

# THE VALUE OF FRANCHISING

IN JANUARY 2026, THE INTERNATIONAL FRANCHISE ASSOCIATION (IFA) RELEASED A STUDY CONDUCTED BY OXFORD ECONOMICS ENTITLED “[THE VALUE OF FRANCHISING](#),” TO REVEAL THE ECONOMIC AND COMMUNITY CONTRIBUTIONS OF U.S. BUSINESSES THAT USE THE FRANCHISE MODEL.

## Local Businesses. Community Impact. Economic Opportunity.

Franchising is a cornerstone of the U.S. economy. To understand it better, we commissioned a survey of nearly 3,000 franchisees and performed an econometric analysis comparing franchises with non-franchise businesses. The findings show how franchising combines reliable, trusted brands with local, small business owners to deliver stronger jobs, entrepreneurial opportunities, and deeper community service and investment.

**Over 830,000**  
franchise establishments nationwide

**8.8M**  
direct jobs in the US

**\$550B US GDP**  
generated

(Source: FRANdata 2024)

## Franchises are Small Businesses and Represent Much More than Fast Food

Franchising is often misconstrued with “big business,” but it is in fact the exact opposite. The franchise business model is used by some of the smallest businesses in America.

**82%**  
of franchisees  
**own 1 location**  
(source: FRANdata)

**94%**  
of the establishments surveyed  
**employ less than  
50 employees**

**Fast food**  
represents less than  
**1/4 of franchise  
establishments**

**47%**  
of all franchised brands  
are small, operating  
**25 units or less**

## Franchises Offer Employees Stronger Jobs and Career Growth

Franchise systems provide built-in training, structure, and advancement pathways that support long-term career growth and contribute to significantly stronger employee retention than non-franchised businesses. With the backing of established systems and scale, locally owned franchises are also able to offer competitive wages and more generous benefits than similarly sized independent businesses, while owner-operators’ personal stake in their business and teams drives greater investment in employee success and workplace stability.

**Wages grow  
faster**  
for franchise  
employees  
than non-franchise  
employees

Part-time employees  
of franchises are  
**20% more  
likely to transition  
into full-time  
roles**  
than non-franchise  
employees

**Employees**  
of franchises are  
**3-7% more  
likely to receive  
benefits**  
than non-franchised  
businesses

After 1 year,  
**non-franchise  
employees are  
49% more likely  
to leave**  
than franchise  
employees

Across similar sectors  
of the economy,  
**franchise  
employment  
grew 10% faster**  
than non-franchise  
employment between  
2021 and 2024

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## A Proven Path to Business Ownership

The benefits of being a franchise owner are substantial, particularly for those new to entrepreneurship. Franchising lowers traditional barriers to business ownership by providing access to a brand name, training, ongoing support, and peer networks – especially critical for underrepresented groups, such as veterans, women and people of color, who are represented as franchisees at a disproportionately higher rate.

**64%**  
of franchisees are  
**first-time  
business  
owners**

**30%**  
of franchisees say  
they would not own  
a business without  
franchising

**This would  
result in:**

- 80,000 fewer US businesses
- 215,500 fewer local establishments
- 4 million fewer jobs

Franchised businesses  
generate an average of

**1.4× higher \$  
& 2× more jobs**  
than non-franchised  
businesses

Franchised businesses are more likely to be  
**minority-owned**  
than non-franchised businesses

**Black-owned**  
franchise  
businesses earned  
**2.3× higher \$**  
compared to Black-owned  
non-franchise firms

**Veteran-owned**  
franchises reported  
**2.7× higher \$**  
of Veteran-owned  
independent firms

## Local Ownership Serves Local Communities

Franchising is designed to establish locally owned small businesses that keep jobs, investment, and charitable giving rooted in local communities. Franchising offers a path into entrepreneurship for operators of every size and scale – and across geographic regions in urban, suburban, and rural areas.

**85%**  
of franchisees  
**live and work**  
in the communities they serve

Franchisees on average purchase  
**40% of goods from other  
local businesses**  
in their community

In the past year,  
**83% of U.S. franchisees gave  
to local charities by:**

- Donating \$2.3 billion
- Raising \$2.6 billion
- Contributing 34 million volunteer hours

## Bottom Line

Franchising uniquely blends brand recognition with local ownership, delivering better jobs, expanded access to entrepreneurship, and stronger communities across the United States.

Source: Oxford Economics, The Value of Franchising, prepared for the International Franchise Association Foundation (January 2026).