

Labor Board's Browning-Ferris Ruling has Franchises on Alert

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A National Labor Relations Board ruling that came down in August could drastically alter the legal structure in which companies and subcontractors operate.

In its 50-page decision, the board ruled that Browning-Ferris Industries was a "joint employer" of workers hired by Leadpoint, an Arizona-based staffing agency that Browning-Ferris had contracted with, entitling a union seeking to represent Leadpoint workers to also bargain with Browning-Ferris Industries.

By expanding the criteria that could render a company a "joint employer," the ruling has the potential to significantly change how franchises operate and make it easier for workers to collectively bargain with parent companies.

Michael Gray, a principal with Gray Plant Mooty who specializes in franchise law, told the New York Times he is currently working with a franchise operator on an "enormous" matter to update its franchise agreements.

"The sky is not falling, but it's certainly indicative of a change," said Gray, adding that the matter is likely to come before the Supreme Court.

Read the entire article at the New York Times.

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