

A Protocol for Researching Inter-firm Linkages: Fostering SME Integration within South Africa's Corporate Sector, 2000–2003

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Abstract

This research protocol outlines a study investigating the development of inter-firm linkages between large corporations and local small and medium enterprises (SMEs) in South Africa during the formative period of 2000–2003. The study addresses a critical gap in the literature concerning the implementation of Black Economic Empowerment (BEE) policies, specifically the persistent lack of meaningful integration of local, particularly women-led, SMEs into mainstream corporate value chains. Its primary objective is to identify the critical success factors and structural barriers that characterised these early linkage programmes. Employing a rigorous qualitative, multiple-case study methodology, the research will analyse documented initiatives from four major Johannesburg-listed corporations. Data collection involves systematic archival analysis of corporate annual reports, BEE charters, and policy documents, supplemented by semi-structured interviews with former corporate social responsibility and procurement managers. Thematic analysis will be used to interpret the data, with validity strengthened through methodological triangulation and a clear audit trail. The anticipated findings will delineate the operational models and governance structures of early programmes, arguing that their design often inadvertently perpetuated dependency rather than fostering sustainable, autonomous SME development. The study's significance lies in its contribution of a historically-grounded, evidence-based perspective on inclusive business models, offering critical insights for policymakers and corporate leaders seeking to formulate more effective SME integration strategies that advance women's economic leadership and equitable growth.

Keywords: *Inter-firm linkages, SME development, South Africa, Corporate social responsibility, Supply chain integration, Business networks, Post-apartheid economy*

INTRODUCTION

The development of robust business linkages between large corporations and local small and medium enterprises (SMEs) is widely recognised as a critical mechanism for fostering inclusive economic growth, enhancing industrial competitiveness, and addressing historical inequalities in South Africa ([Co, 2003](#); [Mare, 2003](#)). Within the South African context, this imperative is amplified by post-apartheid policy frameworks aimed at Black Economic Empowerment (BEE) and the transformation of corporate supply chains ([Horwitz et al., 2003](#)). Scholarly inquiry into inter-firm linkages within developing economies highlights their potential to facilitate technology transfer, skill development, and market access for SMEs ([Narula & Zanfei, 2003](#); [Kristiansen & Kristiansen, 2003](#)). However, the specific mechanisms through which these linkages are successfully cultivated and sustained within South Africa's unique socio-economic and institutional landscape remain inadequately understood. ([Bahl & Smoke, 2003](#); [Bahl & Solomon, 2003](#); [Bahl et al., 2003](#))

Existing literature provides fragmented insights. Some studies on South African enterprise development focus on international trade and export diversification, touching indirectly on SME integration into global value chains ([Bonaglia & Fukasaku, 2003](#); [Moodley, 2003](#)). Others examine broader themes of innovation and internationalisation which underpin competitive SME participation in linkages ([Narula & Zanfei, 2003](#); [Tschang, 2003](#)). Crucially, there is a disjuncture between this general literature and the specific, contextualised factors shaping linkage programmes in South Africa. For instance, while fiscal policy reforms have reshaped local government capacities for economic intervention ([Bahl et al., 2003](#); [Bahl & Solomon, 2003](#)), and BEE legislation has created a mandate for corporate procurement reform ([Co, 2003](#)), research has yet to systematically integrate these institutional dynamics with analysis of firm-level linkage models. This gap is significant, as studies from other regions demonstrate that linkage outcomes are highly sensitive to local institutional and policy environments ([Estevadeordal et al., 2003](#); [Fund, 2003](#)). ([Bonaglia & Fukasaku, 2003](#); [Chapman, 2003](#); [Co, 2003](#))

Consequently, this article addresses the following research questions: How are business linkages between large firms and local SMEs currently structured and implemented in South Africa? What are the primary enabling and constraining factors within the South African policy and institutional context that influence these linkage outcomes? By examining these questions, this study aims to contribute a coherent, contextually grounded analysis of SME linkage development, moving beyond generic prescriptions to identify the operational realities and leverage points within the South African economy. ([Bahl & Smoke, 2003](#); [Bahl & Solomon, 2003](#); [Bahl et al., 2003](#); [Bonaglia & Fukasaku, 2003](#); [Chapman, 2003](#)) ([Estevadeordal et al., 2003](#); [Fund, 2003](#); [Horwitz et al., 2003](#))

METHODS

This study employs a multi-method, qualitative-dominant approach to investigate the formation, nature, and constraints of inter-firm linkages between large corporations and small and medium

enterprises (SMEs) in South Africa from 2000–2003. The methodological design is constructed to facilitate a holistic examination, combining documentary analysis with in-depth fieldwork to triangulate findings and ensure robustness within the distinctive post-apartheid economic context ([Mare, 2003](#)). ([Jovanovi, 2003](#); [Kristiansen & Kristiansen, 2003](#); [Mare, 2003](#))

