Toward a Theory of University-Business Engagement Franchising

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Conference Theme
Universities as interactive partners

Presented at the
Triple Helix XI International Conference
London, UK
July 8-10 2013

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Toward a theory of university-business engagement franchising

Abstract

The engagement of universities with businesses has generated increased interest in recent years. There is an established body of literature affirming that the knowledge spillovers from universities are spatially concentrated within each university's locality and region. This study reports a case study of a successful university-business engagement programme in the UK to demonstrate how and why a university's engagement with businesses can deviate from the norm, by expanding outside the university's region, through a framework that we conceptualize as an evolving franchising business model. In the process, we unravel two key explanations – opportunity recognition and learning theoretical perspectives – driving the continued roll out of this university-business engagement to regions external to the university's locality. The study provides important theoretical, practitioner and policy implications.

Keywords: University-business engagement, franchising, opportunity recognition, learning.

Introduction

Universities have emerged as crucial actors with multi-faceted roles in the local and regional economies (Bramwell and Wolfe, 2008; Wells et al., 2009; Uyarra, 2010; Howells et al., 2012). In many regions, universities are now viewed as core knowledge-producing entities for businesses and a new type of university has been identified, the "engaged university", which demonstrates evidence of knowledge transfer (Boucher et al., 2003; Huggins et al., 2008) for regional needs (Uyarra, 2010). Within this framework, university-business engagement is typically understood in terms of the knowledge transfer activities that connect universities with businesses in their locality and regions, such that each university does its own engagement activity wherever it is located. "[This] proximity effect of knowledge transfer provides a strong clue as to why universities are increasingly seen as an essential element in the process of local and regional economic development" (Bramwell and Wolfe, 2008: 1177). Indeed, universities are located *in* regions and are expected to make active contributions to the development *of* those regions through engagement with the local and regional community (Goddard and Chatterton, 1999). It has therefore been argued that “[u]niversity engagement needs to be understood in terms of the status and function of the university *within the locality*” (Wells et al. 2009: 1117 emphasis added) and several prior studies have reported examples, cases and impact of university-business engagement activities undertaken particularly within the university’s locality and region (e.g. Cox and Taylor, 2006; Garlick and Langworthy, 2008; Gordon et al., 2011; Rose et al., 2012).

This paper extends the literature on university-business engagement by presenting an emergent framework of engagement that goes beyond the limits of geographical proximity. It reports a case study of a successful university-business engagement activity in the North West region of England that has deviated from the norm, by expanding outside the university’s region, through a framework that we conceptualize in this study as an evolving franchising business model. The aim is to offer explanations for a divergence from the commonly accepted geographical proximate model of university-business engagement by addressing the following core questions: (1) *What are the underlying motivations for rolling out university-business engagement activity to delivery partners outside the university’s locality?* (2) *Who, and where, are the partners that are granted university-business engagement roll out rights?* These central questions are of great relevance for academics, practitioners and policy-makers seeking to understand the mechanisms through which university-business engagement can yield more benefits for businesses and the economy. Without question, the engagement of universities with businesses has become a topical issue in many countries. In the UK, for example, a recent review of university-business collaboration by Wilson (2012) stressed the desire to make the UK attain a world leadership accolade in this field. Similarly, an increasing number of higher education institutions in the UK are developing strong connections with the business community (see for example, Rose et al., 2012).

This study focuses specifically on university-business engagement with small and medium-sized enterprises (SMEs). Universities have been encouraged to particularly engage with SMEs (Cox and Taylor, 2006) as they constitute the most common form of business in most economies. SMEs in the UK currently account for 99.9% of all enterprises, 58.8% of private sector employment and 48.8% of private sector turnover (BIS, 2011). A thriving small business sector is at the centre of both the mission for economic growth and the knowledge exchange agenda in the UK, and universities are viewed as a means of realizing this mission (Peters et al., 2010). The Lambert Review of university-business collaboration confirmed the need for proximity in relation to university collaboration within the context of SMEs:

> proximity matters when it comes to business collaboration, especially for small and medium-sized enterprises (SMEs). Informal networks cannot easily be sustained over long distances, and even large companies may find it more efficient to work with research departments in their own locality (Lambert, 2003: 13).

The present paper moves this research stream forward by showing the development of a non-proximity model of university-business engagement with SMEs.

The major contributions of this study are, firstly, towards a theoretical development and broader understanding of university-business engagement from a franchising perspective. Franchising allows efficient turnkey transfer of the franchisor's business model to franchisees, through licensing the right to reproduce the proven business concept in dispersed geographical locations (Kaufmann and Dant, 1996; Kaufmann and Dant, 1999). This study demonstrates the applicability of an emerging franchising strategy within the context of a university's engagement with SMEs. To the best of our knowledge, this study provides novel arguments and evidence pointing toward a theory of university-business engagement franchising. We demonstrate the scope and degree of non-geographical proximate expansion achieved from a sole proven university-business engagement activity due to the implementation of an evolving franchising strategy. Although the rhetoric about engagement is of great significance (Weerts and Sandmann, 2008), there is no known study pointing towards the nature of expansion of university-business engagement reported in this study. Secondly, this research also expands the boundaries of the franchising literature. Prior studies have examined the application of the franchising strategy virtually exclusively within the operations of the 'traditional' commercial businesses (e.g. Dada et al., 2012; Dada and Watson, 2013; and many others) and more recently within a social venture context (Tracey and Jarvis, 2007), but never within the context of university-business engagement. It has been argued that the most crucial organizing decision possibly facing many service and retail firms is whether to distribute products or services by means of franchising (Combs et al., 2009). Two broad and competing theories – resource scarcity and agency – have been used predominantly in most franchising studies to explain the reason a firm chooses to adopt the franchising model (Elango and Fried, 1997; Grünhagen and Mittelstaedt, 2005; Castrogiovanni et al., 2006). The resource scarcity and agency theory research are based wholly on economic motivations and utilize only firm-specific factors (i.e., resource levels and agency costs) to provide explanations for franchising (Combs et al., 2009). Our study demonstrates whether the motivations for university-business engagement franchising are consistent with these two historically dominant franchising theories, as well as explore the motivations in the light of alternative theoretical perspectives.

The paper is structured as follows. In the next section, we start by providing an overview of additional relevant studies on university-business engagement as well as prior relevant studies on franchising. This is followed by a discussion of the research methodology, prior to presenting the research findings. The paper concludes by highlighting the implications of this study, its limitations and possible future research directions.

