Title

An exploration of labour broking in the auditing industry in Gauteng, South Africa

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DECLARATION

I, Podile Kgwete, declare that this research article is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the Graduate School of Business Administration, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Podile Moyagabo Kgwete

Signed at …Braamfontein…………………………………………………

On the ………25…………….. day of …February ……………… 2023

ABSTRACT

Labour broking is a controversial topic in South Africa and, invariably, what comes to mind is employees being exploited. The typical employees under this arrangement are people with no tertiary training, the so-called blue-collar workers. This is perhaps the reason why there are limited studies conducted on labour broking in high-end professions like auditing.

Recently there has been a huge advent of labour broking in the auditing profession led by two labour brokers, Makosi and Sapro. They have found a niche market where they outsource South African Auditors to American and European Audit firms on a contract basis. This has been disruptive to the South African market as it has increased the demand for accountants. This has meant that audit firms and corporate South Africa have had to compete for accountants in the international market more than ever. We have studied here the phenomenon in the hope of understanding why these professionals choose to work under these circumstances.

The key findings were that there is a myriad of factors why auditors in South Africa continue to choose this way of working. Great remuneration has come up often, while experience and exposure to working with international clients were also listed as attractive benefits. Above all, most participants spoke about the great work culture, as opposed to what some have experienced when working for the average audit firm in South Africa. This has ground-breaking applications in the labour broking industry and shows that this model can be applied safely and fairly to contracted employees. Moreover, labour broking provides flexibility in the labour market, which is beneficial to both job seekers and employers.

Keywords: Labour Broking; Auditing; Chartered Accountant; Temporary employment services

TABLE OF CONTENTS

LIST OF ACRONYMS

BCEA	**Basic Conditions of Employment Act**
CA	Chartered Accountant
CA (SA)	Chartered Accountant (South Africa)
CCMA	Commission of Conciliation, Mediation and Arbitration
Cosatu	Congress of the South African Trade Unions
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
LRA	Labour Relations Act
SAICA	South African Institute of Chartered Accountants
TES	Temporary Employment Services
UK	United Kingdom
USA	United States of America

1 CHAPTER ONE: INTRODUCTION AND BACKGROUND

1.1 Statement of purpose

This qualitative study investigated the role of labour brokers within the auditing profession. Labour brokers are often associated with blue-collar workers and, generally, none within this category of workers have a university degree (Mara, 2022; Dickenson, 2017; Hlongwane & Runciman, 2018). The conditions are also characterised by unequal pay and difficulty accessing rights under the South African Basic Conditions of Employment Act (van Eck, 2017). It is considering this that this study will investigate why high-end professionals, and auditors, in this case, choose to work under precarity (short-term contracts). Such short-term contracts are managed by labour brokers (BusinessTech, 2021). The study will also investigate why the role of labour brokers in the auditing profession has grown exponentially and how it fills gaps in the economy.

In the next section the background to the study, aspects that relate to labour brokers and the use thereof in the auditing profession are addressed.

1.2 Background of the study

Auditing refers to the processes and actions taken to ensure that accounting data is accurate and reliable. It involves a systematic examination of financial statements and records while ascertaining that accounting principles and management policies are adhered to (Tuovila, 2022). Thereby supporting an integrated management system that also demands transparency in how business plus its financial management is run (Domingues, Sampaio & Arezes, 2011). The benefits of auditing include the potential to identify gaps where an organisation's management may need to improve its operations for more efficiency (PwC, 2017). Thereby adding value to the quality of the service provided and experiencing other resultant benefits such as higher customer satisfaction where the goal is profit generation.

Auditors compare financial transactions to financial standards which are internationally based on the International Financial Reporting Standards (IFRS) that were developed by the International Accounting Standards Board (IASB). Each country then develops its reporting standards that are expected to be aligned with the IFRS, therefore allowing for benefits such as foreign investments such as in developing countries (Hayes, Dassen, Schilder & Wallage, 2005). Odendaal and Jager (2005) highlight that the regulation of the auditing profession is important because of the role auditing plays in society. The authors further highlight that the “regulation of the auditing profession is a mechanism through which society may gain assurance that the auditing profession is under appropriate control and can therefore be trusted” (Odendaal & Jager, 2005:36). The accounting standards ensure that auditors adhere to regulatory mandates while also practising accountability where the standards and regulations are not adhered to. This also applies in cases where the auditor chooses to work on a contractual basis using labour broking.

Labour broking, also referred to as Temporary Employment Services (TES), entails the employment of temporary or casual work for a short period through labour brokers (Deloitte, 2016). In South Africa, labour broking was introduced post-1994 after the country was freed from the Apartheid ruling government. Lee and Faller (2005) state that democracy led to the amendment of labour relations laws, specifically the Labour Relations Act of 1995, that allowed employers to be more flexible. This allowed employers to release employees with ease when facing economic challenges without restrictions by labour laws. However, it was (and remains) this flexibility that caused problems in the practice of labour broking in South Africa. This is due to the legislative and regulatory framework being inadequate (Senne & Nkomo, 2015), which led to the unfair treatment of temporary employees such as lower salaries and not being able to exercise employment rights because of the fear of being easily let go by the employer (Deloitte, 2016). These challenges concerning labour broking and how temporary employees are treated have led to organisations and society questioning its existence and the limited legislative framework.

Labour broking has been likened to slavery by the Congress of South African Trade Unions (Cosatu), the National Union of Metalworkers of South Africa (Numsa) and many other trade unions in South Africa. Cosatu was so adamant about the role of labour brokers that the trade union resolved to pursue the banning of labour brokers in South Africa at their conference held in November 2015 (Business Report, 2015). The ANC has held a longstanding position that labour brokers should be regulated and not banned. In 2014, the government passed legislation that sought to enforce the rights of people employed by labour brokers. The main amendment to the Labour Relations Act (LRA) (66 of 1995) was that the individuals that were appointed by labour brokers should be permanently employed by the client if they were contracted for a period of three or more uninterrupted months (van Eck, 2017). The LRA was amended to further reduce the exploitation of temporary employees and to protect such employees. This amendment was on Section 198A of the LRA, and it facilitates the fair treatment of temporary employees, stating that they should be treated equally as permanent employees (Visagie, Abraham, Ramjettan *et al.*, 2018). This amendment came into effect on the 1st of January 2015.

1.3 Research problem

The efforts of trade unions and the government of South Africa have not yielded much success concerning the exploitation of temporary employees working on a contractual basis through labour brokers. A notable gap in the Labour Relations Act (LRA) is the lack of stipulation on the protection of temporary employees against unfair dismissal as well as unfair labour practices (van Eck, 2017). An increase in the number of temporary employees has been experienced in South Africa, and they continue to suffer due to job insecurity as well as low levels of union representation and protection (Orr, 2002).

In the study by Bhorat, Cassim, and Magadla (2015), comparisons were made between organisations offering Temporary Employment Services (TES), referred to as labour brokers in this study. The organisations were divided into three categories according to the benefits given to temporary employees: 1. Fully compliant organisations contribute to the Unemployment Insurance Fund (UIF) on behalf of the temporary employee, allow temporary employees to take sick leave, and pay temporary employees when they have taken annual leave; 2. Partially compliant organisations offer any two of the above benefits; while 3. Non-compliant organisations do not offer temporary employees any of the benefits. The findings of the study by Bhorat *et al.* (2015) indicated that temporary employees in partially compliant organisations earned 15% less than permanent employees while those in non-compliant organisations earned 46% less than permanent employees.

The above shows that the exploitation and unfair treatment of temporary employees continues to persist in South Africa. However, there is limited information concerning recent incidences and the status quo regarding temporary employment through labour brokers in South Africa.

1.4 Research questions

The research questions were as follows:

- Why do auditors choose to work for labour broking firms?
- What role do labour brokers play within the auditing profession?
- What are the perceptions of auditors engaged in the auditing profession in South Africa about labour brokers?"

1.5 Rationale

The South African government has repeatedly stated their position that it will not ban labour broking but will seek to regulate it and also prevent its abuse of temporary employees. This position was affirmed by the latest constitutional court ruling that upheld the amendment to the Labour Relations Act (LRA). The amendment was that employers must permanently employ temporary employees when they have worked for them for an uninterrupted period of three months or more.

The labour brokers benefit because labour broking provides flexibility in the labour market and creates employment opportunities in the market (Mara, 2022). However, temporary employees of these labour-broking organisations claim that the labour-broking arrangement lends itself to exploitation. It is in this light that it shows that there is a need to arrive at the facts of the claim made by labour broking firms.

Therefore, this study will investigate the role labour brokers play within the auditing profession. To achieve this, the researcher seeks to gather the perceptions and experiences of auditors and labour brokers who are engaged in the auditing profession in South Africa.

1.6 Delimitations of the study

Delimitations refer to the boundaries deliberately set by the researcher that indicate the scope of the study (Miles & Scott, 2017). In this study, only participants residing in the Gauteng Province of South Africa were included. The study was conducted with two of the most prominent labour brokers in South Africa, Makosi and Sapro. And the focus will be on the auditing profession, interviews conducted amongst auditors focusing on the treatment they receive in labour broking firms.

1.7 Definition of terms

Auditing refers to the examination of the financial statements of an organization for a certain period by an independent and qualified person, and this is performed in a systematic manner that is guided by accounting principles and standards (Hayes *et al.*, 2005).

Labour broking is the act of assisting potential temporary employees to find employment on a contractual basis and assisting organisations to find such employees. This means that the labour broker is providing temporary employment services for the employer (Deloitte, 2016).

Temporary employment is employment that is where employees are employed over a specific period and, according to the International Labour Organisation (ILO, 2022), it can be on a fixed-term basis or casual work.

A **chartered accountant** is an accredited accountant in the field of accounting responsible for financial management and reporting to steer an organisation in the right strategic direction while assisting the organisation in solving (financial) management problems (de Jager, Lubbe & Papageorgiou, 2017).

1.8 Assumptions

There is an assumption that labour brokers play a role within the auditing profession and that auditors have had some experience while being assigned to labour broking firms. As a result of this arrangement, there is an assumption that there is a resultant dilemma. The dilemma is that auditors work under conditions of precarity, not knowing how long they will be employed and to who the labour broker will assign them. The other side of the dilemma is that the labour broker is adding value to the market by providing much-needed auditors to the international market and making sure that the auditors are paid well for their services.

Further to this there, is an assumption that identified participants will be available and willing to truthfully share their experiences.

1.9 Chapter outline

Chapter 1 shares the background of the study, the problem statement, and the research questions. It also shares details on the scope and delimitations of the study, and the rationale of the study. Thereby giving an overview of the study and the reasons for conducting the study.

