

The Role of Privatization on the Formulation of Productive Supply Chain: The Case of Ethiopian Firms

Authors : Merhawit Fisseha Gebremariam, Yohannes Yebabe Tesfay

Abstract : This study focuses on the formulation of a sustainable, effective, and efficient supply chain strategy framework that will enable Ethiopian privatized firms. The study examined the role of privatization in productive sourcing, production, and delivery to Ethiopian firm's performances. To analyze our hypothesis, the authors applied the concepts of Key Performance Indicator (KPI), strategic outsourcing, purchasing portfolio analysis, and Porter's marketing analysis. The authors selected ten privatized companies and compared their financial, market expansion, and sustainability performances. The Chi-Square Test showed that at the 5% level of significance, privatization and outsourcing activities can assist the business performances of Ethiopian firms in terms of product promotion and new market expansion. At the 5% level of significance, the independent t-test result showed that firms that were privatized by Ethiopian investors showed stronger financial performance than those that were privatized by foreign investors. Furthermore, it is better if Ethiopian firms apply both cost leadership and differentiated strategy to enhance thriving in their business area. Ethiopian firms need to implement the supply chain operations reference (SCOR) model for an exclusive framework that supports communication links the supply chain partners, and enhances productivity. The government of Ethiopia should be aware that the privatization of firms by Ethiopian investors will strengthen the economy. Otherwise, the privatization process will be risky for the country, and therefore, the government of Ethiopia should stop doing those activities.

Keywords : correlation analysis, market strategies, KPIs, privatization, risk and Ethiopia

Conference Title : ICBEM 2024 : International Conference on Business Economics and Marketing

Conference Location : Cancun, Mexico

Conference Dates : April 04-05, 2024