Pure

Scotland's Rural College

How can SMEs enhance the resilience of the UK food system?

Reed, MSR

Print publication: 25/03/2022

Link to publication

Citation for pulished version (APA):
Reed, MSR. (2022). *How can SMEs enhance the resilience of the UK food system?*

General rights
Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal ?

Take down policy
If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

Download date: 16. Nov. 2026

How can SMEs enhance resilience of the UK food system?

Summary

SMEs (small to medium enterprises) are well recognised as having both an important practical role in strategic parts of the food system, and a potential wider role in providing additional food system resilience. Evaluation of the potential for this resilience role is often clouded by polemic arguments around the relative value and legitimacy of SMEs, as compared to 'big business'.

To explore 'beyond the polemic' this short investigation focused on the potential synergies between SMEs and larger businesses and institutions. Three potential mechanisms were explored:

1. SMEs' ability to innovate
2. SMEs' ability to create neutral spaces for creative collaboration
3. SMEs' potential to hedge risk

Consultation with a range of sector players provided broad corroboration of these mechanisms, although institutional and structural barriers were commonly cited as being significant limiting factors to SMEs achieving their full potential in contributing to food system resilience. It was also noted that while SMEs can and do contribute to food system resilience, it is only sometimes their primary raison d'être.

A particular focal point of discussion was on the potential role of SMEs in applied research and development to deliver food system innovation. In this, SMEs were identified as having the potential to be catalytic players, convening and unlocking innovation in academic and business partnerships working on food system transformation and adaptation – something likely to be critical for future resilience. It was noted that current research and innovation funding processes are inadequate to take full advantage of this special role of SMEs.

Introduction

The past two years have demonstrated the importance of creating food systems that are resilient to unanticipated shocks and stresses. While the UK food system has, generally, held up well given the complex incoming disruptions of Covid-19 and Brexit, its long-term ability to keep shelves full and bodies nourished remains in question. As chronic stresses continue to build on production and logistics, from climate change to geopolitics, our ability to withstand future shocks can't be assured.

Small and medium sized enterprises (SMEs) already have significant roles in the UK food system notably in primary production, retail, logistics, technology development and advisory services.

Approximately 97% of enterprises in the UK food system are SMEs, collectively contributing a turnover of around £21 billion and employing 135,000 people in 2019[1]. They also contribute significantly to the social and cultural makeup of the UK, providing services that go beyond their physical offering.

Despite these numbers, SMEs are a minority part of a £120 billion agri-food sector[2] in the UK, in which by far most of the commercial activity is carried out by much bigger organisations. The UK food system has an uneven mix of scales of enterprises. The power imbalances and potential resilience downsides of this mix are well documented and debated. What has been less explored are the specific mechanisms through which interactions between SMEs and larger players in the food system can be deliberately harnessed to develop greater food system resilience.

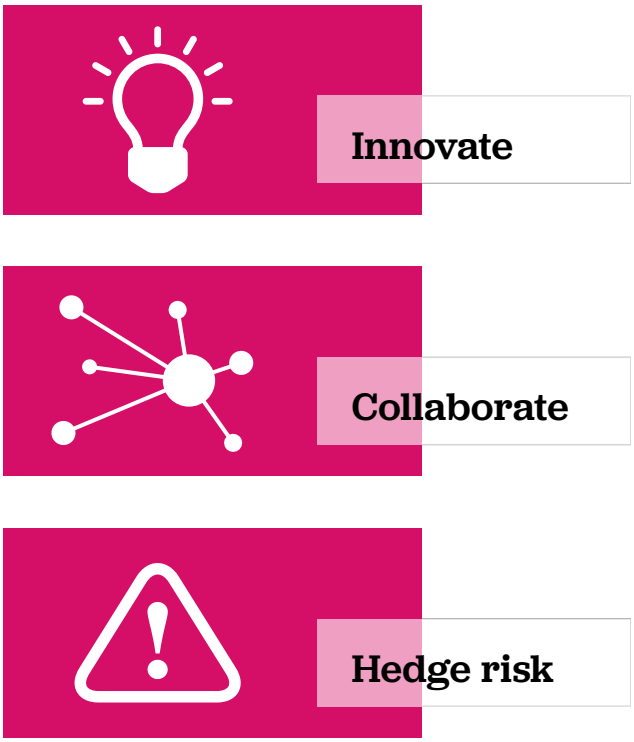

Figure 1: Assumed mechanisms through which interactions between SMEs and larger players might contribute to food system resilience

A. **Innovation**. Because they are small and agile, SMEs can potentially take risks and trial new ways of doing business. This can mean that their business models and product offerings are new and innovative. Examples range from start-ups involved in the development of alternative and plant-based proteins, to SMEs working on new methods for sewage waste valorisation as reduced-emission fertiliser.

B. **Creation of neutral spaces for creative collaboration**. Specialist and advisory SMEs (including small social enterprises and charities) often prove to be useful brokers of (pre-competitive) collaborations between larger players in the food system – enabling them to work together to solve resilience issues. Examples include, the Cool Farm Alliance, which brings together farmers, NGOs, multinational food suppliers and retailers to promote agricultural practices that mitigate greenhouse gas emissions, and the Soy Transparency Coalition, which works on sustainable sourcing of soy.

C. **Potential to hedge risk** by diversifying the range of business models that exist in the food system. For example, local farmers' markets and small shops, while representing a tiny fraction of UK food retail sales, provide alternative and localised logistics and routes to market, should wider supply chains falter (as happened in limited ways during the Covid-19 crisis).

About the research

The research focused on testing and 'ground truthing' the three mechanism, listed in Figure 1, through which interactions between SMEs and larger players might contribute to food system resilience.