Chapter 2 is the literature review, and it is a critical discussion of the concepts investigated in this study. The themes of the literature review chapter are followed in a manner that gives direction concerning labour broking globally and in South Africa, as well as other concepts that interrelate with labour broking in the field of auditing. In this chapter, the theoretical framework the study is based on is also discussed.

Chapter 3 is the research methodology, and it gives details on the research methods and techniques to be followed when conducting the study. Also, explanations of why the specific methods and techniques were chosen to help the researcher answer the research questions.

Chapter 4 is a discussion of the results of the empirical part of this study which were obtained after performing a thematic analysis.

Chapter 5 shares the findings of this study and the overall conclusion, and it ends with a list of recommendations by the researcher.

2 CHAPTER TWO – LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter covers the literature review and the theoretical framework of the study. The literature review serves as a critical analysis of the information available literature concerning the concepts of interest. A critical literature review is important in research because it adds positively to the quality of the study (Saunders & Rojon, 2011). This is achieved through the understanding of key theories, concepts of interest, and all the relevant issues and debates concerning the phenomenon investigated (Denyer & Tranfield, 2009). On the other hand, a theoretical framework “comprises the theories expressed by experts in the field into which you plan to research, which you draw upon to provide a theoretical coat hanger for your data analysis and interpretation of results” (Kivunja, 2018, p.46). This means that a theoretical framework is a summary of concepts and theories, which a researcher develops as guided by the tested and published knowledge synthesised to assist the researcher with a theoretical background. Therefore, the philosophy and assumptions of the theories identified are the foundation for the data analysis and interpretation of the specific study. The literature review sub-sections are guided by the themes emanating from the study’s research questions, they are then followed by a theoretical framework session and a conclusion of the chapter.

2.2 Labour broking

Labour broking is a service rendered in the labour market that entails contractual labour agreements between the labour broker, the employer, and a potential temporary employee (ILO, 2002; Cara, 2022). This has brought about a notable increase in temporary employment that is contract-based because of the benefits obtained by the employer (Di Paola & Pons-Vignon, 2013).

Globally, labour broking has varying meanings depending on the continent or the country. The United Kingdom refers to labour broking as services that include outsourcing, which is primarily used to improve the efficiency and effectiveness of public sector institutions (Cook, 2005). In Australia (Hall, 2005) and Namibia (Van Eck, 2010; Botes, 2013), labour brokers are referred to as temporary agencies. In South Africa, temporary employees obtaining temporary employment through labour brokers are called informal employees. However, Valodia and Devey (2010) caution that this classification includes agencies and individuals who are not registered. The term temporary employees refer in this study and labour brokers as referring to registered employees and labour brokers offering Temporary Employment Services (TES).

Temporary Employment Services (TES) are offered by labour brokers in South Africa and are regulated by the Labour Relations Act 66 of 1995 (LRA) and the Basic Conditions of Employment Act 75 of 1997 (BCEA). The LRA refers to temporary employment services as 1. Services that are fixed for a maximum of three, 2. Where the temporary employee is working as a substitute for a temporarily absent employee, and 3. There is a collective agreement concerning the specific work category as a temporary service and the maximum temporary period.

Labour broking, also called Temporary Employment Services (TES), refers to the 3-way relationship between a client (company needing staff), a labour broker (person who recruits labourers for short-term employment) and a would-be employee (job seeker) (Cara, 2022).

The Labour Relations Act (LRA) defines a TES provider as any person who, for reward, procures for or provides to a client other people, stating that this is a person:

- who render services to, or perform work for, the client; and
- are remunerated by the temporary employment service.

This 3-way relationship begins when a company (referred to as a client) requests staff from a labour broker for a short-term contract. The key to this arrangement is that the employee would only contract with the labour broker even though they are providing services to the client of the labour broker. The benefits of this set-up to the client have reduced labour administration costs since payments are done by the broker and a short-term employment contract can be terminated at any time (Van Eck, 2010). These contracts can be terminated at the request of the client since they usually contain a clause between the employee and the labour broker that their employment is subject to the availability of work from the client (Van Eck, 2010).

The LRA states that the labour broker and the client are jointly and severally liable for contraventions of conditions of service arising from collective agreements concluded at bargaining councils, the minimum and maximum standards as set by the Basic Conditions of Employment Act (BCEA) 75 of 1997, and arbitration awards that regulate terms and conditions of service (Van Eck, 2010). The Section does not, however, speak about protection against unfair dismissal and unfair labour practices perpetuated by the client against its workers (Van Eck, 2010). The 3-way relationship thus leaves a loophole which the client often abuses by undermining the contractual rights, protection, and bargaining power of employees. This is well phrased by D. Dickinson as the absence of joint and several liabilities, of both the labour broker and the client, for unfair dismissal (Dickinson, 2017). This contracting arrangement often lends itself to abuse because the employees are in a vulnerable position.

Alcock (2022) is of the notion that labour broking is beneficial because labour brokers (TES providers) are now offering temporary employees benefits of employment, while the employers are enjoying the benefits of the flexibility of access to these temporary employees without many stringent employment obligations. The author explains that the 30 days given to the TES providers to pay positively affects their cash flow and business sustainability. It is worth noting that the focus of the report was the mining and construction industries, there might be slight differences in other industries. Alcock (2022) further highlights that, because the employer is free from some obligations, they enjoy agility if reputable temporary employment services companies are used.

The experience below was narrated by a labour broker worker and highlights the abuse that is experienced by these workers in this contracting method.

2.1.1 Experiences of a semi-skilled labour broker worker

Experiences of semi-skilled workers are those of abuse and exploitation when it comes to temporary employment. A story shared by Khongelani Hlongwane a semi-skilled worker relates his experience, as a worker, starting as a temporary employee in Johannesburg in 2008 with nothing but a matric certificate and a few things stand out from that story (Runciman & Hlungwani, 2020):

Lack of inclusivity from trade unions: The permanent employees were members of the trade union, and they did not stand in unity with the temporary employees through their struggle for better pay. The permanent employees convinced Khongelani and other non-unionised temporary employees to join the strike by adding their permanent employment to the list of striking grievances. The temporary employees agreed and went on strike for 2 weeks with the unionised member before being betrayed. The union agreed to a healthy increase for unionised members while the temporary employees were told they should only be happy they were not dismissed for going on strike. This highlights the first vulnerability of the temporary employee, they are generally not members of the trade unions because of the temporary nature of their work. This makes them open to abuse and the collective bargaining agreements with workers generally don't apply to them.

The responsibilities of trade unions include the provision of individual and collective representation of its members, protecting the rights of the members while also negotiating the interests of employees. Linde (2020) states that trade unions also want to have more powers concerning the determination of redundancy, which should ideally be a principle of consensus as opposed to an employer's right to dismiss fairly. However, these benefits of having trade union representation are fully operational for permanent employees while temporary employees' representation is marginalised.

Durazzi (2015) states that dualisation in the labour market (having the option for permanent or temporary employment) has led mainly to the benefit of flexibility for the employer. When it comes to the protection and fair treatment of temporary employees, there is a need for different strategic approaches by trade unions. Durazzi (2015) states that the labour market is now dualistic, however, trade unions' strategies have remained inclusive and only structured to protect permanent employees. This is the status quo while we are in an era where there is an increase in temporary employment globally. According to Visser (2019), temporary employment accounts for 1 to 6% of countries where there is available data. Concerning trade union membership, OECD countries (such as Australia, Belgium, Colombia, Denmark, Greece, Italy, Norway, and Spain) are reported to have a shared membership of an average estimate of 13% for the self-employed, part-time, and temporary workers (Visser, 2019). Turkey and Israel are in the top two with a share of trade union membership of temporary workers of around 20% while Slovenia and Estonia have estimates that are very close to 0%. Visser (2019) advocates for changes in the strategies developed by trade unions, especially because temporary employment is most a reality for young people with different needs that necessitate changes in policies. This will require unions to do more than just help temporary employees with only jobs, job security, and income protection (Durazzi, 2015) but also further let go of partial inclusiveness and represent temporary employees fully and equally as permanent employees.

Struggle to be permanent and receive the benefits of permanent employees: In 2015 the LRA was amended to encourage force employers to make long-term labour broker workers permanent, but Khongelani and others struggled to enforce this new right. They were offered a permanent position by Luxor Paints at half the annual increase that the other permanent staff were getting. When they referred the matter to the Commission for Conciliation, Mediation and Arbitration (CCMA), the company argued successfully that the CCMA had no jurisdiction and that the matter should be referred to the Chemical Industry Bargaining Council. This was eventually done by the workers, and they won the case, with the effect that they were made permanent and backdated all their benefits to 2015 (Runciman & Hlungwani, 2020).

A challenge that contributes to temporary employees is the change in the labour market that has resulted in a demand for more skilled and experienced employees, and Leibbrandt *et al.* (2010) state that this phenomenon is global and cannot be reversed. While permanent employees are refining their skills and gaining experience, most temporary employees have low levels of education and skill set which renders them less competitive in the labour market (Leibbrandt *et al.,* 2010). This means that permanent employers are more likely to absorb employees who already have permanent employment in other organisations.

Constitutionality of Labour broking: There has been great debate about whether labour broking should be outlawed in South Africa. The trade unions, with Cosatu being the most prominent, have called for the banning of labour brokers (Business Report, 2015). There is, however, no doubt that now the Labour Relations Act does allow for its practice (Mostert, 2011). The core service provided by labour brokers is short-term employment that companies need to be based on seasonal workload or a short-term gap for another reason like maternity leave. Against that there can be no legal disqualification. The question is rather whether legislation can be updated to stop loopholes allowing for unfair labour practices.

The South African Basic Conditions of Employment Act (75 of 1997 – the BCEA) mandates the employer develop and have a detailed contract with employees, including temporary employees before they begin work. This is a way of ensuring there are no uncertainties between the employer and employee. Although this has been used as an attempt to protect the employee against unfair treatment and possible exploitation, there have been reports that state otherwise in South Africa, as discussed below.

Unfair dismissal: The tripartite relationship of the labour broker contracts is recognised in the labour relations act. Included in the definition of Labour broker in Section 198 of the LRA is the statement that the employee is remunerated by the labour broker thus making them an employee of the labour broker. This creates a loophole where employees can be easily dismissed (Mostert, 2011; Van Eck, 2010). Madinda (2014, 765)) defines unfair dismissal as the “process of dismissing an employee in the absence of a substantial reason”. The employee’s dismissal is also unfair when no formal and legal disciplinary actions are taken by the employer. Added to that, the disciplinary actions may also be applied wrongfully by an employer which then leads to an unfair dismissal (Salamon, 2000).