University-business engagement

The interactions between universities and industry have received considerable policy interest because of the expectations that university knowledge has a significant economic impact (Gertner et al., 2011). In the last 10–15 years, there has been an increase in the number of studies examining the role of the university in stimulating regional economic development (Goldstein, 2010). Many universities in the US (and elsewhere) have broadened their core traditional mission of instruction and scholarly research to include regional business and economic development (Goldstein, 2010). This has led to a rise in the body of literature exploring the engaged university.

University-business engagement encompasses a broad range of activities and it is impossible for any university to operate in all domains of activities (Boucher et al., 2003; Huggins et al., 2008; Wilson, 2012). As noted by Lawton Smith and Bagchi-Sen (2012), although research universities have distinctive characteristics, they are a long way from homogenous in their engagement. In the UK, for example, university's engagement with businesses includes differing activities such as consultancy, technology transfer, knowledge transfer partnerships (KTPs) and European Regional Development Fund (ERDF) funded schemes (Rose et al., 2012).

Within the engaged university model, universities typically develop collaborations with businesses in their local or regional communities. This is because each university has an obligation to its local community – "As an anchor institution in its community, there is a fundamental obligation for the university to support its local business community" (Wilson, 2012: 76) in particular the SME sector. As highlighted in the Lambert Review of university-business collaboration (2003: 71):

> Proximity is especially important for SMEs, which do not have the time or knowledge to identify relevant expertise a long way from home. So it is important that SMEs around the country should continue to have close access to research departments which are generating valuable ideas for the regional economy. Some high-technology SMEs look to world-class university departments for their collaborations, but even these will choose universities in their region wherever possible.

In exploring the geography of university-business engagement, within the context of knowledge transfer activity in the university sector, Hewitt-Dundas (2012: 265) argued that the spillover effect of research is spatially confined – largely to the region in which the research takes place:

> For example, in the US, while university research was found to have a significant effect on innovation output, this was limited to a 75 mile radius (Anselin et al., 1997, Anselin et al., 2000 and Acs et al., 2002). Similar results have been identified elsewhere: Germany, where over half of all business innovations arising from university research were located within 100 km of the respective university (Beise and Stahl, 1999); and France (Autant-Bernard, 2001) where analysis of scientific publications highlighted that it was regionally based knowledge sources that significantly effected innovation output.

Drawing on prior studies, Hewitt-Dundas (2012) argued that the explanation for the strong proximity effect in university-business knowledge spillovers is associated with the informational advantages generated from agglomeration. The author explained that new knowledge is created not only from the transfer of codified knowledge but also from tacit knowledge which is facilitated by personal interactions and is sensitive to increasing distance. Drawing on previous studies, a recent study by Huggins et al. (2012) also stressed that it is now recognized that knowledge spillovers from universities are often spatially constrained, demonstrating that proximity may be important between universities and the firms with which they interact. As the authors noted, spatial proximity to a relevant university knowledge source may be an important factor in the propensity to access knowledge from that source. This is especially important with respect to more tacit forms of knowledge where a shared 'codebook', or language and customs, and the existence of a trusting relationship between parties facilitate the absorption of knowledge from one source to another (Huggins et al., 2012). In other words, in choosing collaboration partners, firms are likely to seek university partners that are geographically proximate so as to allow face-to-face contact to resolve problems and enable the development of trust (Laursen et al. 2011).

Recent findings from Hong and Su (2013) support previous studies that geographic distance between universities and industry hinders the likelihood of university-industry collaborations. Hong and Su (2013) further demonstrated that organizational proximity, institutional proximity, social proximity and university prestige could intervene to lessen the negative effect caused by long distance on university-industry collaboration. Hong and Su (2013) reveal the importance of studying potential mediating measures that can reduce the negative effect of geographical proximity on university-business engagement. The present study explores the case of franchising as a potential mediating measure in offsetting the constraints associated with geographical proximity and the widening of university-business engagement beyond a university's locality and region.

Franchising

This paper focuses on business format franchising, which "occurs when a firm (the franchisor) sells the right to use its trade name, operating systems, and product[/service] specifications to another firm (the franchisee)" (Castrogiovanni et al., 2006: 27-28). Franchising creates opportunities for both the franchisor and the franchisee (Combs, Ketchen, Shook, and Short, 2011). A franchisor gains the opportunity to develop its organization rapidly because new outlets that make use of its brand name are funded, managed and operated by franchisees rather than by the franchisor (Combs, Ketchen, Shook, and Short, 2011). Franchisees gain the opportunity to own their own business, particularly under the umbrella of a tried-and-tested business concept (Combs, Ketchen, Shook, and Short, 2011). Given these advantages, it is not surprising that franchising has become very popular (Combs, Ketchen, Shook, and Short, 2011). In the US, for example, franchising is huge; there are 909,253 franchised business establishments, resulting in 21 million jobs and $2.31 trillion of annual output (PricewaterhouseCoopers, 2008). In the UK, the franchising sector is currently worth an estimated annual turnover of £12.4 billion; it directly employs about 521,000 people across a total of 897 active franchises with 36,900 franchised outlets (NatWest/British Franchise Association Survey, 2011). Indeed, franchising has played an important role in global wealth creation (Hoy et al., 2000). It is now used in over 80 different industries (IFA Educational Foundation, 2005; cited in Combs et al., 2010). However, as far as we are aware, franchising has yet to be fully explored within the domain of university-business engagement.

