



FoodBev SETA

Food & Beverages Manufacturing
Sector Education and Training Authority

Fostering SMME Skills Transformation in the Food and Beverages Manufacturing Sector

Abstract

This study is designed to identify factors that impact training and development practices in Small, Medium and Micro Enterprises (SMME) businesses operating in the Food and Beverages Manufacturing Sector together with skills and training needs. A mixed method approach was employed in the form of a questionnaire-based survey and telephone interviews. The empirical information resulted from analysing the data obtained from the SMMEs revealed that high costs associated with training, an inflexible SETA system, lack of public financing, and lack of time are the most critical challenges to training in SMMEs. Moreover, it was also established that generic, digital, technical/advanced, management, financial management, social and green skills are highly needed for the growth in SMMEs. The results further showed that business planning which includes management and leadership training is the most important training followed by research and product development, accounting and finance, information and communication technology (ICT), entrepreneurship, and legal courses. The study adds to the current body of knowledge on SMME and skills development. It also provides empirical evidence for the SETA in relation to what affect the participation of SMMEs in skills development initiatives.

Introduction and Background

Small, Medium, and Micro Enterprises (SMMEs)¹ represent the overwhelming majority of enterprises in any economy across the world. Research reveals that the SMMEs account for 90% of enterprises globally, more than 50% of employment worldwide and contribute up to 40% of national income (GDP) in emerging economies (Adian *et al.*, 2020). In South Africa, small businesses account for the majority of businesses and employ an estimated 50% to 60% of the workforce (Tshuma, 2022). The FoodBev SETA Sector Skills Plan 2024/25 further indicates that SMMEs account for the large majority (87.3%) of businesses in the food and beverages manufacturing (FoodBev SETA, 2023). Although the SMMEs contribute to employment and economic growth in the country, it has been proven that the business failure rate of SMMEs is very high (Prasanna *et al.*, 2019; Olarewaju and Msomi, 2021). Many SMMEs are not able to reach their full potential and ultimately reach a ceiling for growth. One of the reasons for the high mortality rate is the inability of SMMEs to develop a skilled labour pool to adapt to economic shifts associated with population growth, climate change,

¹ "SMMEs" are defined as companies with fewer than 250 employees. In South Africa, the National Small Business Act categorises small businesses into the following distinct groups: the survivalist, micro, very small, small, and medium businesses. Thus, 'SMME' describes small, medium and micro-enterprises. It is on this basis that the two terms (SMME and SME) are used interchangeably in this study.

globalisation and technological changes. In today's rapidly changing economic environment, business productivity heavily relies on the skillset of employees. Training and development therefore enable employees to stay updated and acquire new competencies, thereby positively impacting the business productivity and growth. By equipping SMMEs employees with the necessary tools and knowledge, they adapt to evolving challenges and demands in the business environment, staying ahead of the competition (Damoah, Ashie and Elias, 2018).

It is therefore becoming important not to ignore the situation of SMMEs as their potential to create mobility in the economy through employment is substantial (OECD, 2021). Research on the benefits of skills training for small businesses has revealed that training and skills development in businesses does not only enhances workforce capabilities but also enhances the collective proficiency of the entire workforce, leading to increased productivity and efficiency (Karim, Choudhury and Latif, 2019; Prasanna *et al.*, 2019). Arguably, for SMMEs to participate in the global economy, innovate, grow and be sustainable, a talent pool and skills set are needed. In this age of technology, training and development of employee skills set in SMMEs is crucial in helping to navigate through an increasingly digitalised and automated world (Viswanathan and Telukdarie, 2021).

A number of studies have demonstrated that SMMEs do not participate in training and development to the same extent as large businesses despite research indicating that skills development contribute to the fundamental competitiveness of business (Damoah, Ashie and Elias, 2018; LGSETA, 2021; Viswanathan and Telukdarie, 2021). Only a few SMMEs receive training or provide support for structured training for their employees in developing and developed country (Damoah, Ashie and Elias, 2018). This is evident in South Africa's Food and Beverages Manufacturing Sector wherein there is a prevalence of SMMEs, yet a very small percentage of the businesses invest in training and development (FoodBev SETA, 2023), though the reasons for this are unknown. With that said, one of the reasons that small businesses do not participate in training is that they do not have in-house staff members who specialise in identifying training needs, organising or exploring training programmes (OECD, 2021; Olarewaju and Msomi, 2021; Saah, 2022). Time is also a major training issue in the workplace for small business as they cannot afford for employees to take time off from work to learn. Despite the challenges, to date, there is no research focusing on the difficulties SMMEs face in deciding to advance the skills of their workforce in the food and beverages manufacturing industry despite the sector being dominated by SMMEs as indicated above. The research conducted has concentrated on general barriers to SMME growth, productivity, competitiveness and sustainability.

Rationale

The recently updated FoodBev SETA Sector Skills Plan 2024/25 shows that small businesses account for the majority (87.3%) of businesses in the food and beverages manufacturing (FoodBev SETA, 2023). Arguably, the growth and sustainability of the food and beverages manufacturing sector rests with the SMME sector. But the challenge is that, while large and medium businesses in the sector typically have well-established training programmes, small businesses often offer little or no training to employees. It remains critical to identify the factors that limit the ability of SMEs to participate in training. Significant ground has already been covered by the SETA in this regard as it managed to identify the drivers, enablers and barriers to SMME support and sustainability (FoodBev SETA, 2021), with limited focus on challenges to training and development. FoodBev SETA provides Discretionary Grants (DG) for SMMEs to implement skills programmes but the data for the 2023/24 financial year period shows that only 9% of the small businesses operating in the sector applied for Discretionary Grants. This is a small percentage considering the size of the SME sector. The challenge is that it is still unknown, as to what stops small companies in the sector from investing on skill development for their workforce beyond capital injection.