The process for testing and ground truthing these synergies included 17 semi-structured interviews focussing on the three hypothesised mechanisms, a focus group and an online workshop. These were conducted between March and June 2021.

The interviews engaged with a wide range of stakeholders across the food system, including small businesses, local and national government, multinational businesses, industry/trade body representatives and academics. A focus group of MBA students, each of whom had worked in various capacities across international food systems, was also conducted. The research process culminated with a two-hour stakeholder workshop in May 2021, with a mixture of participants who had already been engaged in the interview rounds as well as selected individuals from other areas of the UK food system.

Results and conclusions

Insights from the stakeholder interviews

The consultation provided broad corroboration of the three mechanisms, although institutional and structural barriers were commonly cited as being significant limiting factors to SMEs achieving their full potential in contributing to food system resilience.

Three notable opportunities emerged, where stakeholders felt that larger institutions could play a role in promoting food system resilience through engagement with SMEs:

1. **Universities are ideally situated (geographically and organisationally) to boost SME innovation and collaboration across the food system**. It was recognised by several interviewees that, as universities sometimes have connections with actors from across the food system, they can be a natural intermediary between their interests, with the potential to bring SMEs into strategic and well-funded initiatives. The role of universities is to explore and test new ideas and it was noted that because of this quality, universities could also act as third spaces for collaboration, building physical and virtual spaces that can encourage and improve knowledge sharing practices among actors across the food system.
2. **Large businesses have capacity to support SMEs within their supply chains, and in turn, promote resilience**. Accepted across the interviews was the fact that big businesses have greater more secure cashflows and are therefore able to directly respond to the investment challenges that SMEs face. It was also noted that big businesses can support SMEs in other ways, for example by providing longer term contracts, networking and training opportunities, and supplying practical business solutions (e.g. software and hardware) to SME partners.
3. **Government can support SMEs by making infrastructure investments and restructuring research grants**. There was a general sentiment among interviewees that the government should focus on investing in basic infrastructure (such as road networks, wifi access, etc) to materially help SMEs to fulfil their roles and functions in the food system. One interviewee cautioned that innovative solutions need not be new or high tech – as the focus has been historically – rather, it is preferable to focus on broad infrastructural improvements and specific, targeted and practical grants (for example, polytunnels) that address the needs of SMEs. Secondly, it was noted on several occasions that the government could restructure research grants (e.g. Innovate UK) to be more inclusive of SMEs, and actively promote them as convening partners.

A spotlight on SMEs' role as conveners and catalysts for innovation

During the online workshop session, the use of pre-competitive collaborative spaces to further food system resilience was discussed. The participants identified that SMEs can provide a unique role within these collaborative contexts as they are not competitive with larger businesses or university partners. As such, they are in a strong position to identify opportunities for new ways of working, which create benefits for multiple players in the food system. They may also be well placed to convene those players, and – with support – develop and mature collective solutions such as in case studies 1 and 2.

Case study 1: Sustainable Futures – delivering more resilient agricultural production systems

Sustainable Futures is a programme initiated and delivered by the SME Future Food Solutions. It links global brands, food processors and farmers together along the supply chain to fund and deliver more resilient agricultural production systems and techniques. To do this they convene and broker relationships between different businesses, share knowledge, and – critically – develop and support the implementation of technical land management interventions which deliver value for multiple players in the food supply chain. As a well-respected and highly competent SME, they are far better placed to create this 'neutral opportunity space' than any one of the other players with a more direct 'stake' in the system

Case study 2: 3Keel – convening industry and university networks to test new nature-based solutions to food system resilience

Another example where an SME has created a catalytic synergy between diverse groups of actors is the role that 3Keel played in convening the GFS funded 'Resilient Dairy Landscapes' research collaboration. Owing to their diverse portfolio of clients and broad network, 3Keel was able to gather industry partners and universities as a consortium to 'pathfind', research, codify and test new – collaborative – approaches to funding nature-based solutions relevant to supporting resilience dairy landscapes in Cumbria and Southwest Scotland.

Normally, private sector players would be included in the sort of applied research in question as an invited, and often financially contributing, impact partner. Arguably this is predicated on private sector players being assumed to be: (1) large businesses, with significant resources, and (2) as having a commercial interest in the research outcomes. In the case of SMEs and the examples highlighted above, neither is the case. The business model for both Future Food Solutions and 3Keel is to be paid to facilitate and innovate, generating resilience and commercial outcomes for other players in the system. It was noted that research and innovation funding is not structured to fully leverage this special role of SMEs in contributing to food system resilience.

References

4. Mapping the UK Food System. Saher Hasnain, John Ingram and Monika Zurek
5. Food Statistics in your pocket: Food Chain

Useful resources

3Keel

Resilient Dairy Landscapes

Future Foods Solutions' Sustainable Futures Programme

About the Programme

The Resilience of the UK Food System in a Global Context (GFS-FSR) is a £14.5 million, five-year research programme. It was launched in 2016 by the Global Food Security Programme (GFS), the UK's cross government programme on food security research.

The Programme has been funded by UK Research and Innovation's Biotechnology and Biological Sciences Research Council (BBSRC), Economic and Social Research Council (ESRC), Natural Environment Research Council (NERC) and the Scottish Government.

Across UK universities and institutes, 13 collaborative research projects are producing new evidence and recommendations for policy and practice. The results will help to identify and develop interventions to strengthen UK food security.

www.foodsystemresilienceuk.org

@FSR_ProgrammeUK

RESILIENCE OF THE UK FOOD SYSTEM IN A GLOBAL CONTEXT
A Global Food Security Programme

Global Food Security
Sustainable, healthy food for all

UKRI Biotechnology and Biological Sciences Research Council

UKRI Economic and Social Research Council

UKRI Natural Environment Research Council

Scottish Government
Riaghaltas na h-Alba
gov.scot