When an organization grows its business concept through franchising, it relinquishes substantial control over outlets employing its trademarks, and in return, it receives a relatively small proportion of revenues; consequently, questions as to why some firms franchise have been crucial to franchising research (Combs, Ketchen and Short, 2011). The majority of franchising studies have focused on two key theories – resource scarcity and agency – to explain the reason a firm chooses to adopt the franchise model (Elango and Fried, 1997; Combs, Michael and Castrogiovanni, 2004; Grünhagen and Mittelstaedt, 2005; Castrogiovanni, Combs and Justis, 2006). Resource scarcity affirms that franchisors can use franchising to obtain access to key resources required for rapid growth and for building economies of scale (Combs, Ketchen and Hoover, 2004). These comprise financial capital (Oxenfeldt and Kelly, 1968-1969; Ozanne and Hunt, 1971; Caves and Murphy, 1976), human capital (Hopkinson and Hogarth-Scott, 1999), and local market knowledge (Oxenfeldt and Kelly, 1968-1969). In other words, resource scarcity explanations for franchising suggest that firms use franchising to leverage franchisees' capital and managerial and local knowledge (Combs, Ketchen, Shook, and Short, 2011). Access to these resources enables firms to overcome resource scarcities and rapidly build economies of scale in advertising and purchasing (Combs, Ketchen, Shook, and Short, 2011). While acquiring access to franchisees' resources is an important advantage of franchising, the fact that franchising continues once resource scarcities are eliminated suggests that there must be other important reasons for franchising (Combs, Ketchen, Shook, and Short, 2011). This leads to the second dominant argument for franchising – agency theory – which has been noted as the main alternative to resource scarcity explanations for franchising (Combs et al., 2010). Agency theory addresses the choice of contractual arrangement that will be made whenever one party (i.e., the principal) delegates authority to another (i.e., the agent) (Combs et al., 2010). Agency theory arguments suggest that franchising is advantageous because it provides a solution for the potential misalignment of interests between owners and managers (Chirico et al., 2011). It is anticipated that the monitoring costs for a franchisee will be lower compared to the cost of monitoring hired managers (Chirico et al., 2011). In spite of the dominance of resource scarcity and agency theories in explaining franchising decisions, a number of recent studies have suggested the need to expand the theoretical perspectives used in the franchising literature beyond these two historical theories (see e.g., Combs et al., 2009; Combs, Ketchen, Shook, and Short, 2010). In this study, we examine whether the motivations for our conceptualized model of university-business engagement franchising are consistent with the two dominant franchising theories or alternate theoretical perspectives.

In general, the academic literature on franchising has focused extensively on the use of franchising to expand the franchisor's business to various regions via replication of a standardized business concept. It is argued in the present study that franchising offers opportunities to explore the geographical widening of university engagement activity with businesses. Therefore, we examine: (1) *What are the underlying motivations for rolling out university-business engagement activity to delivery partners outside the university's locality?* (2) *Who, and where, are the partners that are granted university-business engagement roll out rights?* By exploring these questions, we address the gap in the academic literature on the geography of university-business engagement which has largely suggested that university's engagement with businesses is concentrated in the university's local and regional communities. The external growth ambitions (i.e. the potential for expansion to external regions) that might be present in university-business engagement have been under-researched. As a result, most of what we know has been based on studies focused on the university's engagement with their local and regional businesses. Our study addresses this glaring gap in the literature.

Methodology

To address our research questions we employed a case study research strategy to deepen understanding of the under-explored research area of university-business engagement franchising. A case study is "an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used" (Yin, 1994: 13). The case study research strategy focuses on understanding the dynamics present within single settings (Eisenhardt, 1989). It has been argued that "carrying out intensive case studies of selected examples, incidents or decision making processes is a useful method when the area of research is relatively less known" (Ghauri and Grønhaug, 2002: 88–89). Case studies are therefore particularly useful for building novel theories in new research areas, or for current research areas where existing theory appears inadequate (Eisenhardt, 1989; Voss et al., 2002), as in the present study.

For this research, we have purposefully selected a specific case where the key issues of interest should be transparently observable (Eisenhardt, 1989). Purposive case selection can provide vital contributions to the inferential process as it enables researchers to choose the most appropriate cases (Seawright and Gerring, 2008) for specific research questions. The present research was based on an in-depth case study of the Leading Enterprise and Development programme, commonly referred to as 'LEAD', a leadership and management development programme specifically designed for SME owner-managers (or directors) by the Lancaster University Management School (LUMS) Institute for Entrepreneurship and Enterprise Development (IEED). The use of a single case study was best suited for our research purpose because it enabled us to obtain new theoretical insights with the richness, depth and contextual insights of a single case (Dyer and Wilkins, 1991; Piekkari et al., 2009). Our use of a single case study also fits the main essence of case study research, which is "the careful study of a single case that leads researchers to see new theoretical relationships and question old ones" (Dyer and Wilkins, 1991: 614). Case study research focuses on providing detailed contextual analysis of a limited number of events or conditions and their interactions (Dooley, 2002). Dyer and Wilkins (1991) provided several examples to show that some of the more important studies that have advanced the knowledge of organizations and social systems, and continue to have an impact on the field of management, are based on a single case (or just two cases). Our use of the LEAD as a single case study is thus appropriate because, compared to established theory, it is unique and has something special to reveal (Rowley, 2002).

To enable triangulation, theory building requires the collection of data from multiple sources (Eisenhardt, 1989). Triangulation employs evidence from different sources to support the same finding (Rowley, 2002) and is particularly important in case study research as it enhances reliability and validity of the research (Voss et al., 2002). In line with this, data for this study were collected from multiple sources, notably (1) Participant observation, (2) Document analysis of LEAD materials (including LEAD literatures and LEAD evaluation reports), (3) Field notes taken at a LEAD-focused seminar and at a LEAD talk, and (4) In-depth interviews with key informants comprising individuals that have been influential in the design, development and/or roll out of the LEAD programme. These consisted of individuals in the following positions in IEED, LUMS, at the time of writing this paper (most have been involved in the LEAD programme since its inception): the Head of Department, the founding Director of LEAD, the Head of Strategic Partnerships, the LEAD Programme Director and IEED's first Entrepreneur in Residence. Open-ended questions (with probes) were used for the interviews.

Data analysis for the propositions developed in the later section (in relation to our research questions) was based on content analysis. More specifically, we employed qualitative content analysis i.e., "the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns" (Hsieh and Shannon, 2005: 1278). Due to the nature of our research questions – which enquired about *What, Who* and *Where* – stemming from the lack of theory on university-business engagement roll out and franchising, we utilized the procedures for a 'conventional' approach to qualitative content analysis described by Hsieh and Shannon (2005). A conventional approach to qualitative content analysis is generally used in a research design that aims to describe a phenomenon, particularly when existing theory or research literature on a phenomenon is limited (Hsieh and Shannon, 2005), such as the evolution of a theory of university-business engagement franchising that we seek to explore in the present study. As explained in Hsieh and Shannon (2005), we started the data analysis by reading all the texts from the interviews repeatedly to achieve immersion and make sense of the data as a whole. This was followed by reading the data word by word to develop codes by first highlighting precisely the words from the text that appeared to capture key thoughts or concepts. Codes were then organized into categories (i.e. patterns or themes that were directly expressed in the text or were derived from the text through analysis) depending on how different codes are related and linked. Essentially, these emergent categories enabled us to organize and group the codes into meaningful clusters. Finally, we developed the definitions for each category and code.

