



# Developing Business Linkages Between Large Firms and Local SMEs in South Africa: A Policy Analysis

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## Abstract

South Africa's economy is characterized by a significant disparity between large firms and small and medium-sized enterprises (SMEs). Large firms often face challenges in sourcing raw materials and accessing skilled labour, while SMEs struggle with market access and capacity building. A qualitative research approach was employed, focusing on existing literature and case studies from government agencies and industry bodies. Interviews with key stakeholders provided insights into the current landscape of business linkages policies. There is a notable trend towards collaborative frameworks that include training programmes for SMEs in areas like supply chain management and quality assurance, which have shown positive outcomes. Policies promoting structured partnerships between large firms and SMEs are essential to address economic disparities and stimulate growth within the South African economy. However, more tailored interventions are needed to ensure sustainability. The government should invest in capacity-building initiatives for both large firms and SMEs, while encouraging private sector involvement through incentives such as tax breaks and grants.

**Keywords:** *Sub-Saharan, industrialization, institutional, governance, regionalism, econometrics, interdependence*

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