In view of the significant potential SMEs hold for the growth and sustainability of the Food and Beverages Manufacturing Sector, this study is designed to fill this research gap. The SETA has the responsibility to support the growth and development of SMMEs through skills development initiatives. It is therefore essential for the SETA to better understand training and development in SMMEs, particular challenges to training. The study therefore identifies the challenges to training and development faced by SMMEs in the Food and Beverages Manufacturing Sector. The research does not generalise the challenges faced by SMMEs to the sector but rather provides the SETA with a deeper understanding of those factors constraining training and development in small businesses.

Research Aim and Objectives

The aim of the study is to identify factors that hinder training and development in small, micro and medium-sized businesses together with skills and training needs. More specifically, the objectives of the study are:

- ✓ *To identify factors hindering SMMEs from investing in training and development.*
- ✓ *To determine the skills training needs of SMMEs operating in the food and beverages manufacturing sector.*

Main research question

What are the main factors hindering training and development in small, micro and medium-sized enterprises operating in the food and beverages industry?

The following questions are asked to address the main question:

- ✓ *What factors are inhibiting the investment of SMMEs in the development of their workforce?*
- ✓ *What are the skills and training needs of SMMEs in the food and beverages manufacturing sector?*

The remainder of the paper is organised as follows, the next section presents a review of relevant literature, followed by a description of the research methodology, a presentation of study findings and a discussion thereof. Lastly, the main conclusion and recommendations are presented.

Literature Review

This section presents the results of a comprehensive literature search of published academic, peer-reviewed professional literature using a variety of databases including journal articles, conference papers, books, dissertations and technical papers, both published and unpublished. The review was conducted to provide a landscape view of the current reality of SMMEs globally and nationally, understand challenges to SMME involvement in training and development, and the skills and training needs of small and medium-sized businesses.

Importance of the SMME Sector in Economic Development

Various academic papers and reports indicate the major role that SMMEs play across developing and developed countries. According to the World Economic Forum (2022) collectively, SMMEs play an important role in creating jobs, driving growth, innovation and meeting critical needs. The report further reveals that globally over 90% of enterprises are SMMEs and provide 60%-70% of employment and generate a large share of new jobs. In South Africa, SMMEs are not only considered major employers but they are also viewed as major drivers of growth and innovation (Saah, 2022). In total SMMEs make up 91% of private businesses in South Africa and their total economic output accounts for 34% of GDP (OECD, 2022). However, the world of work is undergoing dramatic changes (World Bank, 2019), due to various factors, including scientific and technological advances, automation, globalisation, new Information and Communication Technologies (ICTs), climate change, changing

consumer behaviours and the drive for continuous improvement (Akyazi *et al.*, 2020a; FoodBev SETA, 2023). These factors, highlight the importance of SMMEs ensuring that the skills set and competencies of their workforce is fit for optimal agility and organisational performance in order to remain competitive (Akyazi *et al.*, 2020b; Mayor *et al.*, 2022; Ribeiro *et al.*, 2023).

Benefits of SMME Participation in Skills Development

Skills development can play an important role in supporting the ability of SMMEs to adapt to changes in the competitive environment (OECD, 2023). Employees of SMMEs need to have the capacity to adapt to changing demands in the work place during the course of their employment cycle (OECD, 2021). Thus, skills development should be the core of their business. However, empirical evidence points to development of the right skills as the biggest challenge for SMMEs compared to large enterprises which are able to offer more competitive salary packages, benefits and upward career mobility (Yin, Yuan and Pan, 2017; Damoah, Ashie and Elias, 2018; OECD, 2023). Currently, a very small percentage of small business in developed, developing and emerging economies invest in training for employees (OECD, 2023).

Challenges hindering SMME Participation in Skills Development and Training

There is a large strand of literature studying challenges hindering the growth and sustainability of SMMEs, with limited focus on factors restricting them from participating in training and development. The review of the current research body, although scant, confirms that SMMEs generally provide far less training opportunities to employees compared to large enterprises. In their study on leveraging training skills development in SMMEs, the Organisation for Economic Co-operation and Development (OECD) found that SMEs have higher skills deficiencies than large firms (De Vos, 2011). Over a decade after the publication of this study, the challenges are still pervasive across the world and in South Africa (Olaewaju and Msomi, 2021; Franz, Dulvy and Marock, 2022; Saah, 2022). Most important challenges across the world (in both developed and developing countries) are related to SMMEs having limited time and resources, lacking information on training opportunities or support mechanisms, having a fear of poaching or losing their employees to larger businesses (OECD, 2021), and having limited understating of training systems and their benefits and access to finance (Yin, Yuan and Pan, 2017). Particularly, small businesses lack the capacity to assess their skills needs. This is supported by research which found that, even though SMMEs could identify some priority training needs, they lack economies of scale and specialized staff members who could find suitable outside training institutions, negotiate with them, enter into a contract, monitor their training processes, evaluate training effectiveness, and/or handle the cumbersome

administrative processes for reimbursement of their training expenses (Lee, 2016). Echoing the institutional capacity constraint, others also revealed that SMMEs lack professional human resources departments which could be dedicated to overseeing the whole process of skills development and training, including conducting skills need assessments (de Vos and Willemse, 2011; OECD, 2023).