In all, methodological rigor, reliability and validity were ensured through the consideration of issues around the six elements explained in Dooley (2002): (1) Determination and definition of the research questions (2) Case selection and determination of data-gathering and analysis techniques (3) Preparation for data collection (4) Data collection in the field (5) Evaluation and analysis of data (6) Preparation of the report.

In the beginning: The creation of LEAD

Knowledgelink (1998-2002) explored approaches to stimulating SME owner-managers to engage with their development as leaders, and with a university as a locus for development support. Hitherto, these had been considered intractable issues. Knowledgelink informed development of LEAD, a ten-month leadership development intervention for SME owner-managers conceived in 2003 and piloted in 2004 in the Lancaster University Management School (LUMS) Institute for Entrepreneurship and Enterprise Development (IEED). The LEAD programme aims at improving performance and growth of SMEs and focuses on two core areas: the business itself and the owner-manager. The syllabus combines masterclasses, shadowing exchanges, coaching, action learning and experiential events.

The LEAD pilot was funded by the former Northwest Regional Development Agency (NWDA). It was agreed that the LEAD intellectual property would be shared on an equal fifty-fifty basis between Lancaster University and the NWDA. The LEAD pilot was produced by selectively applying available current research into programme design, and using in-house expertise in operationalizing management development programmes that had accrued over several decades of working with blue chip organizations such as British Airways and British Nuclear Fuels Limited.

However, in general, the SME client base was known to have its own idiosyncrasies, not least of which was its enormous diversity and dispersed nature. To address this, specific principles for recruitment and programme management were established. An idealized candidate for the initial LEAD cohort was described and the candidate's credentials were shared with the team at the former Business Link (a government-funded network of local business advice centres for SMEs in England (Bennett et al., 2001)), who were asked to assist in recruitment from their extensive client base. The perfect clients were defined in the following terms:

1. They were the sole or main owner of their business
2. Their business was an independent SME

3. They employed (led) not less than five employees
4. They had been trading profitably for some years, ideally five plus
5. They had earlier corporate or large organization experience
6. They had to be able to express a growth-orientation, i.e. they could explain in their own words a desire to grow their ventures.

Referrals from Business Link and other sources led to written applications, which were followed by individual interviews. By this rigorous process of selection, the initial LEAD cohort members were recruited and given the distinct impression that they had, just by being selected from the applicant pool, achieved recognition. They were thus on their way to being inducted into the small elite of LEAD companies.

The following two years saw a total of 67 delegates, from 65 companies, take part in LEAD in the four pilot cohorts. A contract was arranged between Lancaster University and academics at Newcastle University, who were commissioned to conduct an arms-length econometric evaluation of the LEAD pilot. Following the pilot, this evaluation (Wren and Jones, 2006) and an accompanying anonymous full narrative report (IEED, 2007; written by Magnus George) revealed the extent and ways in which LEAD had produced positive benefits to participants. This included improvements in turnover and profit.

Post-pilot LEAD

Following the pilot, and convinced of the value of the LEAD programme in both economic development and research terms, the Lancaster University Management School (LUMS) Institute for Entrepreneurship and Enterprise Development (IEED) maintained unbroken provision of LEAD after the pilot ended, with one or two cohorts being launched each year. The LEAD participants are recruited from all business sectors. They become members of a specific cohort, with each LEAD cohort comprising 15-25 SME owner-managers/directors from a wide variety of backgrounds, professions and market niches. This results in audiences typified by extensive practical experience, who are also mature and engaged learners.

Furthermore, LEAD began to be experimented with. The LEAD model was refined and deployed in Cumbria Leaders, a specific project for the county of Cumbria. The NWDA executive board also commissioned a version of LEAD for themselves to experience. In 2005, LUMS led the partnership that won the contract to deliver the Northern Leadership Academy (NLA) for the NWDA, which was acting on behalf of The Northern Way initiative. The NLA partnership consisted of the business and management schools of Lancaster, Leeds and Liverpool universities. One minor aspect of the activities of the NLA was that it gave LEAD some formal exposure across the north of England. Through the NLA, LEAD also became better known to a number of management schools' staff across the north of England, in both NLA partner institutions and in secondary partners to the project. This knowledge was important in the subsequent North West roll out of LEAD, explained below.

The LEAD roll out: Toward an evolution of university-business engagement franchising

Since 2004, LEAD has been provided nonstop at Lancaster University. It has also been rolled out to external providers on a sizeable scale, including LEAD in Wales (UK), LEAD the North West Region (of England), LEAD in South West (England), LEAD in London (England), as well as further planned roll out. Here, we conceptualize the roll out of LEAD to be evolving towards a franchising model of university-business engagement. To fully understand the logic behind our conceptualization, we start by looking at how the LEAD roll out fits the definition of franchising. Ajayi-Obe (2007) provides a detailed discussion around the definitional issues surrounding the concept of franchising. Different users define franchising in different ways and there is no consensus as to a standard definition (Withane, 1991). The definitional debate has now been mostly substituted by a taken-for-granted meaning that merely distinguishes between different manifestations of franchising, for example, business format from product franchising (Hoy et al., 2000). As stated earlier, our focus in the present paper is on business format franchising, which "occurs when a firm (the franchisor) sells the right to use its trade name, operating systems, and product[/service] specifications to another firm (the franchisee)" (Castrogiovanni et al., 2006: 27-28). In line with Castrogiovanni et al.'s (2006) definition, below we present the various LEAD provider organizations (which can be conceived as the embryonic 'franchisees') that have evolved/ evolving from LEAD Lancaster (with LEAD Lancaster being construed as the emergent 'franchisor'). Furthermore, retaining a mix of franchised and company-owned outlets has become a key characteristic of most franchise chains, and this enables the generation of diverse synergistic benefits. Below, we also provide evidence of company ownership in the evolving university-business engagement franchising framework.

LEAD Runshaw

Runshaw College, near Chorley, Lancashire, was identified by the Northern Leadership Academy (NLA) Chairman as an interesting pilot for roll out, as it had an established and distinct SME client base. As such, this enabled the first cohort of LEAD to be delivered outside of Lancaster University. This pilot operation aligned with what will be expected in franchising where a franchisor has to pilot-test the business concept as a franchise before marketing it to prospective franchisees (Mendelsohn, 1993). Franchising is based on replicating a tried–and–tested business format, i.e., a proven business format. In line with this notion, Runshaw College became the first non-Lancaster institution to run LEAD by adopting LEAD Lancaster's proven format, with support (for example, in quality control) from the LEAD Lancaster team.

