

FranchiseBusinessREVIEW™
Driving Better Results.

2023

FRANCHISE HIRING GUIDE

Employment Trends in
the Franchise Sector

INTRODUCTION

Employers across all industries and regions are facing unprecedented challenges with hiring: A tight labor market, changing job requirements, and a shift in job seeker priorities are the leading factors, according to [LinkedIn](#). Work/life balance, job flexibility (i.e. remote or hybrid work), higher wages, and meaningful work have become top priorities for employees. [Data from the U.S. Chamber of Commerce](#) shows the number of job openings exceeds the number of job seekers by roughly 4 million jobs.

It's not surprising that franchise executives surveyed by Franchise Business Review cited hybrid work, talent shortages, and employee stress/burnout as the three most significant Human Resources challenges impacting franchising. There are some bright spots for franchising, though. Fifty-nine percent of franchise leaders report that recruitment at the corporate level has gotten better compared to a year ago, but, they say, talent shortages continue to be a top challenge, particularly at the unit level.

This guide is designed to help you see how your franchise system compares to others in key areas of employee engagement and company culture. Our mission is to help you better understand how you can recruit and retain the best employee talent in order to drive productivity and profitability in your franchise system.

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TOP 5 FRANCHISE EMPLOYMENT TRENDS

Despite the challenges of the labor market, overall employee engagement in the franchise sector remains extremely high. Data from FBR's most recent [Franchising@WORK Study](#) of over 6,000 franchise employees, representing 40% corporate staff and 60% unit-level employees across nearly 180 franchise organizations, shows **86 percent of corporate franchise 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 is a four percent jump from last year's already high engagement levels, and far exceeds engagement studies from [Gallup](#) and other organizations that report general employee engagement at under 40 percent in many industries.

With unemployment levels at historic lows, many employers are struggling to hire top talent, and losing a valued employee can take a serious toll—especially if you don't see it coming. With so much at stake, let's take a look at a few of the key findings from the most recent Franchising@WORK research.

"MY JOB AND THE WORK THAT I DO IS REWARDING AND SATISFYING."



Kona Ice
2023 Franchising@WORK Winner

1. MANAGER EFFECTIVENESS MAKES A REAL DIFFERENCE

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 cannot 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.



Buzz Franchise Brands
2023 Franchising@WORK Finalist

2. WELL-BEING IS CRITICAL TO RECRUITMENT AND RETENTION

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 and 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.

The good news is that 88 percent of employees who participated in the Franchising@WORK survey rated their overall well-being as good or great.

That said, every organization has employees who 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.

**40 PERCENT OF FRANCHISE EMPLOYEES REPORTED FEELING
SOMEWHAT/MUCH BETTER COMPARED TO A FEW MONTHS AGO.**

“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
2023 FRANCHISING@WORK AWARD WINNER

3. COMPANIES ARE INCREASINGLY FOCUSED ON DEI

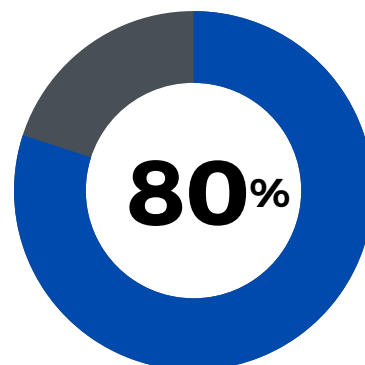
Diversity, equity, and inclusion (DEI) has become a major focus for many organizations in recent years. There is overwhelming evidence that diverse teams and companies that promote inclusive cultures perform at a higher level.

This year, we added seven 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.