In Ghana, unavailability and inaccessibility of training programmes, doubts about the value of the training programme, weak internal incapacity of the firm and the perception about the prior education of employees (Damoah, Ashie and Elias, 2018). Lack of train programmes is also a challenge in South Africa together with employee laziness, ignorance to undergo education, financial constraints, lack of infrastructure, inefficient bureaucracy, changes in the business environment (Wiid and Cant, 2018; Olarewaju and Msomi, 2021; Saah, 2022). Research suggests the barriers to SMME engagement in training and development should be classified into two simplified categories, namely: preparedness and capability because there are barriers that influence the preparedness of businesses to engage as well as those affecting the capability to take learners (Franz, Dulvy and Marock, 2022). Interestingly, the barriers to SMME participation in South Africa, are also influenced by the institutional and stakeholder environment in which the small businesses operate, which involves how Sector Education and Training Authorities (SETAs) operate in South Africa (Franz, Dulvy and Marock, 2022). The SETA system that is intended as a training support in the workplace for companies is in practice unworkable for most small businesses. Even though challenges in investment in skills training and development are prevalent, scholars argue that, before thinking about what impedes small businesses from taking part in training and development, SMMEs should first be prepared, interested in participating and capable of engaging (Franz, Dulvy and Marock, 2022).

Understanding the Skills Needs of Small and Medium-sized Businesses

Literature on the skills and training needs of SMMEs is limited. However, research by Mbuya, Bounds and Goldman (2016) identified skills required for sustainable small and medium businesses. The study showed that the selected entrepreneurial and business skills namely leadership, creativity and innovation, networking, goal setting and time management are critical skills for SMMEs (Mbuya, Bounds and Goldman, 2016). Focusing on the hospitality industry, Hyasat, Al-Weshah and Kakeesh (2022) found that the top training needs in small businesses at the managerial level are communication skills (foreign languages), marketing skills, food service management and customer relations, while the top training needs at the operational level in small hospitality businesses are hospitality skills, catering skills and

waitering skills. A 2011 study by OECD in England highlighted the need amongst SMMEs for technical, practical and job-specific skills, but also management and more generic skills. While the above cited studies, do not exclusively focus of the food and beverages manufacturing sector, they are worthwhile in that they highlight skills needs of small businesses which could be tested in the food and beverages manufacturing sector.

In recent years Akyazi *et al* (2020b) identified current and near-future skills and competencies emerging with Industry 4.0 in the food and beverages manufacturing sector. The scholars identified technical, social and green skills as key skills requirements for the food industry (Akyazi *et al.*, 2020b). Important as it is in relation to this study, the major limitation of Akyazi *et al.*, (2020b) is overreliance of secondary data. Moreover, the study did not exclusively focus on SMMEs. Research focusing on small businesses was conducted to assess the skills levels in SMMEs in the Thai food industry, and found that social skills (including communication, team working, negotiation, etc.) and personal skills (including leadership, flexibility, continuous learning, working under pressure, etc.) were important for the Fourth Industrial Revolution (Lertpiromsuk and Pittawat, Ueasangkomsate Yuraporn, 2021). Another recent study on skills needs for sustainable agri-food industry identified business and strategic management skills, communication skills, and other skills related to sustainability, entrepreneurship, digital and soft skills as the most important for the agri-food identified (Mayor *et al.*, 2022).

Conclusions from Literature Review

The analysis of the above literature highlights the importance of the SMME sector in economic growth and development is highlighted. However, despite their economic importance, SMMEs are lagging behind when it comes to investment in training and development of employees. It is apparent that there are major challenges to SMME participation in training and development as the selected literature shows, even though, no single study exists which adequately focuses on why SMMEs are not investing in employee training and development. The existing literature further reveal the skills needs of small businesses. The training needs are however can be understood as skills needs. Additional efforts are required to establish training needs of SMMEs. The next section discusses the methods the methods that were utilised to address the knowledge gap.

Research Methodology

A mixed method research approach was used for this study, using both qualitative and quantitative research approaches for the broad purposes of breadth and in-depth

understanding of the challenges faced by SMMEs when it comes to investment in training and development of employees. These methodologies were designed with particular research limitations in mind. Firstly, SMMEs in the food and beverages manufacturing sector hardly participate in SETA-commissioned research. Secondly, the FoodBev SETA SMME database is dominated mostly by external SDFs who are detached from the realities of the businesses and some SMMEs do not have contact details recorded on the SETA database. Lastly, some of the contact information is outdated. Given these limitations, integrating various research approaches became useful in addressing the aim and objectives of the study. The mixed method entailed collecting data at multiple levels to ensure triangulation. Below is an outline of data collection methods.

Data collection methods

Survey

The primary data in this study include an analysis of collected using a web-based survey responses collected between November 2023 and January 2024 using SurveyMonkey platform. The online survey was designed based on the review of an existing relevant literature. Conducting the survey turned out to be challenging. A comprehensive database in the form of Organisational Huge Report was retrieved from the SETA system to select SMMEs to be surveyed and interviewed. Once the list of potential respondents was retrieved, the researcher created a list of contacts in the form of emails. A random sample of the current SMMEs in the sector was drawn from the FoodBev SETA. In total, the primary target population for the study were 2 713 SMMEs registered in the food and beverages manufacturing sector as per the SARS database but only 1 267 SMMEs had email addresses. A four-minute survey was sent to respondents through a link with which the respondents could click and get to the survey questions to which they could reply. Approximately 100 emails bounced when sending survey to participants. This challenge in updated email address poses a risk when conducting research. Thus, of the study population, a total of 100 responses to the questionnaire were received, translating into a response rate of approximately 9%, which limited the generalisability of the study findings. The low response rate is a recurring problem within the SETA and therefore was expected for this research. This was despite the survey being open for over six weeks between November 2023 and January 2024. That said, mitigation measures were put in place to ensure that the response rate improved. Reminder emails were continuously sent to stakeholders to remind them to complete the survey while it was also shared on various FoodBev SETA social media platforms including LinkedIn, X (formerly Twitter) and Facebook. The main topics covered in the survey were general

information about participants, training and development, the challenges to participation in training and development and the training and skills needs in SMMEs.