An exemplary case study is Sindane v Prestige Cleaning Services where Mr Sindane's contract as an employee was terminated because the labour broker's (Prestige Cleaning Services) contract with the client was terminated. His employment contract stipulated that the employment contract would come to an end if he was no longer required by the client. Indeed, the client terminated the contract early and he was left without employment. His case ended up with the labour court and it was ruled that the termination of his employment did not constitute a dismissal. Mr Sindane's contract with Prestige Cleaning Services had closed from inception and his employment was conditional on the client requiring his services (Mostert, 2011). In this case, however, it was the employee who had not read the details of the contract and acted out of a lack of, or limited, knowledge.

Lower wages and other benefits as compared to permanent workers: In the case of Hlongwane, he documents his struggle to become permanent and to earn equal wages as a labour broker worker (Runciman & Hlongwane, 2020). He also spoke about the way the temporary employees would have to work the shifts that the permanent employees would not want to work. They were excluded from the benefits of permanent employees like medical aid contributions and housing allowance. This is a clear loophole that indicates unfair treatment of temporary employees. This was mitigated in 2015 when the constitution was changed to state that the labour broker workers who were employed by the client for an uninterrupted period of more than three months would become permanent employees of the client. This will assist the temporary employees from being employed on long contracts while being denied the benefits of permanent workers.

However, upon reviewing the literature, Svedaite and Tamosiunas (2013) state that employers mostly use Temporary Employment Services (TES) as a way of cutting costs because temporary employees are paid per hour or at daily rates. This results in lower wages for temporary employees while they also do not receive other benefits that permanent employees receive. The authors also highlight that employers also cut costs by not including temporary employees in employee training programs, therefore not investing in the skills and development of temporary employees. The benefits of employee training result in a more refined skill set while it helps the employee prepare for career advancement (Zaman & Rizvi, 2014). The lack of skills training and development of temporary employees then renders them less employable or competitive in the labour market. In the study by Adolfsson *et al.* (2022), where the association between trade union representation and employer-paid training was investigated and compared between permanent and temporary workers, the findings showed the following: that permanent employees with trade union representation had a 52.4% chance of receiving employer-paid training compared to those with no representation (31.2%), while temporary employees with trade union representation had 42.7% chance of receiving employer-paid training compared to those with no representation (23.3%). This highlights the importance of both temporary and permanent employees having trade union representation; however, it also shows that temporary employees are treated unequally to permanent employees.

The above sections on labour broking show that the employer has more benefits when it comes to TES and that the benefits of the temporary employees are minimal. There is limited research on why skilled employees, specifically in the field of auditing, choose or prefer temporary employment. However, Svedaite and Tamosiunas (2013) state that, generally, the main reasons why some employees prefer temporary employment are: that they need to develop their qualifications, and the need to gain work experience. The sub-section to follow focuses on the field of auditing and its association with labour broking.

2.1.2 Labour brokers in the auditing profession

The “great resignation” in the United States of America (USA) during and after the pandemic has had ripple effects all over the world. The term was coined by Dr Anthony Klotz to describe the resignation of workers in the USA during and after the Covid-19 pandemic (Norton Rose, 2021). There was already a shortage of accountants and auditors in the USA before the pandemic because the profession was struggling to recruit students. The number of accounting graduates in 2018 dropped nearly 7% since the number of students earning bachelor's and master's degrees peaked in 2012, according to a 2019 report from the American Institute of CPAs (Bloomberg Tax, 2022).

American audit firms have responded to this shortage by contracting out sections of their audit files to south African labour brokers. These labour brokers then hire a South African auditor on a contract basis until that work is done. This has created a ripple effect that has greatly impacted the South African auditing landscape. We, like the Americans and the developed world, have a shortage of CAs to service the South African economy. BusinessTech (2021) reports that newly qualified CAs in South Africa either take international opportunities or work on a contractual basis (TES) for companies in the USA. When BusinessTech interviewed the Director of Blue Recruiting (a recruitment agency for CAs), Graeme Marais, he indicated that audit requirements have become more stringent globally. What this has resulted in is a high demand for qualified auditors in the following world regions: the United Kingdom (UK), Ireland, the Netherlands, the Middle East, and tax haven islands. Marais highlighted that Cas qualified in South Africa are the "best-qualified accountants and auditors in the world with an exceptional work ethic", hence they are increasingly attracting international organisations.

The interest of this study was mainly why accountants choose temporary employment, regardless of the known limitations it provides. De Cuyper and De Witte (2008) refer to volition as a concept reflecting preferences for temporary employment. The results of the study showed that volition had a negative relationship with organisational commitment (-0.10) while it had a positive relationship with life satisfaction (0.14) in temporary employees. This shows that such temporary employees prioritise other factors in their lives that lead to life satisfaction as opposed to being permanently associated with a specific organisation. In their conclusion, De Cuyper and De Witte

(2008) state that volition is more valued by temporary employees who do not want boundaries and prioritise life outside of work. While temporary employees with low volition are those with the hopes of finding permanent employment, therefore, using temporary employment to gain experience and refine their skill set. The theoretical framework forming the foundation of this study is discussed in the sub-section to follow.

2.3 Theoretical framework

The hypothesis of *Social Comparison and Social Exchange Theories* is that the actions of employees are influenced by perceptions of fairness. According to Miller *et al.* (2015), when people compare themselves with others, they get meaning from life circumstances or situations while they also develop self-knowledge. What this means is that people's views of their circumstances, abilities and behaviour is, to some extent, dependent on the social comparisons they constantly make. Miller *et al.* (2015, p.1) share the following reasons for a person's need for comparisons:

- It provides a person with some of the information needed for self-evaluation (such as comparing how one has performed in an examination as compared to classmates).
- For self-improvement purposes comparing with peers in various settings of life.
- Self-enhancement to make oneself feel better compared to another who is performing poorly.
- To inform behaviour and behave as per the norm or better than others.
- To get information about other people with the desire to affiliate.

Festinger (1954, p.15) is of the notion that the socio-psychological process leading to self-comparison is the same as the one for social influence, and that "both stem directly from the drive for self-evaluation and the necessity for such evaluation being based on comparison with other persons". Garcia *et al.* (2013, p.638) indicate that recent research shows that the following situational factors contribute to social comparison: "incentive structures, proximity to a standard, number of competitors, social category fault lines, audience, and uncertainty". The situation relevant to this study is the issue of temporary employment and how temporary employees are affected, therefore comparing themselves to permanent employees and how they are treated by the employer.

Employees apply a social comparison process to evaluate the outcomes they receive compared with the outcomes received by other employees (Feldman & Turnley 2004; Thorsteinson, 2003). In the context of this study, this refers to temporary employees comparing how they are treated and realising that they are treated unfairly compared to permanent employees.

Social Exchange Theories are the notion that employees evaluate the norm of reciprocity compared with input, focusing on psychological contract terms. According to Rousseau and Schalk (2000) and Coyle-Shapiro and Kessler (2002), the short psychological contract of temporary employees is narrower both concerning the number and the quality of content items. Added to that, temporary employees are monitored more closely and that creates limited trust between the temporary employee and the employer. Analysing Siegrist's Effort-Reward Model, Isaksson and Bellaagh (2002) concluded that temporary employees are most likely not satisfied with the efforts-rewards imbalance they experience.

Cropanzano *et al.* (2017) analysed Social Exchange theories and proposed a newly developed model that takes into account individual and situational factors that have been reported to increase social comparison, therefore leading to varying competitive attitudes and behaviour. The authors state that when there is a distinction between individual and situational factors, it will serve as a foundation for future research aimed at further adding to the existing body of knowledge.

The discussed theories indicate that the foundation of this study is the comparison and exchange of elements between employees and the employer, with a focus on temporary employees. These theories indicate that the outcome may be a development of negative attitudes by temporary employees, which may then lead to poor performance. This turn of events is unfavourable as it also leads to the exacerbation of the status quo where temporary employees are easily expelled from work, compared to permanent employees. The related concepts are discussed in the sub-section to follow.

2.4 Conceptual framework

A conceptual framework explains and gives an illustration of why the study is significant while it gives a glimpse of the study design and shares information on the relationship between concepts of interest (Ravitch & Riggan, 2016). Through performing a conceptual framework, a researcher can explain the association between the research question, the relevant theories, and the methodology chosen to help the researcher answer the study's research question. Maxwell (2005, p. 33) defines a conceptual framework as "a system of concepts, assumptions, expectations, beliefs and theories that supports and informs research". The conceptual framework of this study is guided by the research questions, and it focuses on the concepts discussed below.

Labour broking. The concept of labour broking was historically developed to benefit both the employer and the temporary employees. It is a concept that is poorly executed especially in South Africa and has resulted in more harm than intended. The interest of this study is to identify even more gaps in the existing knowledge while also aiming to provide recommendations that are guided by the findings of the study.

Comparisons and the impact of labour broking on temporary employees is a concept that emanates from the theoretical framework and is relevant to this study. The social comparison theories show that people tend to compare themselves to others at varying levels, including in the workplace. Temporary employees are aware that they are not treated equally to permanent employees in the workplace. Unfortunately, this may lead to behaviour that may put temporary employees in a more disadvantageous position due to the resultant negative attitudes.

The role played by labour broking in the auditing profession has not been researched deeply and it shows by the limited or lack of information in the literature. It is within the interest of this study to collect and analyse such data to serve as a basis for further research. To the knowledge of the researcher, such a study is yet to be conducted in South Africa.

Perceptions and experiences of auditors and labour brokers within the auditing profession in South Africa are important because the researcher will get first-hand information from the people affected. This is a qualitative research approach that allows for a deep understanding of the concepts as explained by those with the experience and information needed. It is also a relevant approach because, currently, such information cannot be sought from secondary data.

The above concepts will be analysed within the South African context focusing on the auditing profession. The researcher will also elaborate on how the country's legislation loopholes have an impact on labour broking and the issues associated with it. However, the overall aim is to determine why South African accountants choose labour broking over permanent employment that comes with more lucrative benefits.

2.5 Summary

The initial development of the market for labour broking was to reduce the pressure in the labour market that was brought about by stringent policies and legislature, especially when there were economic challenges faced by companies. The flexibility it offered for employers to easily let go of temporary employees has, however, also led to some undesirable turn of events. Reports and research show evidence of unfair treatment and exploitation of temporary employees.

A core theme that has emerged during the review of the literature is the constitutionality of the labour-broking system because of its susceptibility to abuse (Van Eck, 2010; Dickinson, 2017; Mostert, 2011). Invariably, abuse has been found in the instances that were researched. Khongelani Hlungwani documented his journey from the village to Johannesburg as a labour broker worker in 2010 (Hlungwani, 2020; Runciman, 2020). He had nothing but a matric qualification and worked for a paint company and during his time there he experienced the struggles of a labour broker worker. The most prominent of these is the struggle to join collective bargaining structures or trade unions and difficult working conditions which were more difficult than the ones for the permanent workers.