80% OF EMPLOYEES

**BELIEVE THEIR COMPANY REFLECTS
A DIVERSE GROUP OF TALENT.**

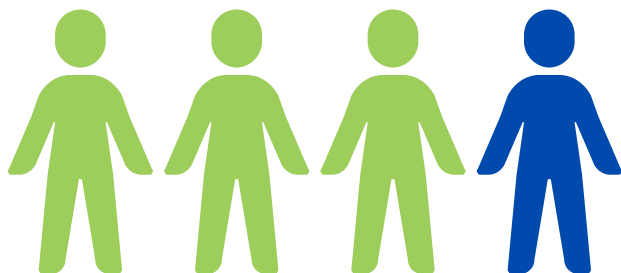


4. CLEAR MEASURES OF PERFORMANCE, BETTER COMMUNICATION, AND EMPLOYEE RECOGNITION ARE AREAS OF OPPORTUNITY

As in past years, 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.



NEARLY A QUARTER OF EMPLOYEES (23%) DO NOT SEE A LONG-TERM OPPORTUNITY FOR THEIR CAREER.

5. HYBRID WORK IS HERE TO STAY

Sixty-four percent of franchise businesses we surveyed are operating under a hybrid model. Remote and hybrid work environments certainly have pros and cons.

Employees argue for the benefits of greater flexibility, improved productivity, and better work-life balance. Many franchise leaders, however, aren't sold. Thirty-six percent said that hybrid work is the top challenge they are facing.

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

36 PERCENT OF FRANCHISE LEADERS SAID HYBRID WORK IS THE TOP CHALLENGE THEY'RE FACING.

“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 AWARD WINNER

SALARY AND BENEFITS BENCHMARKS

With employers fighting for good talent, you can't afford to make a misstep when negotiating salary. You need to be competitive, but at the same time, you need to make sure your offer is in line with the pay ranges of other employees of similar roles, experience, and performance—or you risk damaging morale.

Franchise Business Review collected the following salary data to help you benchmark your pay practices and plan your hiring budget.