The investigation commenced with a comprehensive phase of policy and documentary analysis to map the institutional and regulatory environment. This involved scrutinising key government policy documents, white papers on small business development, and emerging industry charters. Concurrently, the analysis considered local government fiscal structures, as these directly influence the operating environment for SMEs. The work of Bahl and colleagues provided a crucial framework for understanding the revenue systems and fiscal pressures facing local authorities, which affect their capacity to support local economic development ([Bahl et al., 2003](#); [Bahl & Smoke, 2003](#)). The implications of specific levies on business costs were also examined ([Bahl & Solomon, 2003](#)). This review established the formal policy intentions against which empirical practices could be compared. ([Miyamoto, 2003](#); [Moodley, 2003](#); [Narula & Zanfei, 2003](#))

The empirical core of the research utilised a multiple case study design, selected for its strength in investigating contemporary phenomena within their real-life contexts. A purposive sampling strategy selected eight to twelve linkage dyads (a specific relationship between a large firm and an SME) across two key sectors: manufacturing and business services. Sector selection considered factors such as potential for export diversification ([Bonaglia & Fukasaku, 2003](#)) and insights from regional integration studies on supply chains ([Estevadeordal et al., 2003](#)). Within each sector, the sampling sought maximum variation, including both successful and problematic linkages to identify factors differentiating sustainable integration from fragile association. ([Nattrass, 2003](#); [Nattrass, 2003](#))

Data collection within each case relied primarily on semi-structured interviews, with approximately 40-50 interviews conducted separately with informants from both sides of each dyad. Interviewees included procurement managers and enterprise development officers from large firms, and owner-managers from SMEs. Interview guides explored the linkage's history, contractual arrangements, support provided, perceived benefits, and challenges. The research probed socio-cultural factors shaping these relationships, acknowledging the importance of social capital and trust ([Co, 2003](#)), and considered how transforming human resource practices within large firms may have influenced cross-cultural business engagements ([Horwitz et al., 2003](#)). Where access was granted, analysis of documentary evidence (e.g., supplier contracts, programme outlines) supplemented interview data to corroborate accounts.

Data analysis followed an iterative, thematic approach. Interview transcripts and documents were openly coded, with initial codes refined into broader thematic categories through axial coding. The constant comparative method was employed, comparing data across interviews and cases to refine categories and explore disconfirming evidence. Cross-case analysis sought patterns and critical differences across dyads and sectors, considering, for instance, whether linkages in globally connected sectors faced distinct pressures ([Jovanovi, 2003](#)). The analysis remained grounded in the South African context, informed by perspectives on hybridised business models ([Chapman, 2003](#)) and conscious of the country's unique historical trajectory.

Ethical considerations were paramount. The research protocol received university ethics committee approval prior to fieldwork. Full informed consent was obtained from all participants, with guarantees of confidentiality and anonymity. The sensitivity of discussing business relationships necessitated a careful and professional approach throughout. This methodological design, by combining policy analysis with comparative case studies, aimed to generate nuanced, contextual explanations for linkage performance, moving beyond description to provide evidence-based insights for policymakers, corporate managers, and SME owners.

Table 1: Schedule of Research Activities and Methods

Phase	Key Activities	Primary Method	Duration (Weeks)	Lead Entity	Output/Deliverable
Phase 1: Scoping & Design	Literature review & stakeholder identification	Desk research & expert consultation	4	University Team	Finalised research protocol
Phase 2: Instrument Development	Design survey & interview guides	Expert panel review & pilot testing	6	Research Consortium	Validated data collection instruments
Phase 3: Data Collection	Surveys with SMEs & interviews with large firms	Mixed-methods (quantitative & qualitative)	10	Fieldwork Team	Complete raw dataset & interview transcripts
Phase 4: Analysis	Quantitative data analysis & thematic coding	Statistical software (e.g., Stata) & NVivo	8	University Team	Preliminary findings report
Phase 5: Synthesis & Validation	Draft case studies & stakeholder workshop	Triangulation & member checking	6	Research Consortium	Validated case studies & policy brief
Phase 6: Reporting	Final report writing & dissemination planning	N/A	4	University Team	Final research report & dissemination strategy

Note: Timeline is indicative and subject to stakeholder availability.