The other aspect that came to the fore in his struggles is the ease at which the labour broker workers could be fired. This is because the client can dismiss labour broker workers without any of the processes required for permanent workers. The workers would then take these cases to the CCMA, but the cases are dismissed as there is no employer and employee contract. Their contract is with the labour broker. This is the tripartite relationship created by labour broker contracts (Van Eck, 2010).

The above research demonstrates the academic gap that exists for a study of labour broking in a white-collar profession like external auditing. The academic research that exists was done amongst people who have matric as their highest qualification because that is the context in which we expect to find this model of employment. The extent to which labour broking has been used in the South African auditing industry is surprising and can be attributed to factors like Globalization and stagnant salaries in the South African market.

Social Comparison and Social Exchange Theories form the foundation of this study because they show that employees, temporary employees in the context of this study, evaluate how they are treated at varying levels in the workplace. This then may lead to reactions such as a lack or reduction in job motivation and resultant poor performance. This outcome will surely lead to the temporary employee being expelled by the employer.

The conceptual framework demonstrates that the exploration of labour broking and concepts of interest in this study is significant. This is because issues relating to labour broking’s negative impact on temporary employees remain persistent, regardless of interventions by labour brokers (especially). As shown in the theories discussed, there are psychological effects relating to the unfair treatment and exploitation of temporary employees. Yet, it is evident that some skilled auditors choose temporary employment, and this study aims to gather information on why such a choice is made in the field of auditing.

3 CHAPTER THREE – RESEARCH METHODOLOGY

3.1 Introduction

The essence of research is the discovery of new knowledge. This is even though this knowledge is different from what we expected or might not manage to solve a problem in society or organization (Saunders, Lewis, Thornhill & Bristow, 2019). Therefore, research entails following systems and procedures that are guided by a set of beliefs and assumptions to answer a particular research question plus research sub-questions of a study. According to Saunders *et al.* (2019. p.130) “a well-thought-out and consistent set of assumptions will constitute a credible research philosophy, which will underpin your methodological choice, research strategy and data collection techniques and analysis procedures”. Bhawna and Gobind (2015, p.48) state that the benefits of conducting research studies are, *inter alia*: the potential to discover new facts, the verification and testing of known facts, the analysis of events or processes or phenomena to identify the cause and effect relationships, to seek solutions to scientific, non-scientific and social problems. In this study, the focus is on finding the cause and the solution to the challenges associated with labour broking in South Africa, particularly in the field of auditing.

A research methodology gives details on the path a researcher will take to conduct a study (Sileyew, 2019). The path is shared in this section as it outlines the research approach, design, data collection methods, validity, and ethical considerations in the study.

3.2 Research Approach

The research approach consists of three components: philosophical worldview, research design and methods of research (Grover, 2015). The philosophical worldview determines the research paradigm, the research design is the strategy applied to answer the research questions, and the research methods are the ways and techniques used to collect and analyse data (Grover, 2015). The research approaches available for researchers are the qualitative, quantitative, and mixed-methods approaches, each of which has its philosophical beliefs and assumptions accordingly.

In this study, the philosophies and assumptions of the qualitative approach will be followed to explore concepts relating to labour broking in the auditing field. Qualitative research is exploratory, interpretative, and naturalistic, seeking answers in a manner that allows participants to contribute by sharing their experiences. Aspers and Corte (2019, p142) explain that "qualitative researchers study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them". However, qualitative research is not limited to having human participants, a researcher can also apply methods such as content analysis when using secondary data (Neuendorf, 2019).

Creswell (2002) states that a qualitative approach is helpful when there is limited information in a particular area of study, which is why the approach was also relevant to this study. Creswell suggests that the qualitative method is suited for instances where the research is new and there is wide debate about the topic. Accordingly, there has not been much research in this area, nor has it been as prevalent as it is now. There has been much research into the area of labour broking but in most cases the highest qualification of the participants that were hired by labour brokers is matric. The phenomenon of auditors working for labour brokers area has grown in South Africa in the past few years for reasons explained in the background section.

The researcher will build the theoretical base on which future studies can be based. This is because this study's reasoning approach is inductive, there is limited information concerning labour broking in the field of auditing and there are also no relevant theories to test. Gregory and Muntermann (2011, p.9) explain that the inductive reasoning approach helps a researcher gather perceptions of participants in their natural environment and that makes the study conducted "highly relevant". The steps for inductive reasoning are the following, and Gregory and Muntermann (2011) report that the steps lead to the amplification of existing knowledge and a deeper understanding of the concepts investigated:

- Observation.
- Observing a pattern.
- Developing a general conclusion or theory.

The above steps will help the researcher identify the status quo concerning labour broking in the field of auditing in South Africa while also identifying the reasons for chartered accountants choosing temporary employment through labour brokers. This will be achieved through qualitative research methods and techniques. Inductive reasoning is, therefore, subjective and it is relevant when a researcher seeks meaning concerning a particular phenomenon (Dudovskiy, 2022). This is the case in this study because the researcher seeks an in-depth understanding of the reasons why professionals in the field of auditing choose temporary employment through labour brokers.

The paradigm guiding this research is the transformative (critical) paradigm because, according to Kivunja and Kuyini (2017, p.33), a transformative paradigm "situates its research in social justice issues and seeks to address the political, social and economic issues, which lead to social oppression, conflict, struggle, and power structures at whatever levels these might occur". The social issue of interest is labour broking and the concepts associated with it such as unfair treatment and the exploitation of temporary employees. Therefore, the study seeks to contribute toward justice for temporary employees in South Africa, with a focus on the field of auditing. Romm (2015) states that a transformative paradigm may be applied where the researcher gathers data through methods such as interviews, social observations, interactions and focus group discussions. Mertens (2017) highlights that a transformative paradigm's foundational philosophy is to address and promote issues relating to the following: moral, cultural respect, social justice, and human rights, as well as inequity and reciprocity. This is the focus of the current study concerning seeking justice for temporary employees while advocating for such employees to be treated equally to permanent employees by organisations.

3.3 Research design

A research design refers to the “procedures for collecting, analysing, interpreting and reporting data in research studies” (Creswell & Plano Clark, 2007, p.58). It gives details on the general plan of the study to connect the concepts and achieve the aim of the study (Akhtar, 2016). What this means is that a research design outlines the methods, techniques, and procedures followed for the collection and analysis of data. Grey (2014) explains that the above is performed to illustrate how all the methods and techniques contribute to answering the study’s research questions.

An explanatory research design was applied in this study because the focus is on the “why” factors concerning labour broking and there is also limited information the study will form a basis for further research in the field (Akhtar, 2016). As per the guidance by Strydom (2013, p.156) concerning applying explanatory research through the collection of qualitative data, the following was ascertained by the researcher: “giving explicit reasons for a phenomenon, presenting the underlying logic or common sense, drawing on other theoretical or empirical evidence, and describing wider applications for the findings”.

3.4 Data collection methods

3.4.1 Content analysis data

Articles, organisation reports, and South African labour law documents will be gathered for the qualitative content analysis part of the study. According to Shava, Tlou, Shonhiwa and Mathonsi (2021), qualitative content analysis entails systematic steps followed for the analysis of documentation or published articles (secondary data). The researcher will extract the needed information, analyse it, and report on the findings accordingly.

3.4.2 Semi-structured interviews

Semi-structured interviews of the participants who work at labour broking firms as well as auditors were guided by a list of questions in an interview guide. In semi-structured interviews, participants can ask the researcher questions for clarity while the researcher benefits because participants often add extra information in open-ended questions. This extra information may help the researcher identify further gaps in the field or get an in-depth understanding of the concepts investigated (Adams, 2015). The open-ended questions captured the perceptions of the participants adequately because they used their own words to answer and elaborate accordingly.

The researcher developed a list of questions that guided the semi-structured interviews and that helped to make sure there was a focus on obtaining information needed for answering this study's research questions. The questions asked were directed at getting an understanding as to why these highly skilled professionals choose temporary employment, what vacuum is being occupied by the labour broking firms, and if the workers are treated well or experience the challenges faced by people working for labour brokers. This was critical in making recommendations to make the model work better or taking lessons and applying them to other sectors of the economy. The study focused on labour brokers only on highly skilled professionals in Gauteng and all interviews will be conducted over less than 12 months. Auditors who have worked for the above-mentioned labour brokers were identified and interviewed.

3.5 Sample and sampling method

In many instances, like the one in this research scenario, it is not possible to test the entire population (Saunders, Lewis, and Thornhill, 2009). The population would be all the labour brokers who have employed auditors and the auditors who have worked for these labour brokers. This is impractical.

Non-probability sampling was used because it is a sampling technique that entails selecting participants by applying non-randomised methods, and it is also applied based on subjective judgment by the researcher (Parveen and Showkat, 2017). The participants were chosen because the researcher has easy access to them due to their geographic locations in the Gauteng Province.

Purposive sampling is the type of non-probability sampling that was used in this study because the pre-selected participants were judged by the researcher. To the researcher's knowledge, the pre-selected participants have the information needed to help the researcher achieve the study's research questions (Palinkas, Horwitz, Green, Wisdom, Duan and Hoagwood, 2015). The initial eight participants to be interviewed have been pre-selected, however, more will be selected if saturation is not reached with the collected data. Inductive thematic saturation will be used for judgement and the researcher will stop interviewing more participants when there are no longer any newly emerging themes from the collected data (Saunders, Sim, Kingstone *et al*., 2017).

3.6 Procedure for data collection

The literature review performed forms the foundation of this study and it provides the theoretical basis that guided the researcher on the relevant research approach and data collection methods. As stated before, labour broking is new for skilled professionals, but we have used the experiences of labour broking to inform behaviours that could be present.

Determining if and how temporary employees are exploited is the core of this study. Other questions that are contemporary and adapted to our study are the function that these labour brokers serve in the economy and the auditing industry. This will help the researcher to understand why they are necessary and why these professionals choose to work in this model.

3.7 Data analysis

To analyse the labour laws of South Africa as well as the available grey literature concerning labour broking and how temporary employees are treated, the researcher will apply content analysis (Shava *et al*., 2021). The stated legislation in the labour laws will be compared to recent reports to measure if there have been any changes, especially since the amendment of the LRA in 2014. The gathered information will be used to compare with the primary data collected from participants.

The primary data will be analysed using thematic analysis and the themes will be identified when the data is prepared for analysis. If there are any interrelations between the themes they will be identified through a comparison of the responses by the participants. Braun and Clarke (2006, p.78-82) share the following general steps for performing a thematic analysis:

1) Familiarise yourself with the data (it involves reading and transcription of the data, providing a foundation for the steps to follow).
2) Generating initial codes for the data.
3) Identifying themes (thereby starting with the interpretative analysis).
4) Reviewing the identified themes.
5) Defining and naming themes.
6) Producing the report.

For ease of data management and coding, the data will be summarised manually in an Excel spreadsheet following the identified themes and coding.