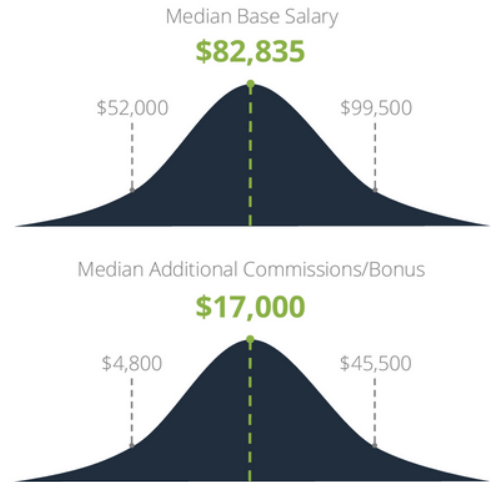


Wetzel's Pretzels
2023 Franchising@WORK Award Winner

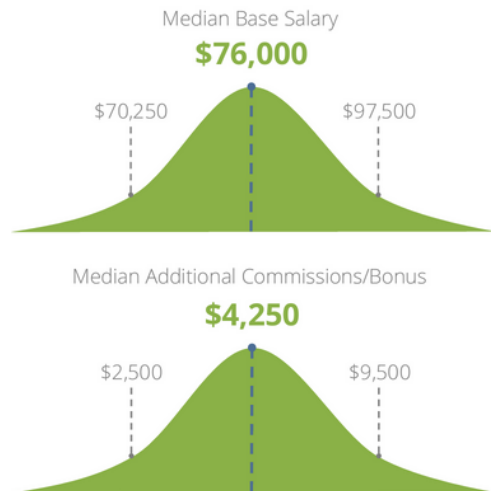
COMPENSATION BY DEPARTMENT

MEDIAN BASE SALARIES, COMMISSIONS, AND/OR BONUSES

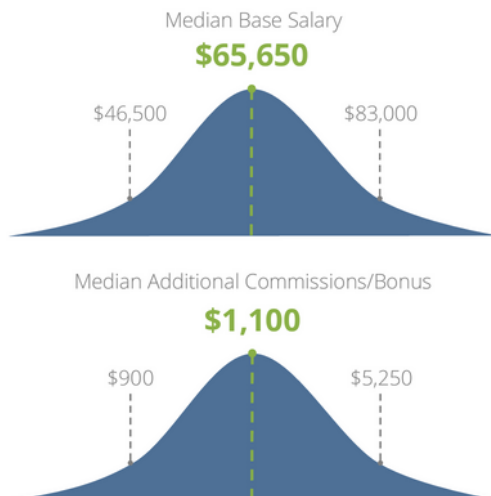
FRANCHISE DEVELOPMENT



OPERATIONS



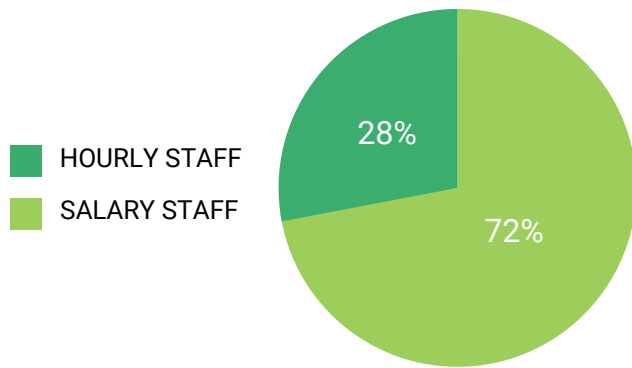
MARKETING & PR



“It’s more important than ever to hire correctly and efficiently and retain employees due to our national labor shortage. We try to “cast a wide net” in the hiring process and we truly value diversity and seek to hire many different types of people... We strive to be an Employer of Choice and offer competitive pay, a wonderful career path, and great perks and benefits.”



MICHELLE KEMPLAY
DIRECTOR OF HR, JASON’S DELI
2023 FRANCHISING@WORK AWARD WINNER



HOURLY vs SALARY STAFF

BREAKDOWN OF HOURLY vs SALARIED STAFF ON COMPENSATION AND ENGAGEMENT

HOURLY WAGE STAFF



Most corporate hourly staff work in customer service, or administrative support roles. 80% have been with their company for less than 3 years, and for many (40%), this is their first professional job.

SALARY WAGE STAFF



54% of salaried corporate staff have more than 10 years of total business experience (22% drop from 2019 survey data).



ENGAGEMENT INDEX



Employee Engagement Index scores are reported on a 100-point scale. The scores provide a benchmark to help gauge the overall level of employee engagement or engagement in a specific area. Each question asked is on a 5-point scale and scored on a weighted average.

