

PROTECT FRANCHISEES AND SMALL BUSINESSES

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TOPLINE: Congress should end regulatory flip-flopping and codify the rights of franchisees and small businesses to manage their employees and operations free from corporate control.

BACKGROUND: Federal labor law covers situations when workers have two bosses—so-called “joint employers.” Despite the longstanding common-law practice of joint employer determinations based on whether an employer exercises direct control over a worker, the definition of a “joint employer” under the National Labor Relations Board has changed *four* times over the past decade. Expanded definitions that make corporations liable for small business employees they don’t control can compel them to impose control over those workers and the small businesses’ operations. Changing definitions creates uncertainty that stalls growth. Expanded joint-employer definitions threaten jobs, incomes, and the entire franchise, subcontractor, and staffing-agency models.

Action Items (Congress):

- **Codify the definition of a joint employer**, consistent across all federal law, based on the potential employer exercising direct, actual, and immediate control over the essential terms and conditions of employment.
- While consistency for *all* employers is ideal, Congress should **protect the franchise model by codifying the definition of a joint employer within franchisor-franchisee relationships** based on whether the potential employer exercises substantial direct and immediate control over the essential terms of employment.

How It Would Make Life More Affordable:

- Franchises, subcontractors, and staffing agencies expand employment and incomes and provide unique efficiencies that lower costs.
- Franchising provides a proven model for Americans to own their own businesses—one that’s enabled more than [230,000](#) franchise owners to employ nearly [9 million](#) workers.
- Whereas expanded joint-employer standards cost jobs and threaten the entire franchise model, permanent clarity and protection for franchises would allow entrepreneurship, jobs, and incomes to grow.

Related Legislation: Save Local Businesses Act ([H.R. 4366](#)); The American Franchise Act ([H.R. 5267](#), [S. 3525](#)).

BOTTOMLINE: Congress should protect jobs, rising incomes, entrepreneurship, and affordable products and services by permanently protecting small businesses and their workers from unwanted corporate control.