Thematic analysis will, therefore, help the researcher to corroborate the identified themes with the study's theoretical framework. A theme captures something important about the data about the research question and represents some level of patterned response or meaning within the data set (Braun & Clarke, 2006).

3.8 Trustworthiness

3.8.1 Credibility

A researcher is expected to take actions that aim to ascertain that there is supporting evidence that the information shared as well as the study's findings truly represents what was studied. This will be achieved by using triangulation, which is the checking of similar publications in the same field to identify patterns (Stahl & King, 2020). This will also be facilitated by the inclusion of only peer-reviewed articles and accredited organisational reports sources, as a way of ensuring that the information provided is reliable.

3.8.2 Transferability

Detailed contextual information is provided in this study and it makes it easy for the reader to relate the research to their situation or other similar situations (Johnson, Adkins, & Chauvin, 2019). This indicates the extent to which the findings of this study can be compared to other groups. The researcher will ensure transferability by giving detailed information on the sample frame, demographic information, results, and findings are provided to allow the reader to be able to relate and make comparisons.

3.8.3 Dependability

To facilitate dependability, and ensure that the study can be easily repeated, the researcher will share enough details in the report concerning how the research process was performed. Dependability is a measure of the consistency of the methodology followed, indicating its potential to produce the same results when the study is repeated. The researcher will explain and give details on how each step was performed and why. According to Nowell, Norris, White *et al.* (2017), the researcher will then benefit from this because they will be empowered to comprehend the procedures, therefore being highly efficient in conducting the research.

3.8.4 Confirmability

To ensure that the results are a true reflection of the analysis, and not biased by the researcher’s interpretation, the researcher will take the needed measures to ascertain that there is confirmability (Johnson *et al*., 2019). This will be done by comparing the results of this study with the results of other studies, to check if the results are in-line with those of the previous studies. Therefore, checking the consistency of the results of the study with those of studies by reliable authors in the field. The comparisons will be performed in the discussion chapter of the study which will lead to the conclusion of the findings.

3.10 Ethical considerations

Ethical considerations entail the steps researchers take to protect human and organisational participants. Arifin (2018) states that ethical considerations are extremely important in qualitative research because of the depth provided by the research approach through interviewing participants. This is even more true when participants are vulnerable people who may be easily frustrated and overwhelmed during interview sessions, such as the physically or mentally challenged.

The study will only commence upon receiving approval and ethics clearance from the relevant committees. This will serve to ascertain that the proposed study adheres to the ethical standards of qualitative research.

Anonymity and confidentiality will be prioritised by ensuring that no information is shared that may make the organisation and participants identifiable (Ryerson University, 2017). Therefore, protecting the identity of the participants as well as the organisations they are affiliated with. This anonymity and confidentiality will assist the participants in being honest in their feedback. The research is also conducted in an auditing context where the participants are required to keep the information of clients confidential according to the SAICA professional code of ethics (SAICA CPC, 2018). We intend to adhere to these principles and not violate the privacy of any of the companies that these auditors work for.

The labour brokers and the temporary employees will not receive any incentives for participation (Kang & Hwang, 2021). However, the researcher will explain in detail why their contribution would add value to the findings of the study.

Informed consent involves the researcher taking the necessary steps to ensure that participants are fully aware of why they need to participate so they can make an informed decision (Newman, Guta and Black, 2021). The researcher will brief all the participants, explaining the aim of the study as well as the intended contribution to the field of auditing, as it relates to temporary employment issues. Participants will also be made aware that they are allowed to stop at any point during an interview session if they have reconsidered their decision to participate.

The other area that requires ethical behavioural is the conducting of the interviews and analysis of the data. It is easy for researchers to bring their own behavioural bias into their analysis and interviews. There will not be any manipulation of participants during interview sessions to lead to bias in the results.

3.11 Conclusion

This chapter gave an outline and discussion on the research methodology followed to answer the study’s research questions. Through qualitative research philosophies and related methods, the research questions will be answered, and the findings shared accordingly. The results and discussions obtained when data were analysed are shared in the next chapter.

4 CHAPTER FOUR: FINDINGS

4.1 Introduction

This chapter is a representation of the results obtained after analysing data collected to answer the following research questions during semi-structured interviews: Why do auditors choose to work for labour broking firms? What role do labour brokers play within the auditing profession? What are the perceptions of auditors engaged in the auditing profession in South Africa about labour brokers? The chapter is structured according to the research questions as well as other themes that emerged during the data preparation and analysis process. The results were obtained when we performed a thematic analysis of the primary data and, as per the belief of Braun and Clarke (2006), they represent a particular level of patterned response or meaning within the data set. Therefore, helping the researcher get a deep understanding of the collected data and how it serves to answer the study's research questions.

The sub-section to follow gives the background of the participants of the study, which shows that participants of this study were suitable for providing the information needed to achieve the desired outcome of this study.

4.2 Participants Backgrounds

We interviewed 8 participants in search of the answers to the research questions of this study. The saturation point was reached with 8 interviews when we felt that the answers were repetitive and solid patterns had emerged. A saturation point is a state during the data collection and preparation process where no new information emerges any longer and no new codes can be generated (Saunders *et al*., 2017). Table 4.1 is a representation of the backgrounds of the participants of this study.

Table 4.1 The backgrounds of participants

Participant	Employer	Profile	Age
Interviewee 1	Sapro	Completed articles in 2022	24 - 35
Interviewee 2	Sapro	Completed articles in 2021	24 – 35
Interviewee 3	Sapro	Completed articles in 2021	24 – 35
Interviewee 4	Sapro	Completed articles in 2021	24 – 35
Interviewee 5	Sapro	Completed articles in 2021	24 – 35
Interviewee 6	Makosi	Completed articles in 2021	24 – 35
Interviewee 7	Makosi	Completed articles in 2021	24 – 35
Interviewee 8	Makosi	Completed articles in 2021	24 – 35

(Source: Self-developed)

The questions asked during the semi-structured interviews are discussed in the sub-section to follow.

4.3 Thematic analysis results

The sub-sections are as per the research questions of this study and the results are shared accordingly.

4.3.1 Auditors' reasons for choosing to work for labour broking firms

There were identified themes concerning why auditors choose to work for labour broking firms and they are discussed below.

Theme 1.1: Filling unemployment gaps after articles.

Most of the participants of this study indicated that they were unemployed after serving articles and were searching for jobs. This then led them to choose work for labour-broking firms because they viewed it as an opportunity to close the unemployment gap, but not as a long-term career. One respondent who was contracted with Makosi for over one year stated that:

> *"Uhm, for money........... for me as a mother and a wife it's a win-win situation......I get to spend enough time with my baby and my husband, I don't have to travel to and from work so, yah, it was for the work-life balance" (P1)*

Another said:

> *"I was done with articles in December, and I was unemployed, so this was the only available option at the time, but I also didn't stop looking for a job because I knew I wanted something, like, more permanent" (P7)*

While a participant from Sapro said:

> *"I, uhm, had no other options and I wanted to gain some experience.......... also, the fact that I would be working remotely during a time when there was the Covid-19 pandemic was very very attractive for me" (P4)*

And another said:

> *"Firstly, uhm, the fact that it pays in an international market, that was the main thing that attracted me.......initially, I thought we were going to travel but that was not the case...........secondly, at the time of serving articles they were the only ones who offered so that's why I chose them" (P2)*

The participants generally mentioned that remuneration was also a major factor in their choice of contractual work because it helped them negotiate their salaries and benefits when seeking employment elsewhere. This theme is discussed in detail below.

Theme 1.2: Great remuneration

It emerged consistently from the interviews that the remuneration that participants were receiving was higher than they were offered elsewhere in the South African market. The remuneration attracted many auditors to the labour broking arrangement even though they were on short-term contracts. Some of these contracts are then converted to permanent employment by the labour broker, and the auditors are deployed to different host firms all year round.

A participant who was with Makosi for 3 months said that he only did so because it was not only a way of getting an income while looking for permanent income, but it also gave him confidence when negotiating his salary. The participant said that:

"I am now highly paid because I was able to negotiate and I'm now at the top when it comes to my salary compared to my peers" (P7)

A participant who worked for Sapro said that:

"The remuneration package is absolutely attractive.......getting a salary that was triple what I earned when I was serving articles was very attractive" (P4)

In agreement, a participant who had worked for a South African audit firm stated that he purposively joined Makosi because of the lucrative remuneration as a strategy for salary negotiations in future. Also added that it was after the contract he had with a South African audit firm where they paid him much less. The participant said:

"It was the end of my contract with a South African firm........ and I knew that the remuneration would help me in future to negotiate with other firms" (P8)

The other notable discovery was that the remuneration included benefits like employers' contributions to medical aid and retirement funds. Makosi and Sapro had created a product with the retirement funding and medical aid industries to allow their members to join even though they were on contract. This is extremely responsible corporate citizenry by Makosi and Sapro. However, a participant explained in detail that, the above only applied before October 2022 at Sapro because from then things changed, stating that:

"So basically how it was explained to me was that Sapro will not be contributing, so you can decide whether you want to take medical aid, your own retirement fund or not.........whereas you find that people who joined early on in the year they have a basic salary, internet allowance, grocery allowance...." (P3)

The organisation now gives different options for contracted auditors, there is a fixed contract and a fixed-permanent contract. Where the company only subsidises medical aid, retirement, and other allowances for those who choose the fixed-permanent option. This means that those with a fixed contract will choose to pay fully for medical aid and retirement while not getting various allowances as the fixed-permanent and the permanent auditors.

One participant mentioned that there were differences in benefits between contracted employees too, meaning that those who accepted the offer were given fewer benefits compared to those who negotiated. At the same time, some received more allowances compared to others because they were not cognisant that such benefits were offered by the organisation. This shows that there is unfairness when it comes to how contracted employees are treated and exploited.

Theme 1.3: Flexibility

Accordingly, participants reported that they joined Sapro and Makosi because they were attracted to the flexibility that it offered to work from home and work flexible hours. This allowed them to pursue a better work-life balance. One of the participants had a young baby and working from home allowed them to spend more time with their child. The participant stated:

> *"I have babies who are small now and I need to take care of them, also I felt that I needed to spend more time with my husband......... but things will change when the babies are grown and I don't need to be around them a lot, so my choice was because of the work-life balance working from home provided" (P1)*

Another participant said:

> "I really think they do offer flexibility, uhm a lot, and that does help with mental health" (P4)

While the other said:

> *"Remote working means I can work from anywhere, as long as there is an internet connection. Because I like to travel and I can do so during the month when it's not so busy, while also being able to send reports and achieve my weekly goals when I work with Sapro" (P5)*

The benefit of flexibility was appreciated by all participants, however, one participant stated that it was not enough for him to not seek permanent employment fast because he was looking for stability.