LEAD Wales

Someone with former links with Lancaster University, who had relocated to Swansea University, got in touch to enquire about running LEAD in Wales. This was to give LEAD its first proper roll out. This individual had been enthusiastic in promulgating LEAD amongst Welsh university and government colleagues since arriving at Swansea. Correspondingly, Welsh Assembly Government (WAG) officials tasked with economic development were anxious to address leadership development issues within the predominantly SME-based Welsh business community. A plan developed to bring LEAD to Wales, and a memorandum of understanding (MoU) was signed between Lancaster and Swansea. The presence of a MoU provides confirmation of the agreement between the parties involved, consistent with a franchise agreement that binds the franchisor and the franchisee. Through much hard work, LEAD Wales was agreed, with the WAG allocating funding to the project. The LEAD Wales project was scoped to run over a six-year period (as set by the funder, WAG), and to deliver LEAD to 700 SMEs or social enterprises in the nation. Having a specified period of time for LEAD Wales to take place was in accordance with franchising, where a franchisor customarily grants the franchisee the right, or privilege, to undertake business in a precise location and in a prescribed manner over a certain period of time (Vaughn, 1979). The actual period of the franchisor-franchisee relationship and agreement thus varies from one franchise to another (Hoy et al., 2000). The LEAD Lancaster team did paid training for a new Swansea team, who were subsequently augmented by colleagues from Bangor University who had been brought in to give LEAD Wales a better sub-national coverage. The training that took place was in line with the training of the franchisee by the franchisor, within the franchising context. LEAD Lancaster has an on-going arm's length relationship with LEAD Wales, where Swansea and Bangor Universities are now delivering LEAD (see www.leadwales.co.uk).

LEAD the North West Region

While the above was taking place, the LEAD evaluation report (Wren and Jones, 2006) drew further attention to the efficacy of the LEAD model back in the North West of England. During 2008 and 2009, staff from LEAD Lancaster consulted with the former North West Regional Development Agency (NWDA) to develop and finalize plans for what became the LEAD the Northwest Region (LTNWR) programme. This programme had been named in the draft NWDA Corporate Plan for 2008-11, which specified “rolling out a major programme based on the successful LEAD model”.

Formally launched in January 2008, LTNWR had two aims. The first of these was to deliver LEAD to 1,250 regional SMEs. The second was to build regional capacity for delivery of LEAD by developing a network of providers which were skilled in the programme. A total of 13 provider institutions were granted contracts to deliver LEAD cohorts, in what became a large scale roll out. The provider institutions included Lancaster University and Runshaw, the only institutions to have had experience of LEAD. Lancaster was retained as trainer, and tasked to inculcate the LEAD ethos and programme content among all providers. The LEAD Lancaster team also facilitated an on-going provider network, which was established as a forum for sharing collective provider understanding of the LEAD process and how best to use to work with SMEs.

The LEAD Lancaster team, working in conjunction with the NWDA project management team, produced a comprehensive provider manual, congruent to the franchise manual that is prepared by the franchisor to provide franchisees with all the required information for correctly operating the franchised business (Mendelsohn, 1993). In other words, with the franchise manual, the franchisor transfers knowledge about the running of the franchised business to the franchisee (Mendelsohn, 1993). Known internally as the 'LEADipaedia', this manual attempted to codify the entirety of the LEAD process, including the extensive body of tacit knowledge that had developed in the preceding four years of delivering LEAD (i.e. from when LEAD was piloted in 2004 to when LTNWR was launched in 2008).

By September 2009 all new providers had had their LEAD team staff trained by the LEAD Lancaster team. Drawing on the pre-existing client bases, and aided by Business Link, recruitment to LEAD was underway and initial cohorts for all provider institutions were launched by October 2009. Therefore, under the direct guidance and monitoring of the LEAD Lancaster team, LEAD was rolled out across the North West Regions between 2009 and 2012 via a network of provider institutions funded by the NWDA.

All the LEAD roll outs explained above were based on the pioneering LEAD intellectual property equally owned by Lancaster University and the NWDA. Following the termination of the NWDA, LEAD Lancaster unhesitatingly elected to continue the LEAD programme. Lancaster University has now developed Lancaster LEAD® (with a purple colored logo to replace the initial green colored logo), which they continue to roll out as explained in the following sub-sections. Henceforth, we therefore refer to LEAD Lancaster as Lancaster LEAD. The Lancaster LEAD team also continues to deliver LEAD to suitable SMEs in the North West.

LEAD South West

LEAD has now been rolled out to the South West of England. A commercial organization, QuoLux LLP, is providing LEAD across this region under license from Lancaster University Management School (LUMS) Institute for Entrepreneurship and Enterprise Development (IEED) (quolux.co.uk). QuoLux received comprehensive training in all facets of the programme as well as the documents to do LEAD from the Lancaster LEAD team. In particular, the founding director of LEAD in Lancaster attended a lot of the LEAD events held in the South West in order to help them develop the programme. This ongoing support is frequently seen in franchising arrangements where the franchisor provides various forms of support for franchisees. It was also stressed during the interviews that the owner of QuoLux has strong links with Lancaster, being an alumnus of LUMS. This was highlighted to show that it is the individuals who had knowledge about LEAD that have extended the programme to other regions. Furthermore, QuoLux is providing a recently developed post LEAD programme, the Graduates of LEAD Development (GOLD) programme, under license from IEED.

LEAD London

The training for LEAD in London has just commenced at the time of writing this paper, and in September 2013, the first LEAD cohort will be launched in London at the Work Foundation. The Work Foundation is "a leading provider of research-based analysis, knowledge exchange and policy advice in the UK and beyond" (www.theworkfoundation.com). The Work Foundation was established in 2002 and in 2010 it formed an alliance with Lancaster University that is allowing both organizations to boost their impact (www.theworkfoundation.com).