Telephone interviews

Following the completion of the survey and to compensate for the limitations of data gathered through the survey, ten telephone interviews were conducted with a targeted sample of respondents who expressed willingness to take part in follow-up interviews when completing the online survey, was selected by the researcher. Each interview lasted between 10-15 minutes and was semi-structured. The design of the interview guide was based on the findings of the literature review.

Data analysis

The nature of the data that was collected from the study was quantitative and qualitative, and therefore required different methods of analysis. All data from the questionnaires was exported from the Survey Monkey in an excel format, cleaned to eliminate responses of poor quality and analysed using Microsoft Excel. The output from the analysis is presented in both narrative and graphical formats in the study findings section. The qualitative data which was in the form of interviews was analysed using thematic analysis which involves finding common patterns across the data set.

Findings and Discussions

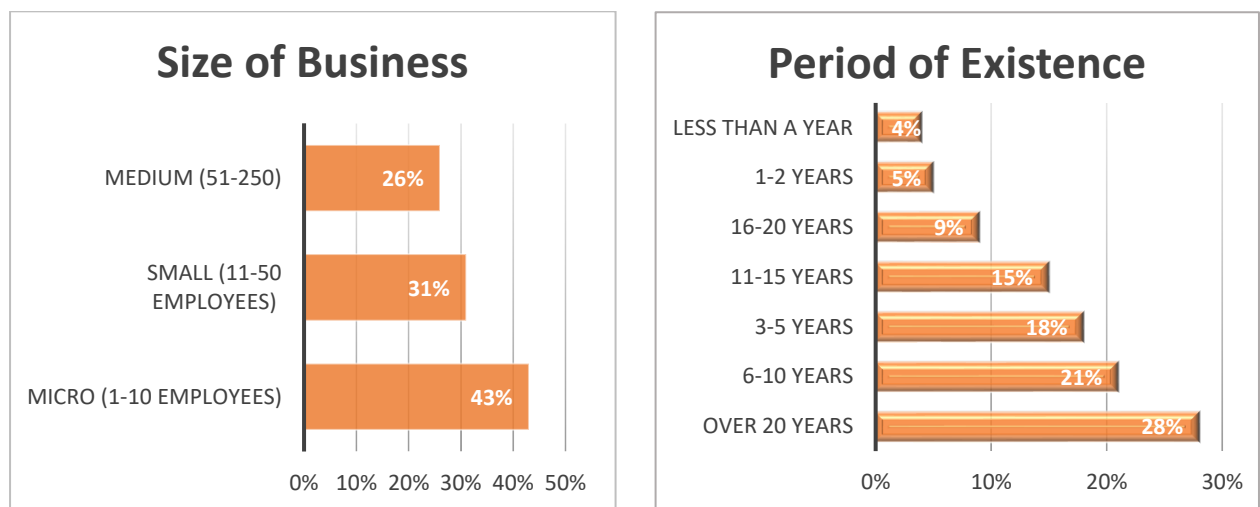
This section presents the findings of the study based on the analysis of survey and interview data. The presentation is followed by a discussion of the findings.

Findings of the Study

General Demographics

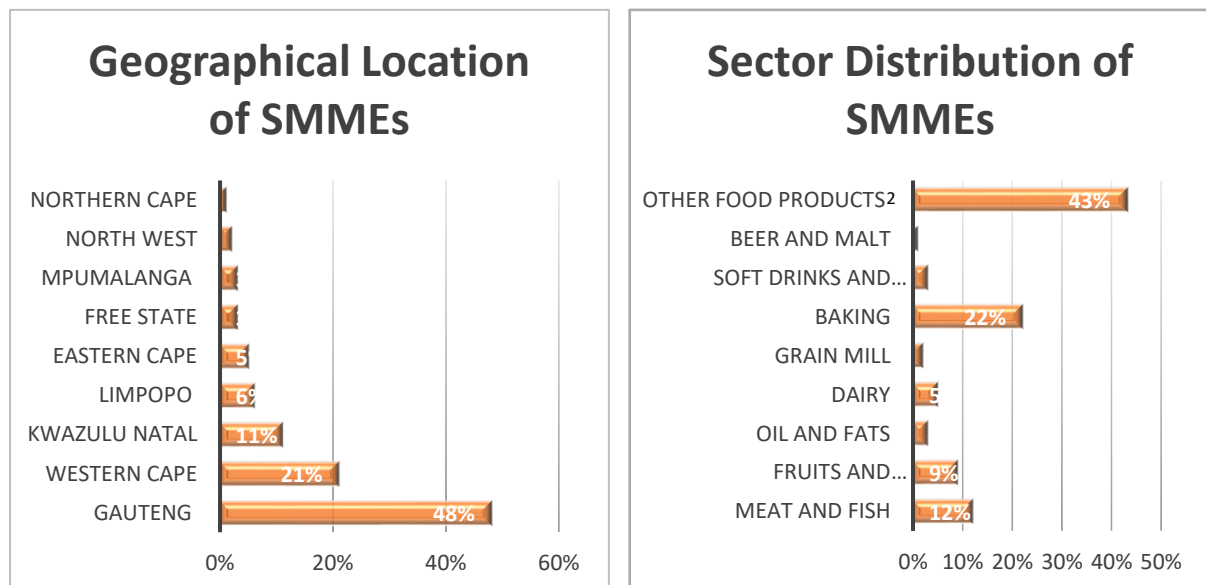
Of the 100 responses received, majority were micro businesses at 43% followed by small (31%) and medium at 26%. The majority of the respondent SMMEs have been operational for over 20 years (28%), 6-10 years (21%) and 3-5 years (18%), with 15% operation for a period between 11-15 years, refer to Figure 1.

