



Developing Business Linkages between Large Firms and Local SMEs in South Africa: An Ethnographic Study

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Abstract

This ethnographic study explores business linkages between large firms and local small and medium-sized enterprises (SMEs) in South Africa, focusing on their interactions over a specific period. An ethnographic approach was employed, involving participant observation and in-depth interviews with key stakeholders over a period of three years. Large firms predominantly engaged with SMEs in the manufacturing sector, forming partnerships that resulted in significant sales growth for both parties. A notable trend was the emergence of informal networking groups facilitating these linkages. The study reveals that while formal contracts are common, informal networks play a crucial role in fostering sustainable business relationships between large firms and SMEs. Encouraging collaboration through government-led initiatives could enhance the effectiveness of existing partnerships and promote more equitable growth opportunities for SMEs.

Keywords: *Africanization, ethnography, informants, interfirm relations, local business networks, microfinance, qualitative methodology*

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