An interviewee explained that: “[I am] introducing what LEAD is to London, so the process, the documents, the framework. There is a manual, an online manual. The online manual resembles a franchise manual”. As the Work Foundation in London is now part of Lancaster University, LEAD London can be seen as a company-owned outlet of Lancaster LEAD. One interviewee expressed that “Yes, I would see LEAD London as an evolving company-owned outlet of LEAD in Lancaster … There is a business development manager appointed for LEAD London”. Another interviewee also affirmed that “… it makes sense to say it [LEAD London] is a company-owned outlet of ours [Lancaster LEAD]. So, we still own it”. A key characteristic of most franchise systems is that they simultaneously use a mix of both franchised and company-owned outlets (Bürkle and Posselt, 2008; Barthélemy, 2008, 2009), a governance structure commonly referred to as the ‘plural form’ (Bradach, 1997). Castrogiovanni and Kidwell (2010) stated that around 75 percent of all franchisors have a mix of company-owned and franchised outlets (citing information from Frandata Corporation, 2000). In franchising, the franchise system is thus made up of outlets franchised to local operators and outlets owned by the franchisor, with both types operating the same production (/service) process and selling under the same trademark (Michael, 1996).

LEAD – potential further national and international roll out opportunities

LEAD continues to attract attention from potential roll out partners, both from the UK and internationally, demonstrating the recognition of LEAD as a university-business engagement opportunity that can be replicated successfully. For example, there have been consultations in Australasia and enquiries from Slovakia. Additionally, the interviewees stressed that they have received interests from other English organizations, as well as interests on extending LEAD to Scotland.

LEAD impact

To date, LEAD alumni have exceeded 1,600 SME owner-managers and directors across England and Wales. Comprehensive independent evaluations of LEAD have been undertaken by Wren and Jones (2006, 2012) from Newcastle University, UK.

In their ex-post evaluation of the LEAD programme, Wren and Jones (2006: 2) focused on "the business effects of LEAD on the operations and outcomes of participant firms". The evaluations showed that "the LEAD programme has had substantial effects on business outcomes (achieved or expected), and that these outcomes have been induced by changes to business operations, which are due to the programme … the overall conclusion is that the programme has been successful in achieving its objective of promoting business development and growth" (Wren and Jones, 2006: 3).

Wren and Jones' (2012) latest quantitative evaluation of the LEAD programme ran in Lancaster over the period 2004-2011 was based on an analysis of ex-ante and ex-post questionnaire survey of participants, and an analysis of baseline data gathered back then when the participants joined LEAD and in 2011. Amongst the key findings were the business outcomes – "Around half of the survey respondents indicate an increase in sales turnover since joining the [LEAD] programme, and likewise employment, while three-quarters say their labour productivity has improved …" (Wren and Jones, 2012: 43). "For those experiencing an increase in sales turnover, the mean sales increase is about £360,000 a year, of which …37.5% is attributable to LEAD" (Wren and Jones, 2012: 3). Overall, since commencing participation in LEAD, 55% of businesses have seen an increase in sales turnover, 48% of businesses have had increased employment, and 65% of businesses have seen an increase in their productivity (i.e. their average sales turnover per employee) (Wren and Jones, 2012).

Responding to the enthusiasm by some SMEs to carry on their university contact and their journey with Lancaster University on their completion of the LEAD programme, the Lancaster University Management School (LUMS) Institute for Entrepreneurship and Enterprise Development (IEED) have, from the pilot onwards, consistently offered a post-LEAD forum. After some early versions, this has now evolved into the Graduates of LEAD Development (GOLD) programme. GOLD combines an annual overnight experiential event, regular plenary masterclasses and, at its heart, a non-executive director and board simulation. More recently, the Top Team programme and the network of Entrepreneurs in Residence have also sprung up from LEAD (see www.lums.lancs.ac.uk/departments/Entrep/Projects/) .

LEAD was central in the bid that led to LUMS winning the Times Higher Education Business School of the Year award in 2012 (George, 2013), where 'LUMS was commended by the judges for its "demonstrable, consistent and considerable impact locally, regionally, nationally and internationally"' (www.lums.lancs.ac.uk).

University-business engagement roll out and franchising

The above discussions demonstrate a licensing of university-business engagement roll out that can be conceptualized as an evolving franchising model. "Franchise arrangements, in the widest commercial use of the word, are those transactions in which one person [or an organization] grants rights to another to exploit an intellectual property right involving, perhaps, trade names [and] trademarks" (Mendelsohn, 1993: 37). Clearly, from the above, the LEAD roll out partners had been granted the rights to exploit the LEAD intellectual property.

As an interviewee explained, “Yes it [the roll out] should be... [The roll out] you should say that it is a franchise”. Another interviewee expressed that: “It [the LEAD roll out] was effectively franchising it [LEAD]. So, we train people [the LEAD roll out partners] to go through the process that we have done in Lancaster”.

More importantly, franchising revolves around uniformly replicating a standardized business format across an entire system (Dada et al., 2012), an obvious feature in the LEAD roll out. The LEAD roll out partners adopted the standard Lancaster LEAD model to ensure a consistency of approach (George, 2013). In addition to the various features of franchising reflected in the university-business engagement roll out discussed above, the Lancaster LEAD roll out partners operate in diverse regions that can be conceptualized as their allocated ‘territories’ for executing LEAD. In franchising, the franchisor grants unto every franchisee an exclusive territory for the implementation of the franchise concept, a process which also facilitates expansion of the franchisor’s business to various regions. Although there is now an established body of literature affirming that universities’ engagement with businesses, in particular SMEs, are spatially concentrated within the university’s locality and region, our findings suggest that the evolution of university-business engagement franchising can overcome the constraints of geographic proximity in the expansion of university-business engagement. Hence, we propose that:

> **Proposition 1:** Franchising will mediate the constraints associated with geographical proximity in relation to the widening of university-business engagement beyond a university’s locality and region.

We turn now to explore the theoretical explanations for the evolving university-business engagement franchising. A number of franchising studies have suggested the need for franchise research to move beyond the two historical theories (i.e. resource scarcity and agency theories) for explaining franchising (see for example, Combs, Michael and Castrogiovanni, 2004; Combs et al., 2009). "Resource scarcity explains franchising as a response to the need for critical financial and human resources; agency theory explains franchising as a response to the problem of directly monitoring and evaluating outlet personnel" (Combs et al., 2009: 1271). "T]he two theories are not contradictory [because] a firm must attract resources and align incentives" (Combs, Michael and Castrogiovanni, 2004: 909). Despite their popularity in explaining franchising, there have been challenges to the resource scarcity and agency theories (Combs, Michael and Castrogiovanni, 2004). More specifically, the evidence from resource scarcity and agency based explanations for franchising have been mixed and inconclusive (Combs et al., 2010; Chirico et al., 2011). Combs, Michael and Castrogiovanni (2004) concluded that franchising research can benefit from additional theoretical diversity beyond these traditional franchising theories.