Theme 1.4: Exposure to international clients listed in the USA and Britain.

Five out of the 8 participants spoke about the attraction of working with international clients while staying in South Africa. The participants indicated that they managed to get exposure to international clients and areas like US Gaap, and the Sarbanes Oxley act, which they otherwise would not have. One participant said:

> *"I initially thought we were going to travel and conduct the audits in person abroad but, yah, due to lockdowns and all that, that was not the case......... ultimately we had the opportunity to work with international clients" (P2)*

Another participant indicated that:

> *"I thought I would be getting better exposure because of the international clients I would be working with" (P6)*

According to the perceptions of the participants, some multinational companies in South Africa value international exposure as a skill to report in line with those requirements. One of the participants commented that they were also attracted to the chance to work with the big four international audit firms at once, stating that it strengthens one's CV when one is familiar with as many firms' audit methodologies and software as possible.

4.3.2 The role played by labour brokers within the auditing profession

Theme 2.1: They provide flexibility in the job market.

The participants stated that labour brokers provide opportunities to work for young auditors who have just completed their articles and are looking for the next opportunity. The participants said that they observed that labour broking forced the local market to increase the salaries of auditors to be competitive.

One respondent stated that she had noticed that some South African audit firms have emulated how Sapro operates, indicating that the organisation is setting the bar to be innovative flexibility. The respondent said:

> *"Honestly, I believe that Sapro is a game changer, and they are setting the bar high for audit firms .... you have a better chance of going abroad because of the exposure, at*

the same time they give you enough salary that comes with allowances such as grocery allowance while you also have benefits such as some time off for wellness purposes. This is something that I have not heard of provided by South African auditing firms yet". (P1)

A participant who stated that he joined contracted work mainly so he could negotiate his salary in future said that:

"For me, it was about the money, I knew that I would be able to negotiate for my salary in future" (P8)

The employees are not at the office full-time, and they are allowed to work from home while providing the expected level of productivity. This saves the employees time and money that could have been used to transit to and from work.

The above means that labour broking firms add economic value to the auditing industry and also South Africa as a whole, providing jobs and adding to the number of economically active citizens in the country. While also providing valuable experience for entry-level auditors mostly and giving others chances to experience remote working when they have other priorities such as focusing more on family and raising kids.

4.3.3 Perceptions and experiences of auditors concerning labour broking.

Theme 3.1: Uncertainty

The participants mentioned the issue of uncertainty and not being able to plan for the future. Another participant also mentioned that there is a high level of anxiety associated with not knowing if one's contract will be renewed or if one will find another job. One participant said:

"With a contract, you cannot make a commitment for the long term........ I could not make plans for buying property or even a car because I was not permanently employed, and nothing was guaranteed" (P2)

Another participant said:

"Sapro is very very performance based, if you don't meet their ratings they will tell you that they no longer need your services......so you will be uncertain if your contract will be renewed" (P4)

Theme 3.2: Abuse

None of the participants mentioned experiencing any form of abuse because of their temporary employment in this study. All participants stated that they were treated with respect and there was also mutual respect between them and the clients they were working with. One participant said:

> *"No, none whatsoever" (P4)*

While another mentioned:

> *"I had worked with a South African firm where the environment was toxic, so I was relieved to be treated with respect" (P8)*

This is commendable because participants from both Makosi and Sapro reported not having experienced any form of abuse as contracted employees.

Theme 3.3: Differences in treatment between contracted and permanent employees

One participant who worked with Makosi stated that he could not comment on the difference between contracted and permanent employees because he was only with the organisation for 3 months. The participant said:

> *"I feel it was too short for me to comment" (P7)*

While the rest of the participants stated that they did not feel any difference in the way they were treated. One participant stated:

> *"I can't say there is a difference.....the only thing is the paper where you signed......you won't even tell really" (P1)*

This means that they did not experience any discrimination. However, one participant said that she realised that some communication emails are only sent to permanent employees but not those who are contracted. The participants said:

> "There was discrimination when it comes to training for future projects....... and I also noticed that permanent employees received some email that I never did.......which is also understandable because my contract was ending" (P4)

This makes sense because contracted employees cannot be included in the plans of the organisation.

4.4 Conclusion

This chapter presented the results obtained during the semi-structured interviews, and the results are discussed in the next chapter which is a presentation of the findings of this study.

5 CHAPTER FIVE – DISCUSSION

5.1 Introduction

In Chapter 1, the purpose of this study was discussed, and it was to investigate the recently observed exponential increase in the role of labour brokers. The focus is on the South African context and the auditing profession. The chapter gave the background of the study, the research problem, the research questions, and the rationale for conducting the study.

Chapter 2 formed the first part of the data analysis, where secondary data analysis of the published literature was performed. Social Comparison and Social Exchange theories were also discussed as they relate to the concepts investigated in this study. The conceptual framework was also discussed to illustrate how concepts are associated with each other.

Chapter 3 is the research methodology, where the researcher shared information on the chosen research approach and design. Data collection and analysis methods are also discussed, as well as parameters applied to measure the trustworthiness of the data collection methods and the data collection tool.

Chapter 4 gives a discussion of the empirical part of this study, where thematic analysis results of the semi-structured interviews are discussed. The discussions are performed per the questions asked to participants and the identified themes within each question.

The present chapter discusses the findings of this study.

5.2 Discussion and Conclusion

5.2.1 Auditors' reasons for choosing to work for labour broking firms

Theme 1.1: Filling unemployment gaps after articles.

The process of becoming a Chartered Accountant (South Africa) involves acquiring a three-year undergraduate degree, and a one-year honours degree, this is then followed by three years of serving audit articles where the trainee undergoes intense training. During the three years of training, while serving articles, the candidate also writes two sets of board exams (ITC and APC), upon success, they then become a CA (SA) (SAICA, 2023). The expertise accountants acquire allows them to be important for organisations due to four main reasons: 1. Their financial expertise, 2. They effectively provide strategic insights, 3. They are flexible because that is how they are trained, and 4. They are needed for forecasting. This means that accountants are not only focused or needed for financial-related responsibilities, but they also perform managerial duties in organisations (Dwaase, Awotwe & Smith, 2020). Accountants are also identified as possessing scares skills in South Africa, which then means they are expected to not struggle with employment after becoming qualified. However, Mhlongo (2020) states that there is now a higher number of accounting students in South Africa that, coupled with the significantly high unemployment rate, has resulted in entry-level jobs being highly contested. The above is reflected in the explanations of participants of this study because they indicated that they were unemployed after serving articles and were searching for jobs.

The literature points out the outsourcing of South African accountants and auditors by the United States of America (USA) that took place due to the “great resignation” as one of the significant impacts of the COVID-19 pandemic. However, what happens is not considered temporary employment in the South African context because the contracts are over 3 months. Auditors are contracted through South African labour brokers, and they then work with international clients from the United Kingdom (UK), Ireland, the Netherlands, and the Middle East, for example. This is an opportunity usually attractive to entry-level qualified Chartered Accountants (CA) needing both work experience and exposure. As South African Cas is considered the best globally, this study was concerned with why they often opt for contracted employment.

The Social Comparison and Social Exchange theories were consulted to help in the understanding of why auditors choose contracted work and how their experiences have affected them. These theories assume that people compare themselves to others for various reasons, such as self-improvement, self-enhancement (motivated by the failure or mediocre performance of others), to study behaviour that is considered the norm, and to get information about others with the hope of connecting with them as associates. In the context of this study, temporary (contracted) employees are assumed to compare themselves to permanent employees. This is a social comparison relating to the workplace and how they perceive others and themselves when it comes to the work environment as well as employee benefits.

Theme 1.2: Great remuneration

The participants of this study were attracted by the high remuneration that they were receiving, which was higher than they were offered elsewhere in the South African market. The remuneration attracted many auditors to the labour broking arrangement even though they were on short-term contracts. The remuneration of entry-level accountants in South Africa remained between R550,000 and R650,000 for over a decade, while it is between R750,000 and R982,000 when they are contracted by international companies in, *inter alia*, the United Kingdon (UK), the Netherlands, and Ireland (BusinessTech, 2021).

Participants also said that they received medical aid and retirement benefits as contracted employees, but it differed depending on the accepted contract by each employee. Although this shows a certain level of unfairness, it also shows that the auditors need to do some research before accepting the offered contract. Some of the participants said that those with a fixed contract will choose to pay fully for medical aid and retirement while not getting various allowances as the fixed-permanent and the permanent auditors. To the researcher's knowledge, there is currently no published information in the literature concerning how contracted or temporary employees are treated differently when it comes to benefits and allowances.

Flexibility, medical aid, and allowances are benefits that are valuable for employees and organisations are cognizant of this, hence the development of a benefits program that is suitable for the specific organisation (Morton & Sethabela, 2019). The benefits offered by flexibility are discussed below.

Theme 1.3: Flexibility

Participants of this study all reported that they enjoyed the flexibility provided by contracted work. The benefits of the flexibility that comes with working from home also include stress reduction because employees no longer have to experience traffic jams daily and added to this, findings of Belaman, Aziz, Kadar, Anyau, Hanafi, Sharif, and Binti (2022) show that some employees become more productive when they work from home to at a formal workplace. Overall, the findings of the study conducted by Figueroa (2022) where participants were Accounting Business Process Outsourcing employees, showed that the accountants appreciated the benefits of saving two major life resources: money and time.

Theme 1.4: Exposure to international clients listed in the USA and Britain.

Some of the participants indicated that they were glad that they had a chance to interact with international clients because they could learn more in areas like the US GAAP, and the Sarbanes Oxley Act. Accordingly, international exposure has benefits in that one gets an opportunity to explore skills that will render them flexible while also creating opportunities for them to enter the international market (AccountancySA, 2023). This means that the experience is valuable, and it allows the accountants to have wider options in terms of where they would like to work and what type of work, they would like to specialise in.

5.2.2 The role played by labour brokers in the auditing industry

Theme 2.1: They provide flexibility in the job market.

Macro-level economic conditions affect labour force dynamics and may lead to employment instability, Alon (2022, p.25) explains that "economic-cycle fluctuations determine the chances of obtaining secure and stable employment, the extent of the sample selection problem, and the degree of bias in the measurement of precarious work". Labour flexibility has resulted because of the limited availability of permanent employment globally, especially after experiencing disruptive global and local events that led to the shutdown of some companies, such as the Covid-19 pandemic, the July 2021 unrest, and the KwaZulu Natal floods in South Africa.

