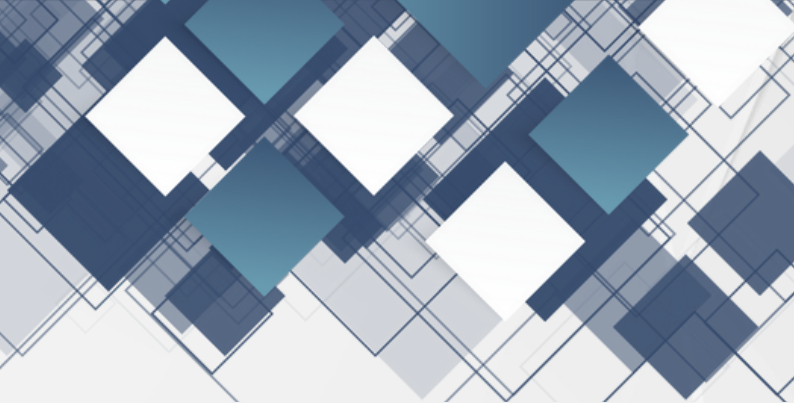




TESD
TEMPORARY EMPLOYMENT
SERVICES DIVISION

Workforce Resilience in Transition

TESD Annual Industry Analysis 2025



CONTENTS

- Executive Summary
- Chairperson's Foreword
- Industry Overview: 2025 Performance Insights
- Sector Professionalisation
- Governance, Stability & Industry Credibility
- The Strategic Lens on Sector Relevance
- Sector Growth Areas & Market Demand
- Key Challenges & Regulatory Pressures
- Member Insights & Case Reflections
- Compliance & Workforce Stability Initiatives
- Workforce Trends & Market Dynamics
- Regulatory & Compliance Outlook for 2026
- TESD's Impact & Member Value Proposition
- Strategic Priorities for 2026
- Closing Reflections from EXCO
- Conclusion



CHAIRPERSON'S FOREWORD

The 2025 TESD State of the Industry Report reflects a year of significant resilience and progress for the Temporary Employment Services sector. Despite regulatory uncertainty, economic pressures, and shifting workforce expectations, TESD members upheld strong commitments to compliance, ethical practice, and operational excellence.

These values, central to TESD's foundation, continued to guide the sector through a complex labour environment. The year saw stabilising client demand, increased professionalism, strengthened collaboration with industry bodies, and a deeper focus on governance.

The TESD's EXCO leadership played a pivotal role, offering diverse expertise in regulation, workforce strategy, and industry alignment to reinforce TESD's position as a trusted authority in the national labour landscape. While challenges remain, including unregulated operators, global labour shifts, and rising compliance complexity. These also present opportunities to enhance advocacy, build stronger partnerships, and elevate industry standards.

As TESD looks toward 2026, its priorities include future-ready workforce strategies, enhanced member capability, broader public awareness of ethical TES practices, and deeper engagement at national and international levels. Through continued commitment and collaboration, TESD and its members remain well-positioned to shape a credible, compliant, and future-focused sector.

Chairperson
Temporary Employment Services Division (TESD), CEA(SA)



EXECUTIVE SUMMARY

The Temporary Employment Services (TES) sector in 2025 demonstrated measured recovery, growing professionalisation, and operational resilience despite facing economic instability, legislative change, and intensified compliance demands. According to Strauss, the industry stabilised even as organisations grappled with regulatory uncertainty around foreign nationals, sectoral compliance requirements, CCMA complexities, and mounting pressure for transparent workforce governance. Digital transformation accelerated significantly, with TES providers expanding digital onboarding, HR automation, and workforce management technologies to improve efficiency and ensure auditability.

Drawing from sector-wide experience, Cowley emphasised that the industry continued to benefit from strong governance roots built during the **“Ban the Broker”** era an intervention that remains essential in protecting ethical operators from the reputational harm caused by unregulated intermediaries. This governance foundation has enabled TESD to retain credibility within national labour structures and engage more strategically with organisations such as CEA, CAPES, and bargaining councils.

Complementing these insights, van Wyk’s detailed market analysis revealed that TES demand recovered unevenly across industries. Consumer-focused sectors including retail, e-commerce, warehousing, logistics, and business support services experienced the strongest temporary staffing demand due to fluctuating operational cycles, promotional periods, and seasonal peaks. Healthcare and ICT continued to utilise TES arrangements for specialised, project-based needs. This growth, however, existed alongside significant challenges: energy instability, inflation-driven cost pressures, hiring freezes, and the heavy administrative demands associated with the Employment Equity Amendment Act, which required companies to adopt five-year EE plans and secure compliance certification.

Botes noted that TESD’s knowledge-sharing initiatives played a crucial role in strengthening compliance across the sector. Webinars and technical sessions provided clarity on labour laws, sectoral wage structures, HR governance, and the practical consequences of non-compliance. These initiatives enabled many organisations to transition from reactive to proactive compliance, ultimately contributing to improved workforce stability and more reliable employment relations.