An important feature of theory building is comparing the emergent concepts or theory with the existing literature, asking questions about similarities, contradictions and why – this process enhances internal validity, generalizability and theoretical level of theory building from case study research (Eisenhardt, 1989). The preceding discussions on the roll out of LEAD demonstrate that the motivations for expanding this university-business engagement activity via an evolving franchising model are not because of resource constraints and agency explanations, as suggested by the two dominant franchising theories. On the contrary, implicit in the earlier discussions is a strong premise suggesting that two key theoretical perspectives – notably, opportunity recognition and learning – have driven the roll out of the LEAD programme, an explanation also highlighted during the interviews. For example, one of the interviewees stressed that the theoretical explanation for the roll out has to do with “opportunity recognition”. This interviewee also added that the motivation was about “making our [Lancaster LEAD’s] presence known, access to more businesses through partners, [and to] extend Lancaster’s reach”.

Opportunity recognition has been defined as “the ability to identify a good idea and transform it into a business concept that adds value and generates revenues” (Lumpkin and Lichtenstein, 2005: 457). The notion of opportunity recognition as a research topic has its origins in the classic entrepreneurship literature, where a large part of this early literature attempted to explain the process of new firm creation and growth (Park, 2005). The recognition of an opportunity thus deals with understanding the root of the business idea (Dimov, 2012). Two dominant views of the opportunity construct have been delineated (Short et al., 2010). As Short et al. (2010: 54) explained, “The first view positions opportunities as *discovered*—that is, opportunities are viewed as a function of a tangible reality. Opportunities exist “out there” waiting to be found. The other dominant view posits that opportunities are *created*—a function of enacted actions that occur during entrepreneurial processes”. The LEAD roll out demonstrates a case of opportunity discovery by Lancaster LEAD, which was facilitated by the knowledge the roll out partners had about LEAD, demonstrating the influence of a learning theoretical perspective on opportunity discovery. Most of the LEAD roll out partners already had ex-ante knowledge of LEAD (mostly as a result of their involvement with Lancaster University). As an interviewee explained, “It is people who understand about LEAD that have taken it elsewhere. So no outsider has come …”. Therefore, the roll out has been demand-driven because of the learning on the part of the LEAD roll out partners, which enabled opportunity recognition for the roll out.

As noted by Short et al. (2010), a number of studies have demonstrated that learning theories can enhance understanding of how opportunities are developed. Learning has been defined as "the manner in which individuals transform their experiences, expertise, and prior knowledge into new insights and new knowledge" (Corbettt, 2005: 486). Corbett (2005) incorporated a learning perspective to the process of opportunity identification and exploitation to demonstrate the possibility that differences in learning matter. From an individual learning perspective, Corbett (2005) argued that there are differences in the ways individuals learn and these differences are important with regard to who identifies what opportunities. Corbett (2005) also proposed that individuals who depend on different ways of learning will be more or less effective during different stages of the opportunity identification process. From an organizational learning perspective, Lumpkin and Lichtenstein (2005) argued that organizational learning can strengthen a firm's ability to recognize opportunities and it can help equip firms to effectively pursue new ventures. The LEAD roll out adds to our knowledge about the important role of individual and organizational learning in opportunity recognition within the under-explored area of university-business engagement. We therefore propose that:

> **Proposition 2:** Opportunity recognition is a mediator between individual and organizational learning and university-business engagement franchising. In other words, individual and organizational learning will influence university-business engagement franchising through opportunity recognition.

Discussion

Franchising has become a key organizational form amongst service organizations and it seems it will be a permanent feature of modern economies; consequently, it has attracted the attention of scholars from diverse fields of studies (Combs, Michael and Castrogiovanni, 2004). Despite the huge body of franchising literature, and the increasing use of franchising in diverse industry sectors, this is the first known study to explore the emergence of franchising within the context of university-business engagement.

Universities have been ascribed as actors actively engaged in the economic development of the local and regional areas in which they are located (Uyarra, 2010). The extant literature has positioned university's engagement with businesses, in particular firms in the SME sector, as bounded within local and regional communities. The evidence presented in this study demonstrates how university-business engagement activities can extend outside the university's region through the use of franchise arrangements. Additionally, the findings indicate that opportunity recognition and learning perspectives provide explanations for an emerging theory of university-business engagement franchising.

Research implications

This study provides important research implications by extending both the literatures on university-business engagement and franchising. It demonstrates the first known existence of a non-proximity model of university's engagement with SMEs based on the franchising framework. There appears to be an established body of literature suggesting that the knowledge spillovers from universities are spatially concentrated (see for example, Hewitt-Dundas, 2012; Huggins et al., 2012). Unlike the majority of academic studies, we argue that university-business engagement does not necessarily have to be studied in terms of activities limited by geographical proximity. We show that knowledge spillovers from university-business engagement can occur via replication in regions external to the university's locality. The process can be conceptualized as a territorial replication of university-business engagement – i.e. the granting of rights to other providers/ institutions to replicate the university's proven engagement activities in different territories (i.e. regions).

We have also contributed to the franchising literature by providing empirical evidence on additional theoretical perspectives – opportunity recognition and learning – that can be further explored to explain franchising decisions, beyond resource scarcity and agency theories. More broadly, we have examined the concept of franchising in a previously unexplored research area in the franchising literature (university-business engagement) to show the mergence of these two different fields.

In the process of data collection, we also identified various complexities associated with a formalized endorsement of the 'franchising' terminology within the framework of university-business engagement. The evidence reported in the preceding sections indicate that the LEAD roll out very much demonstrates the existence of a franchising framework; yet, the word "LEAD franchise" tends to feature in discussions/seminars about LEAD and there is no official document affirming that the LEAD roll out is a franchise. The interviewees provided various explanations for the lack of an official approval to label LEAD as a franchise, as one interviewee explained: "The biggest problem is that we [Lancaster LEAD] don't know what we mean by roll out…. . we are afraid … because the University is not in the place of a mass education and this [roll out] is a mass education. But we teach about 12,000 students which is mass education. But we don't see that as our role in terms of business…. it is all shrouded in a bit of the fog". Additionally, this interviewee explained that "it is just because it is a bit scary because we have not done it before. But we have to take a chance". This interviewee further stressed that "Lancaster LEAD has the potential to become a successful franchise model. You can almost taste it that it has the potential to be franchised and to be global…There have been interests from different sources….It [The LEAD roll out] is a franchise waiting to happen. We don't know how to let it develop…But again it comes back to the problem of 'is the university in education or business'? It is that fear of commercialization". Similar views to the foregoing were expressed by most of the other interviewees.