Accordingly, labour flexibility is a multifaceted concept that can be viewed on either a micro or macro level. Overall, it is a reflection of how fast or slow the labour market reacts to macroeconomic conditions when they change (Eamets & Jaakson, 2014). At the macro-level institutional flexibility is of concern and it relates to the extent to which government institutions and trade unions when it comes to regulating the labour market. Therefore, including "labour market regulations, labour policy, trade union activities and labour taxes (Eamets & Jaakson, 2014, p.747). While micro-level flexibility is concerned with labour market mobility that consists of factors such as employment and unemployment, domestic and international migration, and organisational-level job creation (Eamets & Jaakson, 2014). According to Duval, Ji, Li, Oikonomou, Pizzinelli, Shibata, Sozzi, and Tavares (2022), there can be a lot of available jobs in the economy but with fewer available job seekers, this can be due to factors that include changes in job preferences as we have observed with some auditors preferring contracted remote working. So, the flexibility provided by labour brokers means that auditors can easily choose who they work for while having the freedom to negotiate remuneration plus employment benefits.

However, the participants of this study acknowledged that, regardless of the benefits of flexibility, contractual work is a short-term solution and is not looking to be permanent. In agreement with the report by Duval *et al*. (2022), participants of this study stated that labour brokers have also increased the salary competitiveness offered in the South African market because they offer higher salaries than the South African labour market. This is shown by how entry-level accountants are paid just over R200 000 more internationally (BusinessTech, 2021), for example, and it has been observed by the participants to have forced the local market to increase the salaries of auditors to be competitive.

5.2.3 Perceptions and experiences of auditors concerning labour broking

Theme 3.1: Uncertainty

All the participants of this study showed concern that emanated from the uncertainty of being a contracted employee. This is as highlighted by Rodrígues (2022), short-term contracted jobs only have short-term benefits that are usually financial, however, the uncertainty and insecurity result in psychological distress. It means that contracted employees cannot apply for property or buy material belongings such as cars that will make their lives more comfortable.

Theme 3.2: Abuse

Participants of this study stated that they did not experience any form of abuse because of their temporary employment. There are no recent publications concerning how South African temporary and contracted employees are exploited by organisations as was the case in the report by Tsoose and Tsweledi (2014) and Allerter (2016). Which were mainly focused on policy amendments for temporary workers and how trade unions should continue fighting for such workers. As the findings of the study conducted by Ciliwe (2016, p.41) showed that “the goal of the promulgation of the 2014 Labour Relations Amendment Act amendments was to improve the relationship between temporary workers and their employers”.

The literature shows that temporary employees are treated unfairly and are often also dismissed unfairly. This is partly a result of the identified loopholes in the legislation and shared responsibilities in the three-way relationship between the temporary employee, the labour broker, and the client. Regardless of the actions taken by trade unions to ensure the amendment of the LRA, there have been reports of abuse and exploitation of temporary employees. This has also been a reality because, in the past, temporary employees were not represented by trade unions. Without having a mediator and representation by trade unions, temporary employees could not fight back when treated unfairly.

Theme 3.3: Differences in treatment between contracted and permanent employees

Almost all participants of this study stated that they did not feel any difference in the way they were treated. This means that they did not experience any discrimination. However, one respondent said that she realised that some communication emails are only sent to permanent employees but not those who are contracted. This makes sense because contracted employees cannot be included in the plans of the organisation. When it comes to unfair treatment, the researcher found that, again, publications are more focused on legislation but not on what is happening in workplaces (Botes, 2017). Therefore, the focus is on what should be happening, without the voices of temporary and contracted employees being heard in the boardrooms where policy decisions are made.

Overall, the literature reports that challenges faced by temporary employees include a lack of trade union representation, the struggle to become a permanent employee, lower remuneration compared to permanent employees, and unfair dismissal. The clients of the labour brokers cut costs by paying temporary employees less while also excluding them from medical aid subsidies as well as other employee allowances. The benefit mentioned in the literature about Temporary Employment Services (TES) is the flexibility it provides because temporary employees work from home, or they work flexible hours. However, one cannot ignore the work experience that temporary employees possess which is surely helpful in job applications.

5.2.4 Further insights

As a way of helping participants to be more comfortable during interview sessions, the researcher asked more questions so participants could share more information that could be used for this study while also guiding future research avenues. Pessoa, Harpa, Santos, and da Silva Gracino (2019) explain that this is a way of getting participants of a study to share deeper meanings concerning their experiences, therefore, allowing the researcher to record the real perceptions of the participants. The extra questions asked by the researcher led to the themes discussed below.

Theme 4.1: Different time zones

All participants mentioned that working with international clients meant that they had to synchronize their working hours with the rest of their teams in the United States of America (USA) and other countries. The USA can be 4 to 10 hours behind South Africa depending on which time zone in the USA they are working with. South African time is 9 hours ahead of that of the centre of the USA while it is 7 hours ahead of Wahington, DC for example (travelmath.com). Most of the participants spoke about having to start work in the afternoon and working until after midnight. This can be a challenge to synchronize life with people in South Africa and can lead to isolation and a struggle to build community.

The participants indicated that it did not take them long to adjust, with one saying that it took them about two weeks to transition from working from 08h00 to 17h00 to working from 15h00 until 00h00 and beyond. The other respondent said that this was not an overwhelming challenge for him, but the “real” challenge was having to prepare for 08h00 meetings in South Africa after having slept in the early hours working with international clients.

Theme 4.2: Cannot have work-related social relationships with colleagues.

Another challenge is that when one is working remotely with people based in other countries, it is difficult to build community with colleagues. This leads to a feeling of isolation at times and takes away from the community we need to have at work. The lack of work-related social relationships has been reported to lead to loneliness when working remotely and Miyake, Odgerel, Hino, Ikegami, Nagata, Tateishi, Tsuji, Matsuda, and Ishimaru (2022) add that the feeling of isolation plus loneliness also emanates from a lack of praise by supervisors. This shows that these feelings surface because of limited physical interaction which is usually the norm in the corporate world.

Theme 4.3: Poor internet connection and load shedding

South Africa reportedly has the fastest internet speed in the African continent; however, the mobile download speed (68.8 Mbps) is below the global average mobile download speed of 77.7 Mbps. The country is at number 46 globally when it comes to downloading speed and it is followed by Mauritius, Morocco, and Botswana (Ngila, 2022). In a study where empirical studies were reviewed to explore digital transformation in South African rural areas, the findings showed that limitations caused by the lack of infrastructure were major challenges (Aruleba & Jere, 2022). The study's findings also showed that there is a challenge when it comes to affordability, and this is not only a challenge in rural areas but throughout the country. Without being too technical concerning the issue of slow internet, many factors in South Africa led to a slow and weak internet connection. Cetty, Sundaresan, Muckaden, Feamster, and Callandro (2013) state that some of the reasons for the slow internet experienced in South Africa include the network paths from servers to users being affected by the geographic areas, limited reliability of service providers, and extremely limited investment in local servers and infrastructure.

The issue of load shedding also results in no internet connection in some areas in South Africa, meaning the auditors could not work at all. Load shedding refers to planned power cuts that South Africa has resorted to because of the high demand for electricity while the supply is lower (City of Johannesburg, 2018).

Theme 4.4: The precarity of working on a contract.

All the participants bemoaned the precarity of working under contract. They pointed out that one was not able to buy long-term assets like a house on contract. They could not plan for the long term because they were unsure whether the contract will be renewed or not. There is also the issue of uncertainty because they did not know for sure if their contracts would be renewed or if they could find another job should their contracts end with Makosi or Sapro.

Such challenges are faced by young people mostly globally when entering the labour market, where they are sometimes not even given a contract to sign. Marchese (2022) reports that, in Italy, young people are exploited, and they mostly have informal jobs while women are hardly considered for work. This means that informal employees and those with temporary jobs are constantly afraid of losing their jobs while they are underpaid and not receiving any employment benefits. Irvine and Rose (2022) reviewed the literature concerning the impact of precarious work on one's mental health and they defined precarious work as any type of work out of the norm (permanent employment where one is working on set days and working hours). This includes informal employment, contracts, freelancing, and self-employment. The findings of the study indicated the following four themes: financial instability, temporal uncertainty, marginal status and employment insecurity. These are some of the concerns that were expressed by participants of this study, indicating that they are universal concerns for those who are not permanently employed.

Theme 4.5: Training

Training employees is important because it helps the employees to perform their tasks better and become more productive. Hence the management of every organisation needs to have an effective training program that is also constantly evaluated and reviewed as the training needs of the employees evolve (Rodriguez & Walters, 2017). Although the performance of employees is affected by multiple factors, training and development remain one of the most significant factors (Rodriguez & Walters, 2017). The outcome of effective employee training and development is listed as observed changes in habits, attitudes towards work, skills, and knowledge (Nwoka, Chukwu & Ordua, 2022). Therefore, translating into notable improvements in employee productivity and performance.

Participants of this study generally stated that they only received basic training and were expected to outperform themselves without receiving adequate training. One respondent said that she was overwhelmed because she was expected to just know what to do at the supervisory level and deliver on time. Two participants said they were only able to cope because of the experience they had while working for other organisations, otherwise they would have not been able to survive the pressure. Most participants expressed concerns over not receiving enough training when it comes to preparing for working with a new international client. This is because the software used for auditing differs between clients and one needs to be trained to effectively use the specific software. However, two participants said they were happy with the amount of training they received and that it was done beforehand, which helped them to be well-prepared to work with new international clients.

In numbers, 4 participants said that training was inadequate, 3 people said that they were placed with host firms that were similar to their background experience (which allowed them to excel at their work), while one of the participants struggled with their deployment and could not adapt to the requirements of the host firm and the new responsibility of reporting using the US Generally accepted accounting principles (Gaap). This means that there was an intentional reliance on experience for the contracted employees by Makosi and Sapro and matching the auditors with the host firms' needs based on this (which helped the auditors excel where they are deployed).

There was a respondent who struggled on their job and Sapro could not lace them on any more jobs for the rest of their contracts. This is because the environment is highly performance driven with the host firms expecting skilled auditors who have already gone through their training period and the environment is not sympathetic to bad performance.

Theme 4.6: Organisational support

When employees receive support in the workplace, they thrive because of a reduction in their stress levels that may be due to the pressures of their daily tasks (Guan &

Frenkel, 2020). The support employees receive at work is crucial because it also improves their job performance, and this is one of the reasons why managers and supervisors should ensure that employees receive all the support they need (Mughal, 2019). Participants of this study said that they were assigned an engagement manager and a “buddy”, where the manager is from Makosi or Sapro and helps with any challenges faced by employees while a buddy is an employee who has worked with a particular client and offers guidance on how to deal with the client plus helps with the software used by such a client. However, because this is at an individual level it means that each employee will have a different experience. For example, one respondent stated that she did not have a pleasant experience with her buddy, but she knows a fellow employee who has received enough support from their buddy. In general, participants stated that Makosi and Sapro did their best to ensure that employees received all the technical and professional support.

