

Business Group Launches Campaign Against NLRB Franchise Ruling

By: Connor Wolf

The Job Creators Network, a business coalition, launched a national print and television ad campaign Wednesday pushing the case that the franchise model is under threat by the National Labor Relations Board.

In December, the NLRB ruled that franchisors can be considered “joint employers” with the individual franchisees they contract out to. This means that the main brand name company, such as McDonald’s, can be considered owners with the small businesses they work with. Traditionally, the franchisors would allow small businesses to use their brand name and sell their product but that they would still be considered separate companies.

At the time the NLRB argued that often the main franchisors have too much control over the businesses they contract with for them to be considered separate companies. However, critics have argued that the decision has the potential to dramatically overturn decades of established laws and greatly affect the franchise model which could hurt many small businesses.

“The NLRB’s general counsel has pushed for franchisors to be considered

‘joint employers’ with their franchisees, a major shift in labor law that will drive up the costs of purchasing a franchise and choke off opportunity for tens of thousands of new small business owners,” the Job Creators Network argued in a press release.

JCN hopes the ads will show “the negative impact this ruling will have on small businesses, especially minority-owned ones, which make up one in five franchises.”

Along with running commercials on MSNBC, CNN, Fox News and CNBC, the group also put print ads in Roll Call and the Washington edition of The Wall Street Journal.

“We didn’t run in any national papers today, but the campaign will expand beyond DC in the next six weeks to include national outreach and additional regional ads,” a spokesperson for JCN told The Daily Caller News Foundation.

“The campaign budget is going to depend on the actions of the NLRB,” the spokesperson noted. “If they continue to push for rules that will hurt jobs and small business owners, we’ll spend what we need to educate lawmakers and the public to this back room deal.”

Additionally, JCN has launched a petition on its website calling on small business owners and everyday people to “Pledge to Defend Main Street” and “Let the NLRB Know: This is Unacceptable.”

The NLRB ruling has gained criticism from business groups such as the International Franchise Association, and has also prompted legal disputes. Recently, a judge ruled in *Vann v. Massage Envy Franchising LLC* that the franchisor was not the employer of the individual businesses they contract out to.

The NLRB has defended their “joint employer” decision by stating that certain franchisors, like McDonald’s, have too much control over the independent franchisees they contract with for them to be considered their own operations.

The NLRB noted, “Through its franchise relationship and its use of tools, resources and technology, engages in sufficient control over its franchisees’ operations, beyond protection of the brand, to make it a putative joint employer with its franchisees, sharing liability for violations of our act.”