

franchising@WORK

2023 Employee Engagement Report & Awards

presented by Franchise Business Review



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Background

About the 2023 Franchising@WORK Study

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2023 Employee Engagement Report & Awards

Introduction

Over the past year, Franchise Business Review (FBR) has conducted a detailed study of employee engagement across the franchise sector. FBR invited corporate franchise employees across franchising to take part in the **2023 Franchising@WORK Employee Engagement Study**.

Over 6,000 franchise employees shared their opinions and feedback. Participants were asked 32 core benchmark questions related to job satisfaction, engagement, well-being, management, brand leadership, and culture, and diversity/equity/inclusion.

This research was completed in May 2023.

The franchise employees that took part in this project work at all levels and departments of franchise organizations – from the c-suite to the frontlines of corporate-owned business locations.

Learn more about our employee research at www.GoFBR.com.

Engagement Benchmarks

8 Key Areas of a Thriving Organization



Satisfaction

Job rewarding & satisfying, receives necessary support, fairly compensated, and opportunity to learn & grow.



Engagement

Enjoys relationships with team, feels positive about work, receives meaningful recognition, and a sense of belonging.



Alignment

Understands brand vision, defined role & responsibilities, role/company goals connection, clear measures of performance.



Job Fit

Skills & experience good fit, my viewpoints are valued, strong personal performance, long-term growth opportunity.



Manager

Professional, positive, & effective, values ideas and feedback, open personal communication, cares about my success.



Leadership

Professional, respectful, & fair, communicates clearly & openly, fosters teamwork & inclusion, effective in driving the company.



Culture

Strong, positive team culture, comfortable & respected at work, co-workers respect one another, personal contributions valued.



Core

Great place to work, happy with job overall, diverse opinions & ideas valued, would recommend to a friend.

“ A positive culture does not just happen; it takes consistent work and contribution by the whole team. **Employees must be culture creators, not just culture consumers.** If your culture is not a key benefit that you can (and do) describe in detail and market to your candidates, then it probably needs some work! ”

Rita Ramey,

Director of Operations

Epcon Communities

2023 Franchising@WORK finalist



Key Findings

2023 Franchising@WORK Highlights

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2023 Employee Engagement Report & Awards

Key Findings

Employee Engagement Remains High in Franchising

Overall employee engagement in the franchise sector remains extremely high. 86 percent of survey participants find their work rewarding and satisfying, and four out of five employees would recommend a job at their company to a friend. This far exceeds engagement studies from [Gallup](#) and other organizations, that report general employee engagement at under 40 percent in many industries.

Managers Key to Employee Engagement

Not surprisingly, an employee's direct manager has the strongest impact on their overall satisfaction and engagement. In our 2023 Franchising@WORK survey, 84 percent of respondents rated their managers positively on four key criteria:

- My manager cares about my success.
- My manager is professional, positive, and effective.
- My manager and I can communicate openly.
- My manager values my ideas and feedback.

The importance of great managers can not be understated. On the single question of “My manager cares about my success,” positive responders were three times more likely to refer a job candidate to their company, and four times more likely to stay long-term.

Clear Measures of Performance, Better Communication, and Recognition are Opportunities for Many Franchise Companies

Like many business organizations, employees at franchise companies would like to see better measures of individual performance, clearer communication from leadership, and more individual recognition for a job well done. While these areas scored higher compared to many industries, they were among the five lowest-rated areas of the Franchising@WORK survey. The good news for franchise companies is that managers and leadership can easily influence these areas without a significant investment of time or resources.

Rounding out the lowest-rated areas, a third of employees surveyed felt that they are under-compensated for their position, and one in four employees indicated that they did not see a long-term career opportunity at their current company.

Overall Satisfaction

Corporate Job Satisfaction Very High

86%

“My job and the work that I do is rewarding and satisfying.”

*Unit-level employee satisfaction runs approximately 5% lower on average.