Figure 1: Size of Business and Years of Existence



Respondents were also asked to indicate the geographical location of their businesses and the sector they are operating in. The results are shown in Figure 2 below.

Figure 2: Geographical location of SMMEs and their sector of operation



² Other Food Products in Figure 2 include the Manufacture of macaroni, noodles, and similar farinaceous products; Manufacture of other food products NEC; and Manufacture of spices, condiments, vinegar, yeast, egg products, soups, and other food products.

Geographically, the majority of the SMMEs are located in Gauteng (48%), Western Cape (21%) and KwaZulu Natal (11%) Provinces. The companies are in the manufacturing of Other Food Products (43%) and Baking Products (22%) while others are in processing and preserving Fish and Meat (12%) and Fruits and Vegetables (9%) sectors.

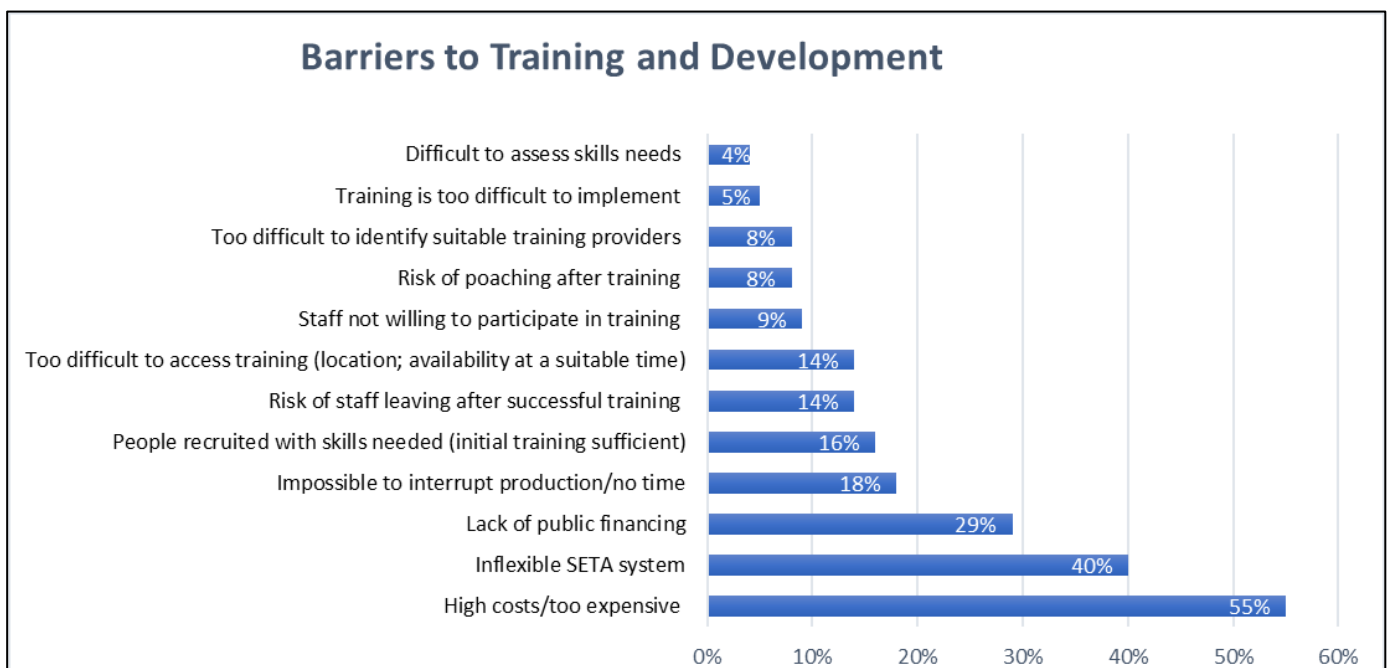
Skills Training and Development in SMMEs

Prior to understanding the reasons why SMMEs do not invest in training and development, it was important to establish whether SMMEs in the food and beverages manufacturing sector are providing training and development to their employees. Thus, questions about importance of training and development, availability of training plans and budget for training were asked. All the SMMEs indicated that training and skills development initiatives are important in their businesses while the majority of the respondents (78%) indicated that they have training plans available for employees. Despite the majority having training plans available, only 56% have an annual training budget for skills training and development while 40% do not have.

Factors Hindering SMME investment in Training And Development

SMMEs were asked to indicate the barriers they experience to investing in staff training and development. The reasons are summarised in Figure 3 below.

Figure 3: Barriers to SMME investment in Training and Development



The data clearly indicates that SMMEs in the sector view the cost of training as the most significant barrier, followed by an inflexible SETA system, lack of public financing and lack of time for employees to go for training. These challenges, particularly the inflexible SETA system and the costs associated with implementation of employee training and development, were also cited by SMMEs representatives interviewed during the study. Although the availability of skilled workers is highly important for SMMEs, stakeholders interviewed also indicated that the cost of training is probably the biggest challenge for SMME investment in training and development. The direct costs of training, such as tuition fees and learning materials are unaffordable for SMMEs when they attempt to train and re-train employees.

