expand its value proposition to clients and employees by diversifying its service offerings to include access to training interventions and employee assistance programs (EAPs). TES is not only the ideal platform to stimulate and encourage youth employment, but capabilities for on-the-job training, learnerships and internships are widely accessible. In 2021 alone, Workforce Staffing has reported a youth employment rate of 52% across its entire workforce of approximately 26,000 employees. Employee assistance programs support the global drive towards employee wellness and providing support to employees and their families suffering the effects of the pandemic and beyond. In a world that has largely relied on remote interactions for the past two years, we have identified the need for better connectedness with our employees and looking beyond key performance outputs.

On an international scale, growth into Africa has been a top priority since 2019 but was hampered by various lockdown and travel restrictions in the targeted countries in 2020 and 2021. This growth strategy will enjoy top priority in 2022 with economic restrictions gradually being eased.

Africa's young labour force

The International Labour Organisation (ILO) reports in their Working Paper 19 that recruitment practices in sub-Saharan Africa is largely informal and contributes to discriminatory hiring practices and exploitation in countries where unemployment levels, poor working conditions, limited legal compliance and employment protection are high. Its research further indicates that public employment services often have to provide administrative functions such as industrial relations in addition to their core functions, which limits employer engagement and labour market development. It also identified a lack of capacity and infrastructure that makes job matching difficult. Lastly, it correctly observes that

“ Africa is experiencing a great increase in its labour force with a rapidly growing, young, population. Whilst non-government agencies are playing an increasingly significant role, public employment services need to be key actors in mediating labour market adaptations for citizens, especially the young, women, and other disadvantaged groups. ”

Established TES providers are ideally positioned to duplicate technological and operational infrastructure in sub-Saharan countries and can be key collaborators with local public employment services to establish structured recruitment and employment services to alleviate the challenges identified by the ILO.

In conclusion, the stigmatisation of “labour broking” has long since made way for a regulated, sophisticated service offering with support across the employee lifecycle. Its impact on job creation and skills development, along with efficiency technologies and operational expertise, should be leveraged by sub-Saharan Africa to create a structured employment creation strategy adapted for local needs and requirements.

ABOUT JEANDIE LEONE

Jeandie Leone is a Commercial Executive at Workforce Staffing. Jeandie has been in the Temporary Employment Services industry for 10 years in various capacities, complimenting her interest and expertise in labour law. She obtained her LLB from the University of Pretoria in 2008 and entered practice as a labour attorney, before ultimately taking up a position as internal commercial and legal counsel with Workforce Staffing.

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