Engagement Benchmarks

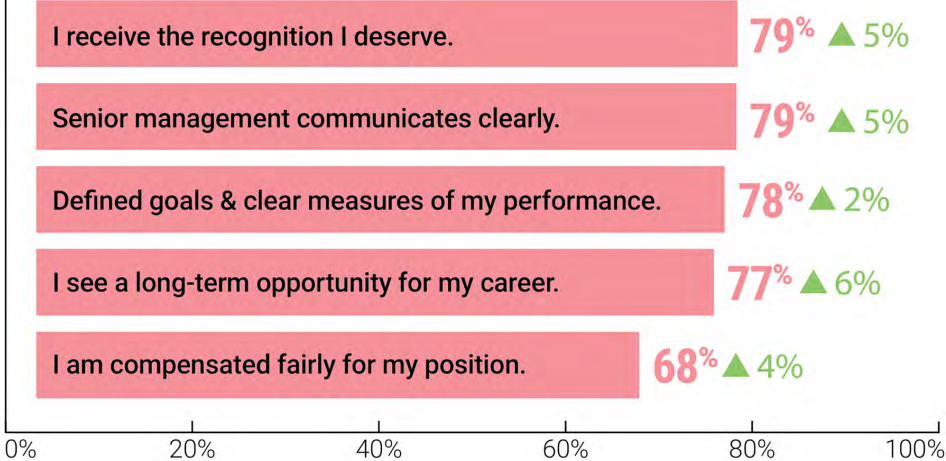
Highest and Lowest Rated Areas



Highest Rated Areas



Lowest Rated Areas



Source: 2023 Franchising@WORK Employee Engagement Benchmark Study, Franchise Business Review.



How much does a good manager matter?

Good Managers Matter... A Lot!

Training, Supporting, and Measuring Manager Effectiveness Is Critical to Your Success

“My manager cares about my success.”

3X

More likely to refer job candidates

4X

More likely to retain employee

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2023 Employee Engagement Report & Awards

“Brain Drain” a Potential Issue for Many Franchise Brands

Employee retention of the most experienced people may have an impact on many franchise organizations in the years ahead. Between layoffs of many senior staff early in the pandemic, and the “Great Resignation” that followed, franchise organizations saw a **40 percent decrease in senior staff** on their teams (defined as employees with 7+ years of experience with the company).

On the other hand, there has been a significant increase in younger, less experienced employees joining franchise organizations that could help drive new innovations. Time will tell if this recent employee churn will have a positive or negative impact on franchise brands long-term. Clearly, those organizations with the strongest employee recruitment and retention programs will have the greatest competitive advantage over the next decade.

Gen-Z Seek Experience from Multiple Organizations

Employee recruitment and retention is currently the number one challenge for many franchise organizations. In a 2022 FBR survey of franchise executives, 60 percent of companies indicated that their growth was limited due to limited access to employee talent, and 8 in 10 franchise executives listed employee recruitment and retention as a top strategic priority. While recent polling of executives indicates that recruitment challenges are easing somewhat at the corporate level, competition for labor at the unit-level remains incredibly challenging.

Previous Franchising@WORK surveys have shown that two-thirds of Gen-Z employees plan to leave their company after just two years. While employment mobility is not a new trend among younger workers, job-hopping, freelancing, and “gig work” have become much more pervasive and a preferred career path for younger employees.

Given the increased dollars going into employee recruitment in the continuing war over talent, franchise organizations will be hard-pressed to design effective retention programs, and clearly communicate the long-term career opportunities within their companies.

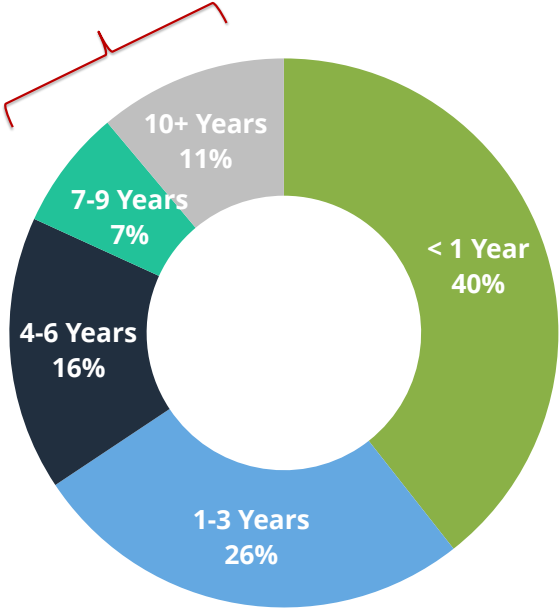
“Brain Drain”