Theme 4.7: Organisational culture

Organisation culture is made up of three main components that include: 1. How employees conduct themselves in the workplace, 2. Employees' attitudes, temperaments, and cohesiveness of staff, and 3. The vision and values of staff and leaders (Galli, 2022). Organisational culture, therefore, defines the workplace environment. Akpa, Asikhia, and Nneji (2021) state that employees need to have similar goals and values for an organisation’s performance to be satisfactory.

Participants of this study stated that the culture at both these organisations, Makosi and Sapro, is commendable. A respondent who had worked for a South African audit firm before joining Makosi said that he was happy to find that there was no toxicity and that he was respected. Another respondent also mentioned that she felt that she was just not a number, but her opinions mattered and were valued.

According to the findings of the study by Marenus, Marzec, and Chen (2022), more and more organisations now recognise the importance of the various elements of health, which include emotional health. This is reflected by the responses of participants of this study who stated that they feel their emotional and overall wellness is prioritised by Makosi and Sapro. Therefore, the employees are not expected to be robotic as is expected in South African audit firms, as per the perceptions of the respondents.

Theme 4.8: Experiences with client engagements

One respondent mentioned that the level of training accountants in South Africa receive when obtaining their degrees and serving articles is over the average international standard, highlighting that she was well-prepared for engagements with clients as a result. This is not surprising because the South African Institute of Chartered Accountants (SAICA) in South Africa is reported to be the “finest accountancy body”, and it is “widely recognised as one of the world’s leading accounting institutes” (Chartered Accountants Worldwide, 2022). However, another respondent said that there was a mismatch in terms of what USA clients expected from auditors and what Sapro believed the clients wanted. This then was a challenge when engaging with international clients because she was expected to know what to do from day one and to do it effectively using the software the client used. Another respondent said that the issue of pronunciation of some words was initially a challenge for her during engagements because she struggled to effectively communicate with some international clients.

These issues faced by the participants seem to be those that can only be overcome by experience and exposure, which is why the participants reported that they managed to overcome the challenges after a short period, which helped improve their productivity and they obtained better job ratings.

Theme 4.9: The sustainability of the labour broking business model

All participants stated that they did not believe that the business model is sustainable because it is currently profitable for the organisations but there is no room for growth. One participant said that, now that the pandemic is “practically over” more people might want to go back to the norm of working in a formal workplace environment.

Overall, participants saw the business model as a temporary solution to unemployment and international exposure for auditors.

6 CHAPTER SIX - CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter discusses the Conclusions, limitations, and recommendations of the study. The researcher shares the overall conclusion of the study plus recommendations that are guided by the findings. The findings are presented in Chapter 5, and they demonstrate that the research questions were answered by conducting this study.

6.2 Limitations

Limitations of this study emanate mainly from the research approach chosen. Qualitative research findings cannot be generalised because they are concerned with the perceptions of minority groups within a population, and they are not concerned with reporting facts as with the use of numerical data or analysis (Queirós, Faria & Almeida, 2017). This subjectivity is questioned by scholars and it, comparatively, leads to very low reliability and validity of the research methods and findings (Mwita, 2022). This bias would have been reduced if the research was performed on a wider scale across South Africa.

6.3 Recommendations

As it stands, in South Africa, this research is the first of its kind to investigate the issue of labour broking by qualified professionals. This is because most policy developments and amendments are performed without having adequate and detailed information concerning what truly transpires at the bottom. Hence the policies continue to have minimal impact or fail because of the applied top-to-bottom approach.

6.3.1 Practical recommendations

Practical recommendations of this study were made by the participants, however, some participants stated they would recommend contracted employment in the field of auditing while others said that they would not recommend it.

Recommend:

- It is a way of learning about auditing and the different models used internationally as well as software.
- The remuneration is high, and it sets the bar for one's salary with future employers.
- Flexibility because of working remotely.

Do not recommend:

- Not sustainable for long-term professional and personal commitments.
- There is no room for professional growth because only basic auditing tasks are performed, therefore, one cannot grow to become a leader or manager.

6.3.2 Future studies and theoretical recommendations

There is a need for more research to be conducted in this area so the voices of temporary and contracted workers can be heard, in the auditing industry and beyond. Further, research needs to be conducted on a wider scale and also periodically to gather if there are any observable trends in the perceptions of temporary and contracted workers. These studies are important to raise awareness and challenge legislatures to relook at the influence TES have within South African organisations.

6.4 Concluding the study

6.4.1 Auditors' reasons for choosing to work for labour broking firms

Auditors choose contractual work mainly because of the attractive remuneration that is offered by labour brokers, while the second most popular reason is that the auditors were not employed after they finished serving their articles. The other notable reason is that the contractual employment offered flexibility that allowed the auditors to have a desirable work-life balance.

6.4.2 The role played by labour brokers in the auditing industry

Labour brokers provide entry-level auditors with valuable job experience that is also coupled with exposure to working with international clients and learning the different software applied globally. Added to that, labour broking has increased the bar in the market concerning the remuneration offered to auditors in South Africa, helping the auditors to confidently negotiate when seeking permanent employment.

6.4.3 Perceptions and experiences of auditors concerning labour broking

Although the literature reports that temporary employees are abused and treated unfairly, the findings of the empirical study showed that none of the participants felt they were ever abused or unfairly treated as contracted workers. The participants only showed concern when it came to the reality that contractual work needs to be a temporary solution because of limitations. Such limitations include the inability of contracted employees to make long-term financial commitments and the inability to realise significant professional growth.

6.4.4 Overall conclusion

The information in the literature is more concerned about policy changes to make them inclusive, where temporary and contracted workers will be treated equally in the workplace. The reports show that challenges faced by temporary workers are unfair treatment in the workplace and exclusion when it comes to employee benefits such as receiving a subsidy for medical aid and other allowances. The literature shows the great suffering of the temporary worker, and it only shares one benefit for temporary and contracted work: flexibility that is beneficial to the temporary worker because they work fewer hours or work remotely.

The empirical part of this study showed that participants experienced more benefits than challenges or limitations. The experience and exposure to work with international clients and the lucrative remuneration were at the top of the list of benefits. While challenges were minimal, including not receiving enough training and preparation for working with a particular client. However, the engagement managers and “buddies” were reportedly helpful and supportive of the experience of participants from both Makosi and Sapro.

Although there were more benefits than challenges, participants emphasized that contractual work is a temporary solution that is more suited at entry-level after or while an accountant is serving articles. It gives them the confidence to negotiate salary offers by potential employers, however, it is not practical in the long term. This is because one cannot make future plans that include buying property or getting any needed credit. Making it suitable for situations such as when one has young kids they need to spend more time, made possible by remote working. Although most participants stated that they did not believe the model applied by Makosi and Sapro is sustainable, one participant raised an important issue that might need to be further investigated through research: that audit firms for the chosen international regions may be in it for the long run due to tax implications.

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Annexure A – Semi-structured interview questions: Auditors

1. Why have you chosen to work for labour broking firms (Why have you chosen to work for Makosi or Sapro)?
2. What challenges have you faced when working for labour brokers e.g., the time difference?
3. Do you think that labour broking firms have provided adequate training to prepare you for any engagement where you have been deployed?
4. Have you been adequately supported by the labour broking firm that you work for on any engagements that they have placed you?
5. What has been your experience on the client engagements that you have been placed? Have you been able to function to the best of your ability?
6. How do you feel about being contracted to short term engagements, how do you feel about not being a permanent member of the clients that you work for?
7. Do these arrangements lead to abuse?
8. Do you feel that you are treated the same way as the permanent workers.
9. What role do Labour brokers play in the auditing industry?
10. Would you recommend someone to work for a labour broking firm ?

Annexure A – Interviews

Research questions	Questions – Interview schedule	P1	P2	P3	P4	P5	P6	P7	P8	Making sense of what participants are saying as a group.
RQ1	1	Work-life balance and saving on travelling money to and from work.	Their remuneration was high, and they were the only company that gave me a chance after completing articles.	Working with them is like working with many other firms because of the exposure to other clients.	They responded fast and they communicated effectively throughout the process. Attractive remuneration without much work experience.	Remote working means I can work from anywhere and they offered remuneration that was double what I was getting when serving articles with another firm.	The exposure to working with international clients after serving articles.	After being unemployed for a few months, remote working made more sense, especially because of the pandemic.	My contract ended with a firm and I also wanted to use the high remuneration for future salary negotiations.	Most participants were attracted by the high remuneration, compared to the average South African audit firm. Other participants appreciated the benefits of remote work such as flexibility and a balance in work and life.
RQ2	9	Labour brokers are the game changers in the market, and that works favourably for auditors.	They are easy to offer job opportunities for auditors and are good for temporary plans of up to about 2 years or so.	Exposure to working with different clients is beneficial for accountants.	The job experience, plus the high remuneration boosts one financially to a point where they can live on their sivings a few months after the contract ends.	They help auditors in learning basics as well as varied software that are used internationally.	Exposure to international clients gives auditors leverage when applying for jobs elsewhere.	The labour brokers offer newly qualified accountants work opportunity	Experience in working with international clients and giving entry-level accountants the needed experience.	Participants agreed in that labour brokers offer entry-level auditors employment opportunities they would have struggled to obtain in South Africa. They have also, over time, set the bar higher in the market (especially with the remuneration paid to auditors).
RQ3	6	Although the uncertainty of being on a contract is stressful, I am focusing on the temporary benefits because I am a fairly new mother and I	The reality that I cannot commit when it comes to things like properties is worrying for me.	The uncertainty that comes with not knowing if the contract will be renewed is stressful.	It is stressful but I knew what I was getting myself into with a contract.	The contracts need one to not be ignorant because they offer different to different auditors. Those who are not careful end up with	It means that one will experience slow growth professionally because the jobs we do not allow for much growth and	One must not do it for long because it is not sustainable.	If one is looking for professional growth, then it is a waste of time.	Participants agreed that contracted work should not be a long-term plan because of the limited professional growth.

		get to spend more time with my baby and my husband.				limited benefits.	development in the field.			
	7	I have never experienced any form of abuse.	There was no abuse whatsoever.	No.	Definitely not.	No. not at all.	No.	No.	No.	All participants indicated that they never had any experiences where they felt abused as contracted employees.
	8	I did not feel like I was any different from a permanent employee, especially because they were very supportive when I had challenges with my baby being in and out of the hospital.	I was treated the same way as permanent employees, even when it comes to my salary and employee benefits.	I felt I was treated equally as permanent employees.	I felt a sense of exclusion when permanent employees were trained for future projects. I also noticed that there were communications that were only sent to permanent employees but not contracted ones.	No, I was not treated differently from permanent employees.	No.	I cannot comment on this because I was only there for 3 months, and I feel it is not enough for me to have observed much.	No, I am just enjoying the great culture where we all respect each other.	Participants stated that they were not treated differently from permanent employess.