From a membership perspective, Smith highlighted TESD's record-breaking membership growth, increased visibility, and strengthened industry recognition. TESD accreditation remained the most valued offering, affirming member compliance standards and positioning accredited agencies as trusted partners to clients, regulators, and industry bodies.

Looking forward, Matshani and Cowley both emphasised the need for the sector to prepare for foreign-national quotas, intensified EE compliance audits, annual NMW increases, bargaining council variations, and global manpower shifts shaping future workforce models. Together, these insights reflect a sector that is navigating deep structural change - while also positioning itself as a strategic, compliant, and indispensable contributor to South Africa's labour market.



TESD MILESTONES 2025

TESD's achievements in 2025 reflect both organisational growth and strengthened influence within the national labour environment. Strauss highlighted that TESD significantly enhanced its industry presence through high-impact webinars, advisory communications, and continuous member engagement. These activities positioned TESD as a central knowledge hub for the sector, offering clarity on complex topics such as foreign-national compliance, wage structures, COIDA, and legislative updates. **Membership reached 103 companies and 116 entities with a collective of 11627 employees**, the highest in TESD's history a strong indicator of the association's value, credibility, and leadership.

TESD also deepened collaboration with the **CEA, SEIFSA, CAPES and Global Business Solutions** aligning compliance standards, sharing legal expertise, and reinforcing sectoral governance. These partnerships supported unified messaging on critical issues, enhanced regulatory alignment, and strengthened the TES sector's collective influence in national labour platforms.

From a governance perspective, Cowley highlighted the progress made in combatting unethical intermediaries - work rooted in TESD's historic stance against "brokerage" models that undermine compliant labour practices. Through accreditation, transparent standards, and continuous oversight, TESD has continued to elevate responsible employment practices across the sector.

Smith reinforced that TESD remains a trusted bridge between members, regulators, and the labour ecosystem. She emphasised the importance of accreditation and proactive communication in enhancing the industry's reputation and ensuring members retain access to compliant, ethically governed operational frameworks.

Together, these milestones reflect a year in which TESD not only grew in membership and visibility but also solidified its role as the sector's guiding authority.



INDUSTRY OVERVIEW: PERFORMANCE OF THE TES SECTOR

EXCO members collectively described the TES sector in 2025 as stable, resilient, and increasingly professional, even amid constrained economic conditions. Strauss noted that client organisations continued to rely on TES providers as strategic partners offering workforce flexibility, compliance assurance, and operational continuity. The sector's credibility strengthened further through heightened governance and improved alignment with industry bodies.

Cowley reinforced that despite the presence of non-compliant operators who threaten the industry's reputation, TESD has maintained relevance and authority in national labour forums. The association's governance structures and accreditation programme remain essential in upholding ethical labour practices and differentiating reputable providers.

Adding detailed quantitative insight, van Wyk reported that the TES sector's recovery in 2025 was steady but uneven. Demand surged in consumer-driven sectors including retail, e-commerce, warehousing, logistics, and business support services where employers needed rapid workforce scaling to respond to seasonal fluctuations and changing consumption patterns.

In hospitality, volatility caused by post-pandemic recovery and energy disruptions made TES arrangements a preferred solution for managing variable staffing needs. Xander further noted, elevated demand in healthcare and ICT, driven by specialised project-based assignments and contract skill shortages.

However, sectoral growth was constrained by macroeconomic conditions including inflation, hiring freezes, load-shedding disruptions, and rising operational costs. These pressures shaped client budgets and influenced temporary labour utilisation throughout the year.



SECTOR GROWTH AREAS & MARKET DEMAND

According to Cowley, demand for TES support increased significantly in petroleum, manufacturing, engineering, and other heavy industries where compliance risks and workforce complexity are high. These sectors require specialised staffing solutions aligned to sectoral wage structures, bargaining council frameworks, and safety-critical operational environments.

Complementing this, van Wyk identified that the sharpest increases in TES utilisation occurred in:

- Logistics & Supply Chain - driven by accelerated e-commerce volumes.
- Retail & Hospitality - linked to seasonal peaks and fluctuating customer volumes.
- Healthcare & Technology - requiring specialist contract talent for project rollouts.
- These segments relied heavily on TES providers to achieve agility, meet rapid scaling needs, and ensure compliance under tight deadlines.

Collectively, these insights indicate that TES demand is strongest in sectors characterised by volatility, seasonality, or specialised skill requirements.

KEY CHALLENGES & REGULATORY PRESSURES

Across the EXCO, a consistent view emerged that TES providers faced increasing complexity in regulatory environments. Strauss reported ongoing uncertainty regarding wage schedules, UIF/BCEA interpretations, recruitment documentation, and onboarding processes. This sustained demand for TESD guidance highlights the importance of industry clarity and consistent application of labour legislation. Cowley emphasised the industry's challenge to remain relevant amid global manpower shifts, technology disruptions, and evolving workforce expectations. TES providers must continuously adapt service models to remain competitive and compliant. van Wyk further identified:

- Economic strain and cost containment among employers
- Load-shedding causing operational instability and sudden contract terminations
- Inflation affecting hiring budgets
- High administrative burdens created by the Employment Equity Amendment Act, especially sectoral diversity targets and the new EE Compliance Certificate required for public procurement eligibility
- These factors placed significant pressure on both TES firms and clients, influencing staffing decisions throughout 2025.



