



# Developing Business Linkages between Large Firms and Local SMEs in South Africa: A Survey Research Narrative

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**Published:** 13 March 2004 | **Received:** 16 December 2003 | **Accepted:** 25 February 2004

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**DOI:** [10.5281/zenodo.18802516](https://doi.org/10.5281/zenodo.18802516)

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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 dominate supply chains, while SMEs struggle to secure contracts, leading to underutilization of their potential contributions. A mixed-method approach was employed, including a quantitative survey targeting 150 randomly selected small and medium enterprises (SMEs) and semi-structured interviews with 20 large firms to gather data on their procurement practices and perceptions. The findings indicate that while there is low utilization of SMEs by large firms in the current market, a significant proportion—35%—of SMEs reported having received contracts from large firms within the last year. Intermediary roles such as procurement agencies play a crucial role in facilitating these links. The study concludes that fostering stronger business linkages between large firms and local SMEs requires more targeted interventions, particularly through enhancing intermediary services and improving market transparency. Recommendations include the establishment of an SME matchmaking platform and the development of procurement guidelines to promote fairer access for SMEs within large firm supply chains.

**Keywords:** *South African, Large Firm Strategy, SME Dynamics, Supply Chain Integration, Entrepreneurial Networks, Business Model Innovation, Contractual Relationships*

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