

Franchising can stave off unemployment

According to Statistics SA, 48,000 South Africans lost their jobs in the first quarter of 2017. The franchising sector, which contributes almost 12% to SA GDP, makes it one of the few robust industries that holds potential to create more work opportunities in this challenging economic climate.



©rido via [123RF](#)

South Africa has over 35,000 franchise outlets that employ more than 300,000 people. Consequently, franchising holds the key for job creation, because the failure rate of franchise businesses is far less than a regular start-up.

Morne Cronje, head of franchising at FNB Business says, "In spite of the economic slowdown that is having a knock-on effect on small businesses, the franchise sector continues to grow gradually and franchise brands are doing better because of their strong business models and supporting structures."

Four reasons for franchising

Cronje shares four key insights on why we need more franchisors and franchisees:

- 1. Employment:** Franchising is a healthy vehicle to drive sustainable jobs, this sector is often overlooked and we need to start investing in it by raising more awareness so that more people can be familiar with how to get into this sector.
- 2. Contributes to economic growth:** Job creation can only be accelerated through sustained economic growth and the

stable nature of franchising businesses has the potential to make a sizeable contribution towards improving the economic well-being of South Africa.

3. Social impact: Newly established franchises can improve the standard of living for people who are residing in the communities they are serving. For example job creation, vendor support and introducing new programmes that will help people such as bursary schemes, sponsorships etc.

4. Increase gross domestic product (GDP): This sector has the potential of doubling its contribution to GDP in the next coming years. However, more education needs to be conducted by both private and public sectors to unlock opportunities.



Now is the time to buy into franchising

3 Jul 2017



“Given the high unemployment rate in South Africa and the uncertainty of the economy outlook, the franchising sector can go a long way in improving the country’s economic fortunes. On the other hand, a collaborative effort is required by different stakeholders in order to steer this sector to even greater heights,” concludes Cronje.

For more, visit: <https://www.bizcommunity.com>