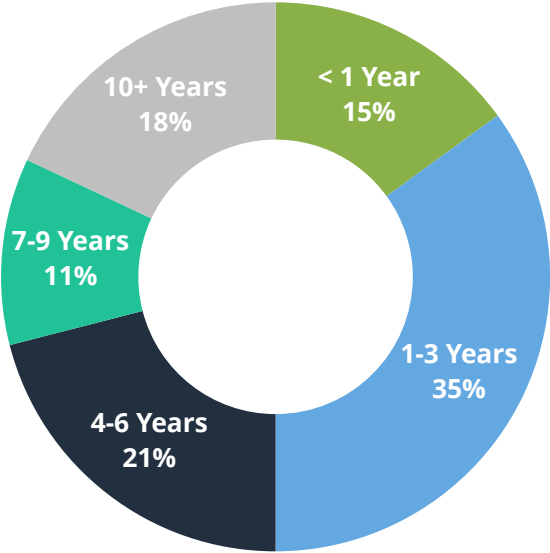
A Brand New Perspective

40% Drop in Employees with 7+ Years within the Company

Employees with 7+ years of tenure are down by nearly **40%** in just 3 years.



2022 EMPLOYEE TENURE



2019 EMPLOYEE TENURE

Supporting the Whole Employee

Stress and anxiety have been on the rise in recent years and the mindset of your employees has a direct impact on their performance. According to the [National Institute of Mental Health](#), one in five adults experienced some level of anxiety disorder in the past year. These numbers are even higher among women and the younger generations.

Historically, U.S. companies haven't paid much attention to the mental health and well-being of their employees, but that is changing as organizations everywhere are struggling to recruit and retain the best talent. Hybrid work/flexible schedules, mental health days, counseling services, yoga & gym memberships, and wellness stipends are just a few of wellness benefits that more and more franchisors are offering employees to help relieve stress and provide a better work-life balance.

This year, we added new questions to our Franchising@WORK survey to help franchise companies better understand the overall well-being of their team members. The good news is that 88 percent of employees rated their overall well-being as good or great. That said, every organization has employees that are currently struggling with an anxiety disorder and companies need to do more to monitor and support their team members in order to be successful.

Committed to Building a Diverse Culture

Diversity, equity, and inclusion has become a major focus for many organizations in recent years. There is overwhelming evidence that diverse teams and companies that promote inclusive cultures perform at a higher level.

This year, we also added 7 new questions to our Franchising@WORK survey to help measure DEI efforts across the franchise sector. Overall, **84 percent of employees surveyed say their company values diversity.** Additionally, 86 percent of employees feel their co-workers demonstrate a commitment to creating an inclusive work environment, and 83 percent feel senior management understands that diversity is important to the company's success.

While overall feedback related to DEI initiatives was very positive, nearly one third of employees thought that company training programs could do more to promote inclusivity. And with more employees than ever before looking for meaning, purpose, and a broader social connection from their careers, franchise brands that find creative ways to be more transparent, open, and genuine about their mission and values will have greater success recruiting and retaining top talent.

Supporting the Whole Employee

Understanding Your Team's Emotional Well-Being

88%

of employees rate their overall well-being as good/great.

40%

are feeling somewhat/much better compared to a few months ago.

Committed to Building a Diverse Culture

The Importance of Diversity, Equity, and Inclusion in Franchising

84%

My company values diversity.

83%

Our senior management team understands diversity is important to our success.

80%

My company represents a diverse group of talent.

71%

Our employee training promotes inclusivity.

Committed to Building a Diverse Culture

The Importance of Diversity, Equity, and Inclusion in Franchising

86%

My co-workers demonstrate a commitment to creating an inclusive work environment.

79%

My co-workers are comfortable talking about their social and cultural backgrounds at work.

Committed to Building a Diverse Culture

The Importance of Diversity, Equity, and Inclusion in Franchising

89%

of employees believe their company would take appropriate action in response to harassment or discrimination.