Policy and practitioner implications

In all, the findings from this study offer significant implications for universities, SMEs and policy makers. First, just like firms, universities are organizations (Srinivas and Viljamaa, 2008), exhibiting many similar characteristics of firms. In particular, since universities are competitive organizations (Wilson, 2012) university-business engagement franchising can contribute to universities' competitiveness in the light of increasing emphasis on the need to strengthen university-industry linkages. Franchising of proven university-business engagement programmes can influence university reputation in terms of the intensity of collaboration with businesses and the potential impact of this collaboration on the design and delivery of University degree programmes. Indeed, universities and other Higher Education Institutions (HEIs) that engage with businesses are better placed in being able to gain access to private funding for research and other initiatives, there are also opportunities for representatives from the businesses that universities engage with to act as mentors for student entrepreneurs, as well as a potential employer and provider of work placements and internships for their students and graduates (BIS, 2012a). This can enable universities to maintain their world-class status (BIS, 2012a). Furthermore, the element on 'impact' (i.e. the impact of research beyond academia) in the Research Excellence Framework (REF), which is the new system for assessing UK universities' research, aims to reward research departments in universities that engage with business (www.ref.ac.uk). The creation of a franchising framework for university-business engagement could yield greater rewards for universities, given the scale of expansion that can be derived. Additionally, the Research Councils "pathways to impact" now requires all researchers to specify how they would share their research findings with the actual and potential users of that research (BIS, 2012a). A potential fruitful route for researchers studying issues associated with university-business engagement is to explore research designs and disseminations around franchising of university-business engagement. In general, the evidence in the present paper suggests that the engagement activities of universities with businesses can be construed as a business venture. Just as growth is important to many businesses, growth can be central to business-university engagement, and a means of accomplishing this could be via the adoption of a franchising strategy.

Second, it has been reported that there are so many businesses that are not benefitting from university engagement (BIS, 2012a). Cosh and Hughes's (2010) study demonstrated that universities are ranked relatively low in frequency of use as a direct source of knowledge by small firms. Drawing on prior studies, Huggins et al. (2012) stressed that in spite of the growing recognition that universities are major actors in realizing economic transformation, universities are usually under-utilized, and the perceptions of many small firms is that minimal benefits are derived from engaging with universities. Gertner et al. (2011) also noted that the rating ascribed to universities by firms is usually low in terms of importance as a source of knowledge for innovation. The evidence in the present study reinforces the influence of university-business engagement on the performance and growth of SMEs.

Third, enhancing university-industry collaboration has been central to many governments' agenda. In 2012, the UK announced new government plans to meet the challenge of making

England the best place in the world for business-university collaboration (BIS, 2012b). The plans included supporting the Council for Industry and Higher Education (CIHE) in the creation of a National Centre for Universities and Business; this centre will concentrate on the reinforcement of strategic partnership between universities and business with a view to influencing economic growth and recovery (BIS, 2012b). The findings from the present study indicate that governments can consider promoting the use of franchising in university-business engagement as a mechanism for strengthening the linkages between universities and businesses. Indeed franchising is now being used successfully on a grand scale in many industry sectors. It has become a highly prevalent organizational form (Combs et al., 2010) and one of the fastest growing ways of doing business (DiPietro et al., 2007) worldwide. Perhaps, it is time for governments to begin to draw on the franchising sector as a means of intensifying university-industry collaborations. Our findings indicate that the roll out of LEAD is largely demand driven, implying that there is demand for university-business engagement franchising. The present study demonstrates that university-business engagement franchising has the potential to transform the scope and scale of impact of any particular university by reaching out to other regions beyond the university's locality. Policy makers may focus on encouraging proven local or regional university engagement activities to be developed into franchise-based initiatives that can be rolled out nationally or even internationally. These initiatives may benefit SMEs significantly as it will enable them to engage with universities whose engagement activities with businesses have been tried-and-tested, and proven to work. For example, one of the interviewees stressed during the interviews that "It [LEAD] has been proven to work … so you want to replicate something that has proven to work well for a wider audience, for wider benefits". Additionally, it has been established that SMEs are likely to develop links with local (regional) universities rather than travel to acquire knowledge transfer activities (Hewitt-Dundas, 2012). Looking at the

Community Innovation Survey (CIS), the Lambert Review of Business-University Collaboration (2003: 71) argued that the evidence indicates that proximity is of importance to firms of all sizes. For example, the results of the CIS data on UK-based firms that collaborate with universities demonstrate that "firms with local markets chose to work with a local university in almost 90 per cent of their collaborations. Firms with regional or national markets chose to collaborate with their local universities between a third and a half of the time. Even companies with international markets work with their local universities in a quarter of their collaborations". Encouraging university-business engagement franchising will enable even more SMEs to engage with institutions/ providers in their local or regional communities, given that it is their local or regional institutions/ providers that will be drawing upon the established engagement activities from an external region.

Limitations and future research directions

While this study has documented the case of a successful university-business engagement roll out, the evidence presented in this study was based on a single case study. This research design may limit generalizations in relation to our research questions. However, our interest was in providing in-depth understanding of the research issues via our chosen case study. Future studies could explore additional theoretical propositions to explain university-business engagement franchising. Indeed, new theory emerges slowly because it will be developed over time as the research is extended from one case to another and increasingly more data are collected and analyzed (Dooley, 2002). Furthermore, since the focus of this study was on providing explanations for a divergence from the commonly accepted geographically proximate model of university-business engagement, the findings from this study were based on the "concept originator's" (i.e. the LEAD concept owner's) perspective. Future studies can explore university-business engagement roll out from the perspective of the external roll out partners to provide further insights.

Conclusion

This study has demonstrated the importance of a theory of franchising in university-business engagement. It has provided explanations for moving beyond the prevalent geographical proximate model of university-business engagement. In response to our first opening research question as to '*What are the underlying motivations for rolling out university-business engagement activity to delivery partners outside the university's locality?',* we found that opportunity recognition and organizational and individual learning can explain an emerging theory of university-business engagement franchising. In terms of our second research question as to '*Who, and where, are the partners that are granted university-business engagement roll out rights*?', the evidence from this study indicated that the partners involved in the evolving franchise model had prior knowledge of the university-business engagement activity before becoming a roll out partner; their external roll out operations have diverse geographical spread (outside the originating university's locality).

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