Moreover, stakeholders indicated that it is difficult for them to participate in training because they are unable to access the benefits of the SETA system. Majority of the SMMEs generally fall outside the stringent administrative criteria required by the SETAs, and for some having a dedicated team for training and development is not feasible. The interviewees further indicated that SMMEs, unlike large businesses, are run on tight margins and their lean structures leave no room for the additional administrative burden of SETA compliance. As a result, the stress of dealing with the SETA negatively impact on their training objectives.

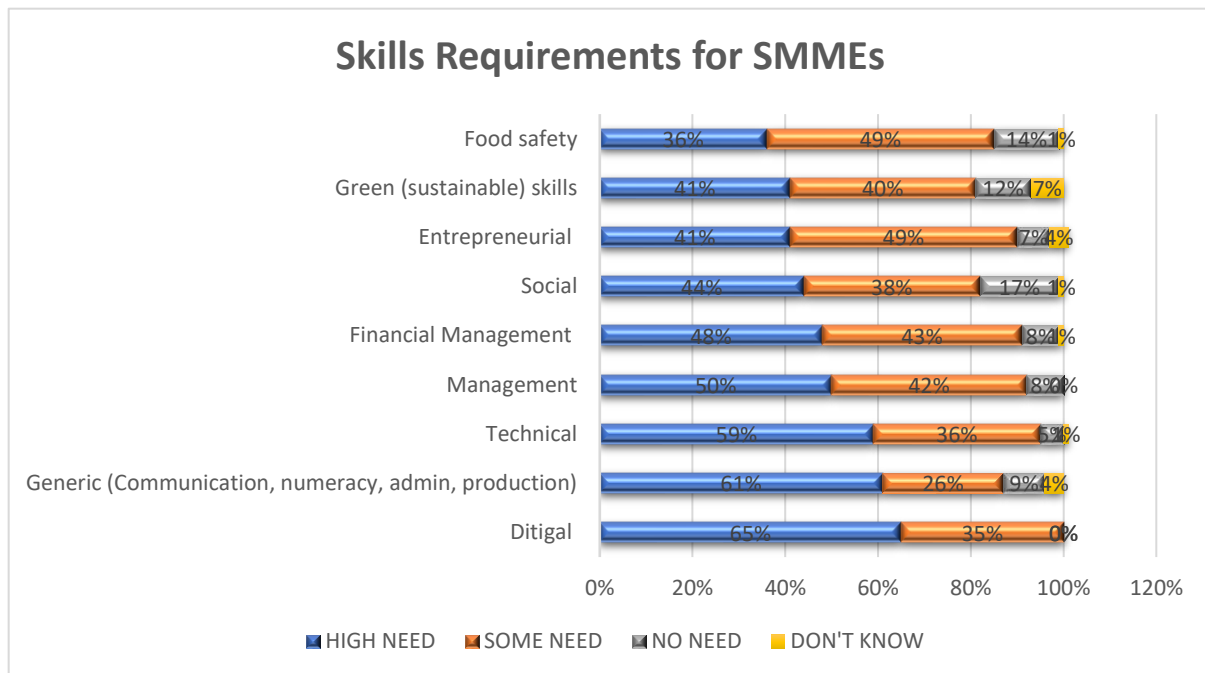
As can be seen from *Figure 3*, risk of employees leaving after successful training, difficulty in accessing training and recruitment of skilful personnel are some of the other, albeit less onerous, barriers for SMME engagement in training.

Skills and Training Needs in SMMEs

In this age of technology, modern workplaces require people to continuously learn new skills. There is vast range of skills required throughout the food and beverages manufacturing, however, skills gap issues are even more acute for SMMEs as they face several obstacles to investing in their workplace. *Figure 4* highlights the skills that SMMEs need to fill through training of their employees in order to grow and be sustainable entities. Hierarchically, it can be observed that, digital skills, which are range of abilities to use digital devices, communication applications, and networks to access and manage information are highly needed in SMMEs, followed by generic skills such as general IT user skills, oral communication, written communication, numeracy and literacy, office admin skills. According to respondents interviewed, skills such as digital skills are increasingly connected to how business is conducted, and it is important to facilitate both the teaching and learning of digital skills among SMMEs. The high need for technical or advanced, management and social skills is also evident. Confirming the need for digital and generic skills, stakeholders indicated that these skills are deemed important for industry 4.0. Social, entrepreneurial and green skills are

also less highly needed by SMMEs. Some of the respondents indicated that there is some need for food safety and entrepreneurial skills.