“ Even if you market your company as offering incredible technology or training, **it’s the people that manage those items that will make or break your success.** Having a respected third-party like FBR ensures the process of gathering your team's insights will be handled professionally. You don't know where your weaknesses are without an investment to uncover your blind spots. The Franchising@Work Survey is a key component of building a high-quality organization. ”

Laura O’Conner,
President & COO
JPAR Real Estate

2023 Franchising@WORK Bronze Winner

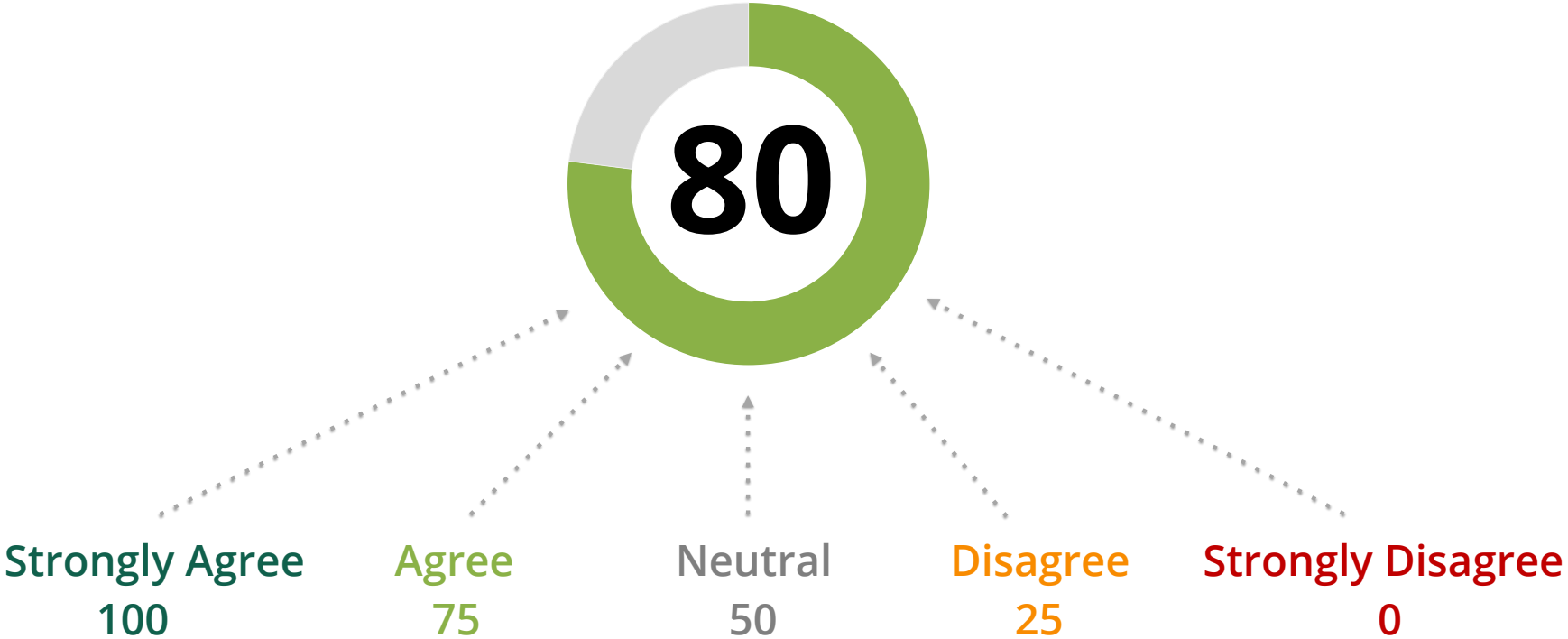


Employee Engagement Index

Benchmarking the 32 Core Areas of Engagement

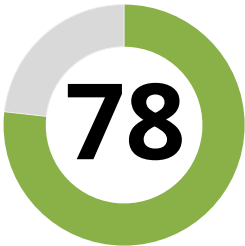
Employee Engagement Index

A Weighted Average of Employee Engagement



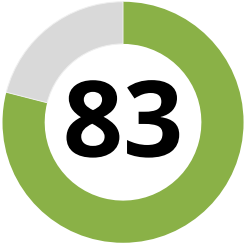
Engagement Benchmarks

32 Questions Across 8 Key Areas



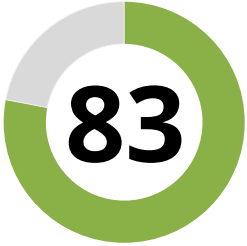
Satisfaction

Job rewarding & satisfying, receives necessary support, fairly compensated, and opportunity to learn & grow.



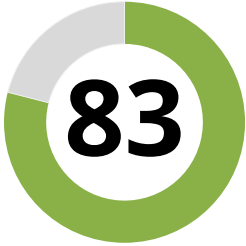
Engagement

Enjoys relationships with team, feels positive about work, receives meaningful recognition, and a sense of belonging.



