

## **Strategic and Tactical Continued Growth Platforms in Wales, United Kingdom:**

### **The Development of Food Sector Small to Medium Enterprises (SMEs)**

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## **Introduction**

The Rural Development Plan PMG Scheme 2007-2013 and the Rural Development Programme 2014-2020, were Welsh Government/European Union schemes that funded strategic and tactical sectoral food and drink manufacturing and processing (FDMP) knowledge transfer growth platforms. These growth platforms worked in a networked partnership approach that linked small firms with academia and government assistance for knowledge and skills acquisition as a ‘triple helix’ strategy for growth. The continual funded partnerships with Zero2Five<sup>o</sup>, Cardiff Metropolitan University, consisted of the Knowledge Innovation Technology Exchange (KITE) Project, Food Innovation Rapid Response Programme; Barriers to Accreditation and Project HELIX as initiatives designed to aid business innovation, competitive advantage, sector growth and sustainability.

The aims of the triple helix partnerships were to contribute to the objectives of the Food and Drink Strategy for Wales 2006-2013 and Towards Sustainable Growth: An Action plan for the Food and Drink Industry 2014-2020. The aim of this study is to investigate the significance of continual strategic and tactical development growth platforms’ technical and food safety knowledge transfer, for the Welsh FDMP sector, to inform post 2020 support.

## **Background**

Coinciding with the start of KITE at 2008, SMEs faced problems raising debt finance, citing increased costs and overdraft/loan finance being refused as a result of the Global Financial Crisis. The resulting economic recession saw trade implications for SMEs, already vulnerable with financial constraints and shortages to finance, as barriers to company growth (Jones-Evans, 2015; Harrison and Baldock, 2015).

Additionally, FDMP SME constraints were critical key technical skills shortages for meeting legislative compliance (Ellis *et al.*, 2020). Also, challenges of leading retailers putting competitive pressure on food suppliers competing for valuable shelf space; their move towards

traceable systems of quality and food safety; and additional expenses of employing technically proficient staff. FDMP SMEs had limited ability to meet increasing demands of large retail chains with their intensifying stringent requirements for volume, quality and food safety that reportedly impinged on the 'growth trajectory' of food sector SMEs (Mather, 2005).

### **Research approach**

A literature review located published/unpublished growth strategy narrative to identify gaps and perspectives in existing knowledge. A quantitative and qualitative triangulated mixed method approach was utilised to strengthen assessment reliability.

Programme/project delivery documents ( $n=510$ ) quantitatively analysed, provided FDMP SME intervention engagement numbers. Individual minutes and reports of local management committee/business review meetings ( $n=340$ ); and final project reports and evaluations ( $n=6$ ) provided a quantitative content analysis of partner outputs/outcomes and key performance indicators.

Semi-structured in-depth qualitative interviews were conducted with FDMP SME managers and project/programme technical operational managers ( $n=6$ ). FDMP SME letters to the UK Food and Farming minister ( $n=3$ ); available case studies ( $n=>30$ ); media and Welsh Government reports ( $n=>120$ ) associated with reported outputs/outcomes, provided data for a thematic analysis according to strategic facilitated growth components (utilising NVivo v12).

### **Results/Discussion**

Facilitated technical and food science/safety knowledge transfer interventions ( $n=513$ ) to FDMP SMEs  $n=251$  included key outcomes and performance indicators such as skills mentoring and training provision of technical information and facilitating compliance in 3rd party food safety certification such as SALSA (Safe and Local Supplier Approval) and BRCGS (Brand Reputation through Compliance Global Standards).

Cumulative key outputs of the 'triple helix' projects and programmes, included:

- Sustained employment, 2,317 jobs safeguarded.
- Increased jobs, 906 jobs created.
- Product innovation for added value, 1,767 new products developed.
- Improved competitive position, 129 new markets accessed.
- Increased sales growth, £207.5m economic contribution.

Increased/sustained jobs for the sector, was particularly relevant to combating the onset of the 2008 to 2010 recession, where overall employment in Wales fell by 3% compared to 1% for the whole UK. By 2017 Welsh employment growth incremented to 6% but still lagged behind the UK (10%), (Welsh Government, 2018). The reported cumulative increased sales growth contributed to the strategic Welsh food sector turnover objective, up 7.8% from £6.7b (2014) to £7.2b (2020), compared to the whole UK up 10.9% from £1,632.8b to £1,811.4b in the same period. Within Wales overall manufacturing labour productivity GVA (£m) increased between 2008 and 2019 by 46.9%. Food manufacturing incremented by 57.1% compared to Wood and paper products (79.5%), Pharmaceutical (67.3%), Computer, electronic, and Optical products (113.4%), (StatsWales, 2020).

## Conclusions/implications

The study highlighted that without regional funded growth platforms for food/science/technical support from 2008-2020, Welsh FDMP SMEs faced potential risks of noncompliance with new food labelling regulation enforced December 2016 and a lack of knowledge to maintain the 2018 BRCGS Food Safety Standard 7, resulting in either expensive support for financially constrained SME's or a loss of competitive advantage through lack of NPD innovation and leading supplier and retailer contracts.

Results from the study suggested further FDMP SME 'triple helix' knowledge transfer schemes are required, particularly in regard to the effects of Covid-19 and the UK leaving the European Union still impacting food manufacturing (Food and Drink Wales, 2021).

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