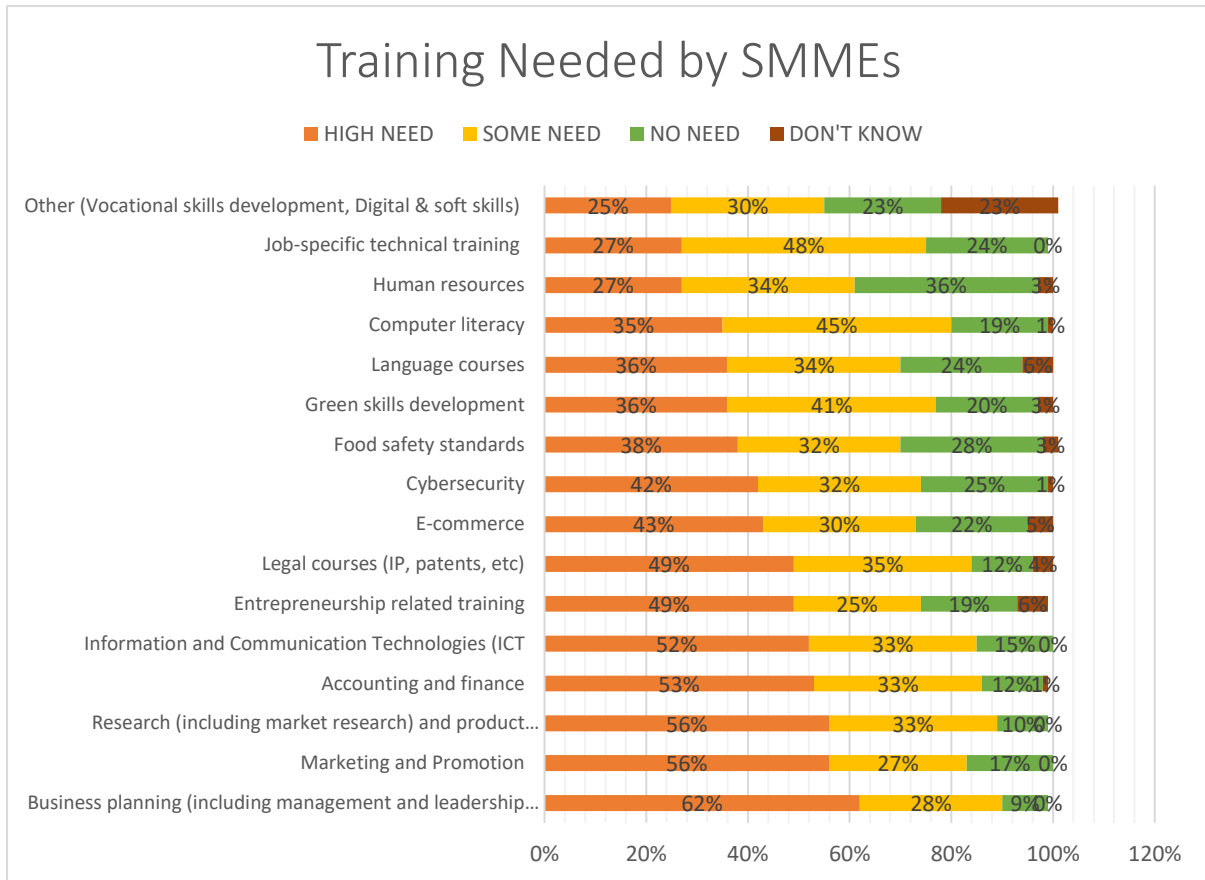
Figure 4: Skills Requirements for SMMEs



Refer to annexure A for definitions of these skills

Turning now to the training requirements, SMMEs were required to identify training required to address their skills gaps. Business planning which includes management and leadership training was highlighted as a training requirement by 62% of respondents overall, who represented businesses of all sizes and across all parts of the sector, refer to Figure 4. This was followed by marketing and promotion, research and product development, accounting and finance, information and communication technology (ICT), entrepreneurship and legal courses. There is also some need for job-specific technical training (48%), computer literacy (45%) and green skills development (41%).

Figure 5: Training Needs in SMMEs



The survey findings were supported interview data, which suggested poor business planning is as an acute problem in the SMME space. According to stakeholders undeveloped management and leadership skills is impacting the growth of SMMEs. As one respondent noted:

“Skills at managerial level are generally lacking because SMMEs do not undertake sufficient management and leadership training despite the skills of managers being an important factor for business success” (Interview 4)

Stakeholders interviewed during the study also confirmed the need for ICT training. It emerged during interviews that the food and beverages manufacturing value chain is affected by ICT technologies the industry has gone through rapid and constant changes caused by the emerging 4th Industrial Revolution (4IR). According to participants many of the jobs in the food and beverages require various levels of ICT skills which are limited within the respective SMMEs that participated in this study. Stakeholders reported that a sustained effort is required train workers in the area of ICT because the trend is likely to continue as technology increasingly becomes embedded in their operations.

Discussion

The literature suggests that SMMEs are not always providing training and development initiatives in their businesses as SMME owners generally underestimate the benefits that training can offer to the business as well as the perceived cost-benefit of training. The findings of this study suggest otherwise, as majority of the SMMEs are aware of the importance of employee training. The findings from the present study, although based on a small sample, confirm that indeed SMMEs face a number of challenges when it comes to investment in training and skills development. The direct cost of training is deemed as too high relative to its perceived outcome which is enhanced employee skills, knowledge and expertise, competencies, as well as their performance in their respective organisations. This is line with the existing studies because lack of financial resources is the topmost challenge to SMMEs investment in employee skills development in many countries across the world (Yin, Yuan and Pan, 2017; Damoah, Ashie and Elias, 2018; Dladla and Mutambara, 2018; Droulia and Charalampopoulos, 2021; Saah, 2022).

The finding on the burdensome SETA system relates to SMMEs being unable to access the SETA system because they are unable to comply with the strict administration criteria due to lack of institutional capacity. The lack of public funding for the implementation of training programmes, is therefore presumably linked to SETAs, which have been established to steer and fund skills development activities. The finding is consistent with the findings of other studies (see Franz, Dulvy and Marock, 2022) who attributed bureaucracy and administrative requirements as the most often raised barriers to business engagement in WBL. The impact of the SETA system suggests that the current institutional architecture for skills development in South Africa does not favour SMMEs. In this way, a sound institutional framework for an SMME training system should be established in South Africa.