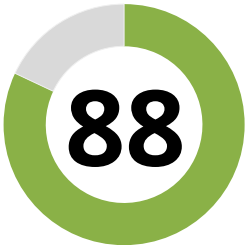
Alignment

Understands brand vision, defined role & responsibilities, role/company goals connection, clear measures of performance.



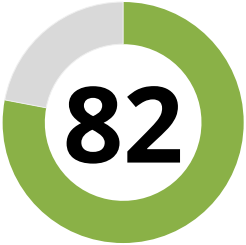
Job Fit

Skills & experience good fit, my viewpoints are valued, strong personal performance, long-term growth opportunity.



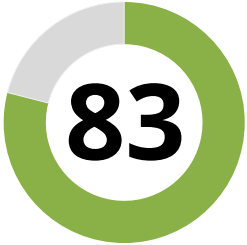
Manager

Professional, positive, & effective, values ideas and feedback, open personal communication, cares about my success.



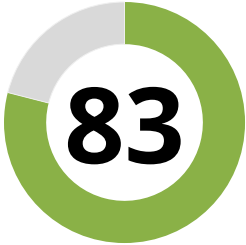
Leadership

Professional, respectful, & fair, communicates clearly & openly, fosters teamwork & inclusion, effective in driving the company.



Culture

Strong, positive team culture, comfortable & respected at work, co-workers respect one another, personal contributions valued.



Core

Great place to work, happy with job overall, diverse opinions & ideas valued, would recommend to a friend.

Engagement vs Employee Tenure

Engagement Benchmarks for Top, Middle, and Bottom Rated Companies



“ The feedback we receive from our employees sets the stage for our Framework for the following year. We put this feedback together with our franchisee feedback because it's all part of the same culture and **FBR helps shine a light on items we may have missed...** areas we should focus on, or items we should give a little more attention to. ”

Tricia Petteys,

COO

Payroll Vault

2023 Franchising@WORK finalist



Compensation & Benefits

Salaries, Benefits, and Perks Trends

Compensation Trends Across Franchising

While upward pressures on wages have been well-documented over the past few years, corporate franchise wage increases are mixed. On the lower-end of the spectrum, wages for hourly staff experienced the greatest gains, up 15 percent in 2022 compared to the prior year. The majority of these roles are entry-level positions within customer service or administrative support roles within a franchise organization, with the average hourly wage reported at \$19.25 per hour.

Among salaried franchise staff, an interesting picture emerged last year. While many employers reported increases of 10 percent or more, average salaries dropped 22 percent between 2019 and 2022. Many organizations are paying higher base salaries to attract new talent, but the mass exodus of senior (more expensive) talent that many franchise companies have experienced the last few years has brought average salaries down overall.

2022 data on franchise development wages revealed additional insights. While franchise development teams have historically garnered the highest compensation within a franchise organization (and still do), 2022 development salaries were down 17 percent overall. The median annual compensation of franchise development staff in 2022 was just under \$100,000. The influx of younger, less expensive development staff, coupled with slower overall development rates over the past few years (fewer sales to earn commissions on) are most likely the primary drivers of these decreases in average compensation.

Overall, average wages increased just 4.3 percent in 2022. That being said, with inflation reported north of 8 percent in the same time period, real wages (nominal wages adjusted for inflation) continue to decline. 32 percent of corporate franchise employees feel they are under compensated for their role. While some employees may truly be under paid given their role, experience, and geography, franchise organizations could do a better job of communicating and be more transparent with the cost and value of all the benefits the company offers employees. At the end of the day, your employee turnover rate will ultimately be the key indicator of your compensation packages, as well as the inclusive culture you and your team are able to maintain.