MEMBER INSIGHTS & CASE REFLECTIONS

Strauss reported that members frequently relied on TESD's guidance regarding sectoral wage schedules, compliant recruitment processes, accurate payroll interpretations, and general HR governance. These interventions strengthened internal accuracy, reduced risk, and improved client advisory support.

Botes emphasised that webinars significantly shaped member behaviour by improving compliance literacy. Once businesses understood regulatory expectations and the consequences of non-compliance, they made informed corrective decisions that resulted in more stable workforce practices.

Cowley noted that closer collaboration between TES providers, regulatory bodies, and clients strengthened shared understanding of compliance responsibilities, contributing to improved employment relationships and workforce continuity.

WORKFORCE TRENDS & MARKET DYNAMICS

Cowley highlighted global workforce trends influencing the TES environment, including reduced working hours, shorter work weeks, and more flexible, technology-enabled staffing models.

These shifts require TES providers to align with international best practice to remain competitive - van Wyk expanded on this with detailed observations:

- Clients increasingly require rapid scalability and workforce agility, especially in hospitality, tourism, manufacturing, education, and ICT.
- Temporary workers now expect fair treatment, recognition, career development, and wellbeing support, shaping a more sophisticated Employee Value Proposition (EVP).
- AI-driven recruitment, automated onboarding, mobile timesheet applications, and chatbots are transforming placement speed, candidate experience, and compliance tracking.
- TES providers are shifting from transactional labour suppliers to strategic workforce partners advising on labour planning, compliance, and staffing optimisation.



REGULATORY & COMPLIANCE OUTLOOK (2026)

The regulatory landscape remains complex. van Wyk reported significant challenges in 2025 relating to COIDA, UIF, SETA administration, and bargaining council requirements each demanding accurate interpretation and extensive reporting.

Msuthu Matshani highlighted several anticipated changes for 2026:

- Foreign-national employment quotas under the Employment Services Act
- Full implementation of five-year Employment Equity plans with intensified compliance monitoring
- Increased bargaining council enforcement across logistics, hospitality, and manufacturing

Cowley stressed that TESD must maintain strong engagement with institutions such as COIDA, UIF, BUSA, ILO, and SETAs to ensure members remain aligned with evolving global workforce standards. Xander added that EE compliance certificates will increasingly determine eligibility for government contracts, placing further emphasis on accurate reporting and workforce diversity tracking.

TESD'S IMPACT & MEMBER VALUE PROPOSITION

TESD accreditation remains the most valued service, providing rigorous compliance verification and ethical validation. Cowley highlighted that accreditation distinguishes TESD members from non-compliant operators and mitigates client risk.

Members also benefited from:

- Continuous training and updates
- Access to legal and HR expertise
- Advisory support on complex client scenarios
- Proactive communication on legislative developments

van Wyk reinforced that TESD's advisory role and collective problem-solving significantly strengthened member capability and provided consistency in responding to compliance challenges.



FUTURE OUTLOOK & STRATEGIC RECOMMENDATIONS

Key risks identified:

- AGOA uncertainty and escalating US tariffs threaten up to 30,000 export-linked jobs, with ripple effects across temporary staffing demand.
- Skills shortages may intensify as foreign-national quotas reduce access to specialised talent.

Key opportunities:

- Growth in renewable energy projects, digital economy sectors, healthcare, and education
- Technology-driven transformation of HR processes
- Expansion of strategic staffing models and managed service arrangements

Lize emphasised the need for regulatory clarity, enhanced member training, and development of technical skills through partnerships such as the SEIFSA Training Centre. She also underscored the importance of promoting the CAPES Provident Fund and strengthening COIDA compliance support. Kevin recommended deeper engagement with government, global labour organisations, and industry partners to anticipate future trends and reinforce ethical labour practices.



CLOSING REFLECTIONS

Christa affirmed that TESD membership offers companies ethical credibility, legal compliance assurance, operational support, and a collective voice that strengthens their ability to navigate industry challenges. TESD remains a trusted forum for problem-solving, collaboration, and regulatory interpretation.

The collective leadership of the full TESD Executive Committee including Lize Strauss, Kevin Cowley, Gawie Botes, Xander van Wyk, Msuthu Matshani, and Christa Smith Albie Rheeder Marie Viljoen and Marlon Sissing continues to shape a sector that is maturing, stabilising, and expanding its strategic relevance within South Africa's labour market.

Their combined insights, governance stewardship, and advocacy ensure that TESD enters 2026 with clarity, purpose, and a strengthened mandate to uphold ethical labour practices and support members in navigating an increasingly complex employment landscape.

End*