The second question in this study was on skills and training needs in SMMEs operating in the food and beverages manufacturing sector. Skills gaps are a common problem that SMMEs face in their attempt to grow. The findings revealed digital, generic, technical/advanced and management skills as the top skills requirements for SMMEs, with digital skills ranked highest. The strong need for digital and technical skills is consistent with other research (Mayor *et al.*, 2022) which found that these skills are important for the food industry. Recently research focusing on current and future skills requirements for the food industry also identified technical, social and green skills as key skills requirements for the sustainability of the food industry (Akyazi *et al.*, 2020b; Ribeiro *et al.*, 2023). In addition to generic, technical, digital and management skills, green and soft skills were reported by businesses, reinforcing Akyazi *et al*

(2020b). These skills are deemed important for the 4IR as highlighted in the literature review and the FoodBev SETA Sector Skills Plan for 2024/25 (FoodBev SETA, 2023).

The high need for business planning (including management and leadership training), marketing and promotion, research and product development, accounting and finance and ICT training, suggest that there is a wide recognition of the ever-changing nature of work due to technological changes which requires continuous improvement of the skills of employees. Raising management capability within SMMEs is key for the success of businesses (Olawejaju and Msomi, 2021; Mayor *et al.*, 2022; Ribeiro *et al.*, 2023). Consequently, the SETA has an important role in supporting the development of management skills within SMMEs. The demand for ICT training further suggests that SMMEs recognise the importance of embracing digitalisation and transformational technologies for improving competitiveness, productivity and sustainability.

Conclusion

The overall purpose of this study was to identify factors that impact training and development in SMMEs operating in the food and beverages manufacturing sector together with skills and training needs. This study recognised that SMMEs represent the overwhelming majority of enterprises in the food and beverages manufacturing sector, but a very small percentage invest in training for employees within reasons behind unknown.

Drawing on empirical data, the study found that even though skills training and development initiatives are important for SMMEs operating in the food and beverages manufacturing sector, these SMMEs face challenges which limit their investment in training and development. The results suggest, *inter alia*, employee training and development is a luxury for SMMEs that participate in the study. The high costs associated with training was indicated by the majority as the biggest obstacle to investment in training and development. The study has also shown that the inflexible SETA system is also a challenge for SMMEs as they struggle to access funding. SMMEs are unable to access the benefits of the SETA system because many lack the necessary expertise and resource to comply with the strict administration criteria of the SETA. Moreover, time is of essence for SMMEs. SMMEs reported difficulties in finding time for their employees to participate in training as training challenge that should be given consideration. Many SMMEs reported not having the capacity to send workers for training as it will impact their day-to-day operations.

The study also identified the skills and training needs of SMMEs. SMMEs that participated in the study highlighted the high need for business planning training which encompasses

management and leadership development. Research and product development, accounting and finance, information and communication technology (ICT), entrepreneurship, and legal courses training can be key in enabling SMMEs to harness opportunities and adapt to changes in the business environment. SMMEs also identified gaps in relation to generic, digital, technical/advanced, management, financial management, social and green skills. It will be important to consider these needs when developing strategies to improve employee skills in SMMEs.

Recommendations

- The fact that high costs associated is the top barrier to SMME participation in skills development and training in small food and beverages manufacturing businesses suggests that the skills funding system, managed by SETAs, should be better oriented to suit the needs of SMMEs, making it easier and less cumbersome for SMMEs to access and report on funding.
- Encouraging small businesses to submit WSP/ATR to the SETA is not enough as many are individually too small to comply with the strict administration criteria that govern these programmes. It is suggested FoodBev SETA should be intentional about SMME involvement in training and development by championing the conversation to DHET about an easing of SETA administrative requirements for SMME participation in training and development.
- This study presented some limitations. The first potential limitation is the possible lack of generalizability of the findings, which is related to the sample not being representative of the sector. The FoodBev SETA database has an outdated contacts which needs to be updated continuously, to ensure the contact details of stakeholders is correct.
- A thorough SMME skills and training needs study is recommended, on a bigger sample size, which can better inform skills planning for the sector as a whole.
- Time and resources for this kind of research is of paramount importance as the subject matter is complex. Thus, further comprehensive research on small businesses and the skills or training needs is required to, among other things, understand international best practices in addressing barriers to training and development in SMMEs. Further studies should also look at the incentives and mechanisms the SETA can implement to increase SMME participation in its skills development initiatives.

Annexure A: Definition of skills in figure 4

Skills	Definition
Digital skills	Range of abilities to use digital devices, communication applications, and networks to access and manage information
Generic Skills	General IT/computer user skills, oral communication, communication, numeracy and literacy, office admin skills
Management	Skills for business planning, regulations and quality control, human resources planning (recruitment, training and skills development) and allocation of resources
Financial Management	Skills required to organise, plan, monitor and control financial resources
Social	Motivation and appreciation of people's characteristics for individual and team working purposes, customer handling; appreciation of networks and value-chain partners
Entrepreneurial	Specific skills for start-ups such as risk, strategic thinking, self-confidence, the ability to make the best of personal networks and the ability of dealing with challenges and requirements of different nature
Green (sustainable) Skills	Specific skills required to adjust your products, services or operations due to climate change adjustments, requirements or regulations
Food safety	Skills and knowledge of food safety and food hygiene for the work that employees in the food industry do

Source: OECD (2021&2022); WEF (2022)

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