Compensation by Department

Median Base Salaries, Commissions, and/or Bonuses

Franchise Development

\$99,835

Total Median Comp

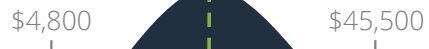
Median Base Salary

\$82,835



Median Additional Commissions/Bonus

\$17,000



Operations

\$80,250

Total Median Comp

Median Base Salary

\$76,000



Median Additional Commissions/Bonus

\$4,250



Marketing & PR

\$66,750

Total Median Comp

Median Base Salary

\$65,650



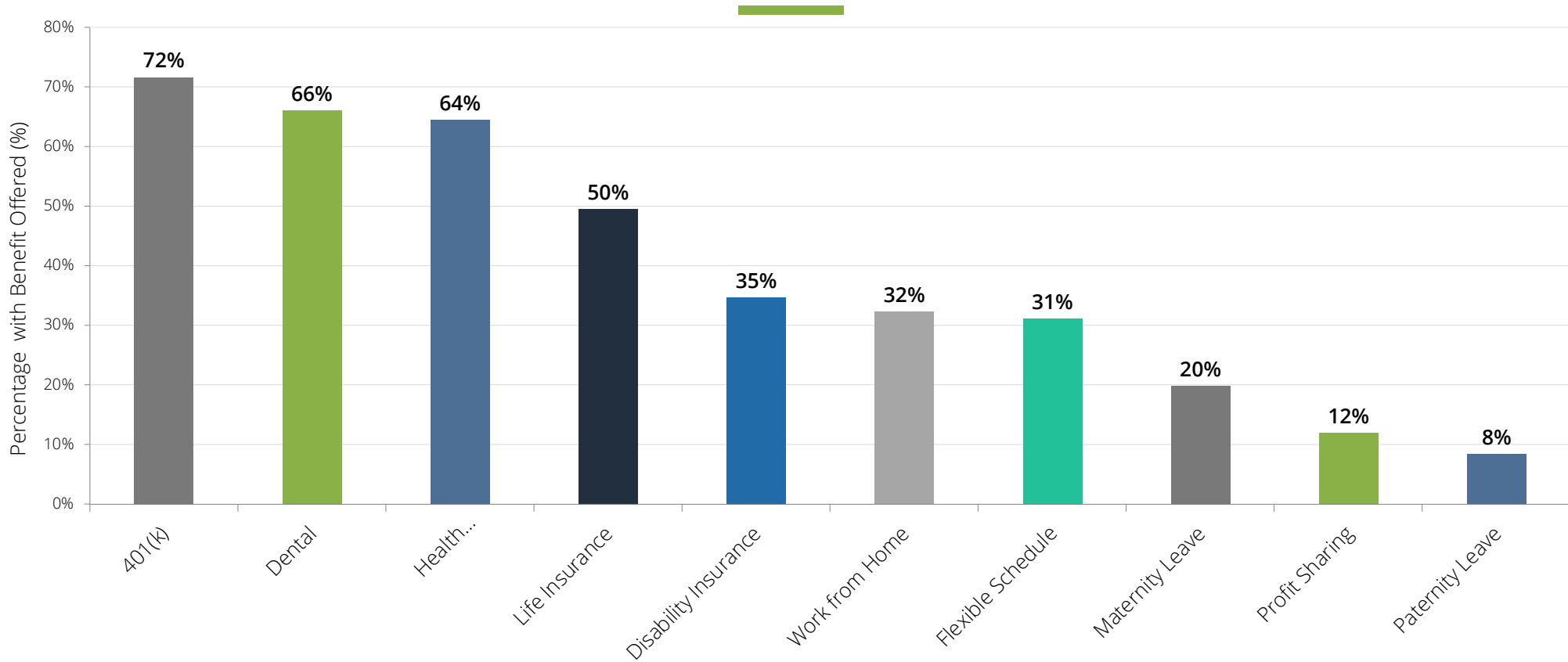
Median Additional Commissions/Bonus

\$1,100



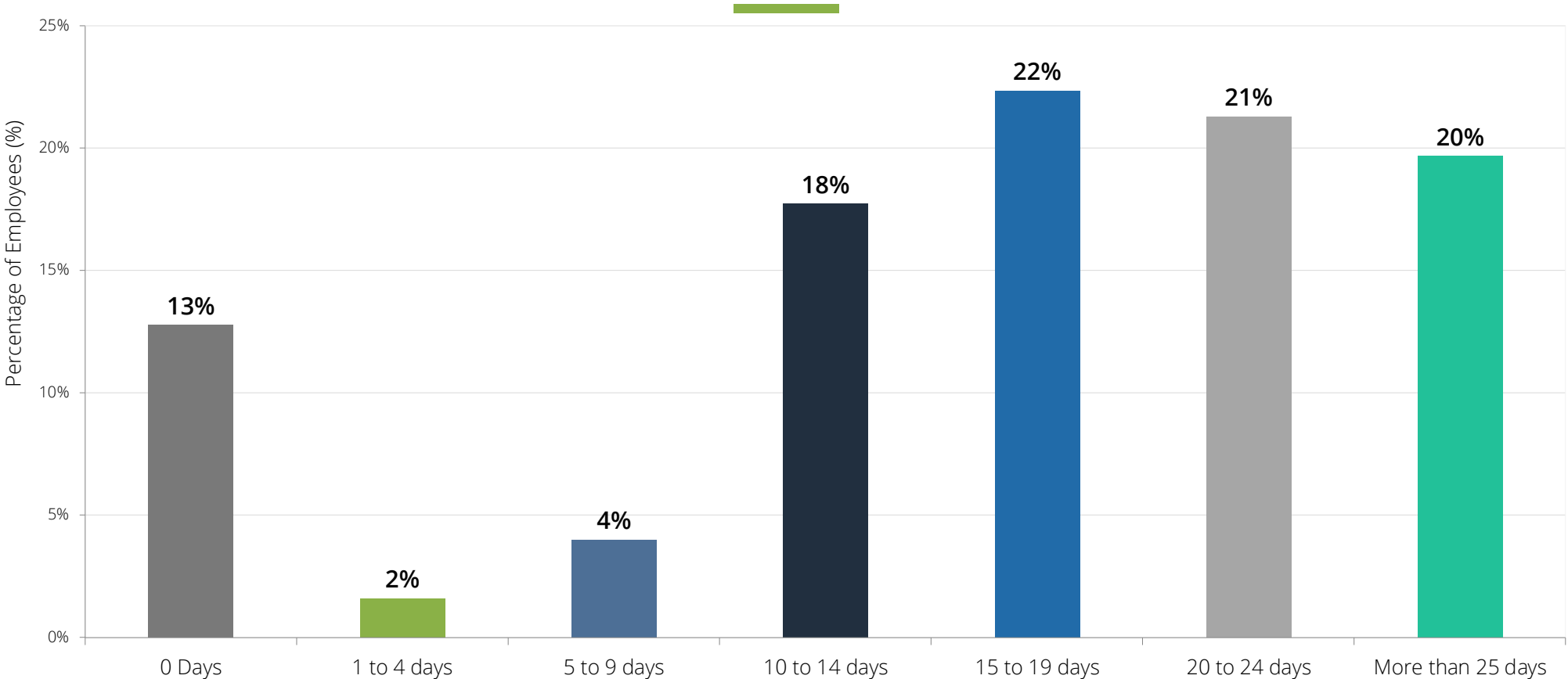
Most Common Employee Benefits

Breakdown of Benefits Offered to Full-Time Corporate Franchise Employees



Employee Paid Time Off (PTO)

Total Annual Paid Time Off Employees Receive Including Holidays, Personal, Sick, and Vacation





Leadership Perspective

2023 Franchising@WORK Corporate Exec Survey

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Finding a Balance with the New Hybrid Office Environment

Finding the perfect balance between remote work and in-office work continues to be a challenge for many organizations. Nearly 20 percent of franchise headquarters are now fully remote, with another 62 percent in a mixed hybrid state.

The challenge is how do franchise organizations navigate the new normal of a hybrid workforce? While two out of three employees would like to stay remote full-time, many franchise leaders want their teams back in the office more. **One-in-Three Franchise Executives Says Finding a Good Hybrid Solution is a Significant Challenge.**

This new hybrid work environment certainly has its pros and cons. Employees argue for the benefits of greater flexibility, improved productivity, and better work-life balance – not to mention the

environmental and cost/time savings from reduced commutes. Many employers on the other hand aren't sold on productivity gains, and they worry about the cultural impacts, communication challenges, and reduced learning and collaboration of dispersed employees.

Finding the right balance with remote work flexibility – and its potential impact on organizational culture, employee recruitment, and employee retention – will continue to be a challenge for franchise organizations for the foreseeable future.

Employee Recruitment

Challenges of Employee Recruitment Getting Better?