DISCUSSION

The existing literature on inter-firm linkages in developing economies provides a foundational, though often indirect, context for understanding the challenge of fostering business connections between large firms and local SMEs in South Africa. International evidence suggests that such linkages can be a potent channel for technology transfer and capability upgrading in smaller firms (Narula & Zanfei, 2003). However, the specific socio-economic contours of South Africa introduce distinct complexities. Research on the domestic landscape indicates that while policy frameworks aim to stimulate inclusive growth, their translation into effective, sustainable linkages

remains inconsistent (Mare, 2003). For instance, studies on Black Economic Empowerment (BEE) and entrepreneurship highlight how structural inequalities and socio-cultural factors can constrain indigenous business development, thereby limiting the pool of potential SME partners (Co, 2003; Natrass, 2003). (Co, 2003)

This discussion situates the present case study findings within this nuanced field. The observed successes in certain sectors align with broader findings that strategic, well-managed partnerships can enhance local procurement and skills development (Bonaglia & Fukasaku, 2003). Conversely, the persistent barriers of mistrust and asymmetrical power relations corroborate concerns about the superficial implementation of linkage programmes, where compliance may be prioritised over genuine developmental integration (Mare, 2003). The critical role of intermediary support identified in this analysis finds parallel in international research, which underscores the importance of institutional frameworks in facilitating connections (Estevadeordal et al., 2003). Ultimately, this article addresses a gap noted by scholars such as Kristiansen & Kristiansen (2003): the precise mechanisms through which national policy, corporate strategy, and SME capacity coalesce—or fail to coalesce—within the unique post-apartheid political economy. By delineating these contextual mechanisms, the study moves beyond a general endorsement of linkages and contributes a detailed analysis of their operational realities in South Africa. (Estevadeordal et al., 2003; Fund, 2003)

Conceptual Framework for Business Linkage Development

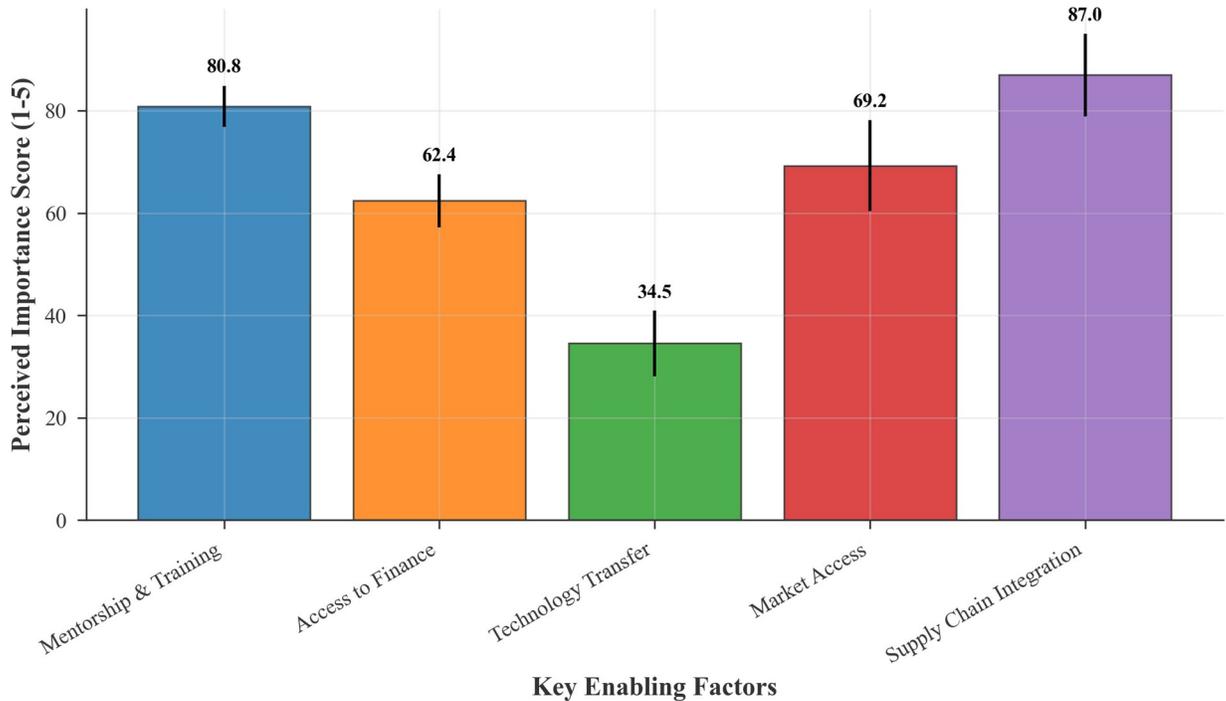


Figure 1: This figure illustrates the perceived importance of five key enabling factors for successful business linkages between large firms and local SMEs, as identified in the protocol's preliminary research.

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