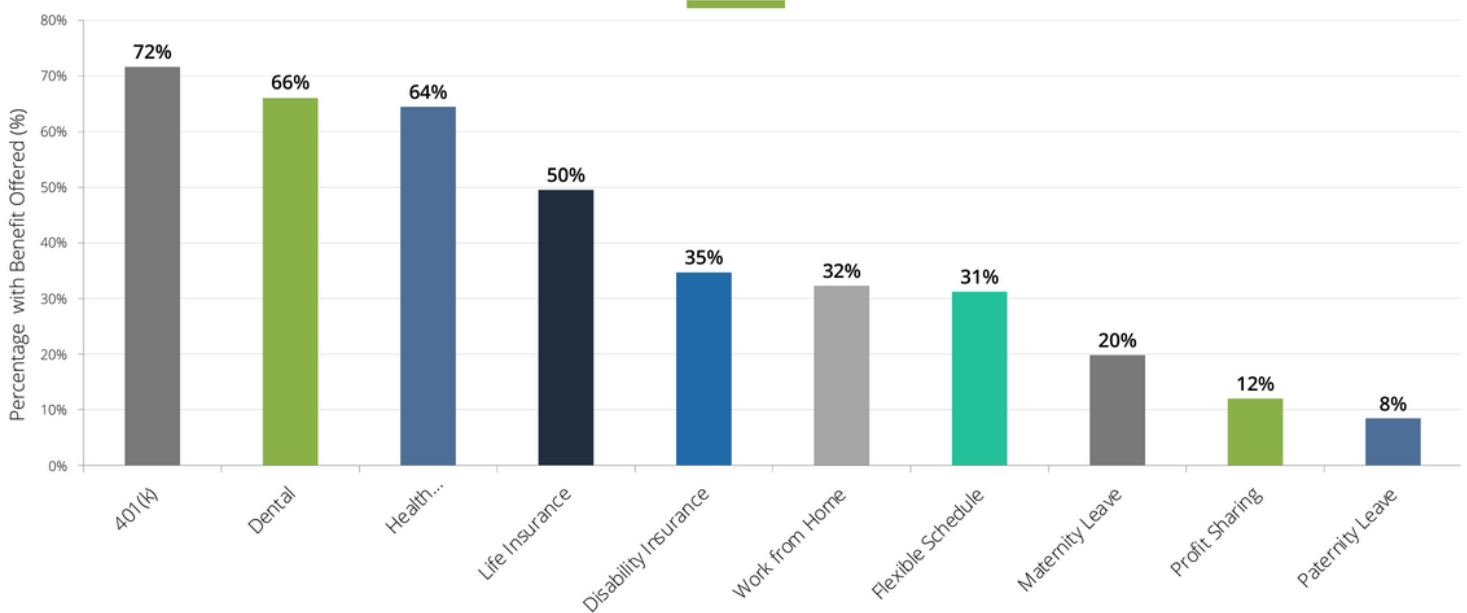
FRANCHISE EMPLOYEE BENEFITS

There's more to compensation than the actual salary. Many employees today are placing a premium on some of the benefits that became a necessity during the pandemic—remote work, flexible work hours, and no commute.

The benefits you offer can be a make-or-break for some candidates, and it can also be a way to stand out from other employers or an opportunity to sweeten the deal during salary negotiations—especially if you are one of the few companies that offer some of the less common, more innovative perks.

Use the chart below to see how the benefits you offer compare to what employees of franchise companies currently receive.

Breakdown of Benefits Offered to Full-Time Corporate Franchise Employees



CONCLUSION

One thing that hasn't changed is the role culture plays in achieving and maintaining high employee satisfaction, engagement, and retention. Creating a flexible, transparent, meaningful culture may be your greatest asset for attracting and keeping your best people. That means focusing on career growth, recognition, fair compensation, and work/life support, and prioritizing employee engagement and retention as key business metrics of success.

Franchise Business Review is here to help. Our annual Franchising@WORK Employee Engagement research is the only source for employee satisfaction benchmarking within the franchise sector.

Additionally, the Franchising@WORK Awards recognize the franchise companies that have the highest employee satisfaction—an honor that demonstrates your commitment to your employees and the growth and sustainability of your brand.

Learn more at: GoFBR.com/franchising-at-work

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 AWARD FINALIST

REAL SOLUTIONS

Looking for a deeper dive? FBR conducts custom employee engagement surveys to help companies like yours identify issues unique to your system and measure the success of employee engagement and retention initiatives. We survey:

- Corporate franchise employees
- Frontline employees at corporate-owned locations
- Employees of individual franchise owners
- Franchise supplier employees

FBR is the only source for detailed employee engagement benchmarking data specific to franchising. We can provide the business intelligence you need to make smart, effective system improvements and measure success.



ABOUT FRANCHISE BUSINESS REVIEW

Franchise Business Review is an independent market research firm that specializes in benchmarking franchisee and employee satisfaction. FBR has partnered with over 1,200 top-performing franchise companies to help them achieve success through data-driven insights. To find out how you can partner with FBR to drive satisfaction and improve the performance of your system, get in touch with us!

866.397.6680

info@FranchiseBusinessReview.com

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Contact: Franchise Business Review, 155 Brewery Lane, Suite 201, Portsmouth, NH 03801 USA | 603.433.2270 | info@FranchiseBusinessReview.com