59%

**of franchise leaders say
recruitment has gotten better
compared to a year ago.**

Human Resources Challenges

The Top 3 Trends Creating the Greatest Challenges for Franchisors

Hybrid workplace

Talent shortages

Employee stress / burnout

Navigating the Hybrid Office

The Benefits and Challenges of the Hybrid Work Environment

21% of corporate franchise employees are currently full-time remote

Another 43% are hybrid / remote flexibility

PROS

- Greater flexibility for employees
- Better work-life balance
- Broader employee recruitment options
- Better individual/task focus
- Potential for reduced space costs
- Preferred by many employees

CONS

- Less “learning by osmosis”
- Reduced peer-to-peer connection
- Decreased collaboration
- More written communication required
- Potential for loneliness & isolation
- Preferred by most leaders

“ We love the FBR survey because **it gives employees a chance to be completely honest and transparent** in a confidential environment. We use the information to continue to improve and get better in every way we can. I would encourage any business owner to participate in the employee engagement survey, first to create a benchmark and then to monitor your progress. As business owners, we need to make sure we are always improving, for the good of our employees and the business. ”

Lora Kellogg,

President & CEO

Curious Jane

3-time Franchising@WORK Gold Winner



2023 Award Winners

Celebrating the Brands with the Highest Engagement

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2023 Employee Engagement Report & Awards

Franchising@WORK Employee Engagement Award Winners

Each year, Franchise Business Review celebrates and recognizes franchise organizations with the highest employee engagement. 27 franchise brands and 8 supplier companies that support the franchise industry were among this year's finalists.

In addition to our franchise company and supplier company award-winners, this year we added a category for unit-level employee engagement for which both franchisee and corporate-owned locations were eligible to win.

Congratulations to all our **2023 Franchising@WORK** finalists, and our gold, silver, and bronze overall winners listed on the following pages. Learn more about our [employee engagement research](#) and how your company can qualify for our [Franchising@WORK awards](#).

Save Your Seat for the 2023 FBR SUMMIT

It is our mission at Franchise Business Review to spread best practices in franchise operations, culture, and business performance. The FBR Summit is a two-day, intensive event created just for franchise operations leaders and their teams that directly support franchisees.

Last year's FBR Summit sold out in just a few weeks! Save your seat today and join us on **October 25th and 26th in Austin, TX** for one of the most valuable and unique events designed to raise the bar in franchise performance. Learn more at www.FBRSummit.com

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2023 Employee Engagement Finalists

Bloomin' Blinds

British Swim School

Buzz Franchise Brands

Clean Franchise Brands

DreamMaker Bath & Kitchen

Epcon Communities

FYZICAL Therapy & Balance Centers

Jason's Deli

JPAR - Real Estate

Kona Ice

Launch Trampoline Park

Lightbridge Academy

LIME Painting

Mobility Plus

NEXTAFF

Oasis Senior Advisors

Painting with a Twist

Payroll Vault

Realty ONE Group

Right at Home

Safari Kid

School of Rock

Supporting Strategies

TransBlue

Weichert Real Estate

Wetzel's Pretzels

Wireless Zone

Supplier Partners

919 Marketing

serviceminder

All Points Public Relations

Big Sky Franchise

Citrin Cooperman & Company, LLP

Curious Jane

Franchise Marketing Systems

IFPG

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2023 Employee Engagement Overall Winners

100+ employees

- GOLD** Jason's Deli
- SILVER** Kona Ice
- BRONZE** Realty ONE Group

25 to 99 employees

- GOLD** School of Rock
- SILVER** Safari Kids
- BRONZE** Wetzel's Pretzels

Under 25 employees

- GOLD** Oasis Senior Advisors
- SILVER** Mobility Plus
- BRONZE** JPAR – Real Estate

Suppliers

- GOLD** Curious Jane
- SILVER** serviceminder
- BRONZE** Franchise Marketing Systems

Unit-Level

- GOLD** Jason's Deli – Columbia, MD
- SILVER** Mathnasium of San Diego, Dallas, and Phoenix
- BRONZE** Poolwerx – Greenville, SC

2023 FBR SUMMIT



Austin, TX – October 25 & 26

Get yourself to Austin...

- Franchise Operations Leaders
- Franchise Operations Managers
- Franchise Business Coaches
- Field Support Staff
- HR or Recruiting Pro

Save Your Seat...

www.FBRSummit.com

The **FBR Summit** is a two-day, intensive event created just for franchise operations leaders and their teams that directly support franchisees.



Learn Where You Stand

Moving the Employee Engagement Needle

GoFBR.com/employee-engagement

Eric Stites, CEO

Eric@FranchiseBusinessReview.com

603.433.2266

Michelle Rowan, President

Michelle@FranchiseBusinessReview.com

603.433.2260