A COMPARATIVE STUDY OF ORGANIZED AND UNORGANIZED PHARMACY RETAIL STORES WITH SPECIAL REFERENCE TO MUMBAI AND PUNE REGION

S.G. Nimbalkar[1] and A.J. Ganbote[2]

[1]VidyaPratishthan's Institute of Information Technology, Baramati
[2]Shivnagar VidyaPrasarak Mandal Institute Of Management, Malegaon Bk, Baramati.
[1]sagar.nimbalkar@gmail.com

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ABSTRACT

A comparative study titled "A comparative study of organized and unorganized pharmacy retail stores with special reference to Mumbai and Pune region" was undertaken with the objectives of analyzing and comparing the organization structure (OS) and management functions (MF) of organized and unorganized retail pharmacy stores in Mumbai and Pune region. 400 retail pharmacies from the organized sector, 400 retail pharmacies from the unorganized sector, and 400 customers who have dealt with both the type of stores were surveyed through a questionnaire seeking responses on 5-point Likert scales. The main hypotheses was the organized retail pharmacies are doing better as compared to their counterparts from the unorganized sector. This paper presents the findings, conclusions and suggestions of the study. On an overall basis, it can be concluded that the organized retail pharmacies are performing much better with effective inputs by way of sound organizational structure and better management functions resulting in positive outputs in terms of consumer perception and consumer satisfaction.

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Keywords: Organizational Structure, Management Functions, Customer Perception and Customer Satisfaction, Organized Retail in Pharmaceuticals, Unorganized Retail in Pharmaceuticals.

Introduction

A comparative study titled "A comparative study of organized and unorganized pharmacy retail stores with special reference to Mumbai and Pune region" was undertaken with the objectives of analyzing and comparing the organization structure (OS) and management functions (MF) of organized and unorganized retail pharmacy stores in Mumbai and Pune region, studying the perception of customers towards organized and unorganized retail pharmacy stores, and determining satisfaction level of customers towards services provided by organized and unorganized retail pharmacy stores. 400 retail pharmacies from the organized sector, 400 retail pharmacies from the unorganized sector, and 400 customers who have dealt with both the type of stores were surveyed through a questionnaire seeking responses on 5-point Likert scales. The main hypotheses was the organized retail pharmacies are doing better as compared to their counterparts from the unorganized sector. This paper presents the findings, conclusions and suggestions of the study.

Literature review

Khan (2019) found that without any doubt, even on slow economy phases, India's organized retail industry is on a high development. Sellappan & Shanmugam (2020) found that all recognized businesses are vibrating, and retailing in the current technology-led unstable business setting is no exclusion. Chawla et al. (2019) found that the retail industry is one of the biggest sectors and the second-largest employment provider after agriculture in India. Fesharaki (2019) found that the study aims to assess the effect of community pharmacists' nonverbal communication on patients' fulfillment throughout the counseling procedure. Kushwah& Gupta (2019) found that millions of retail stores already exist in India, and this number is increasing day by day. Assessing the whole market, the unorganized retail stores capture a larger part than the retail segment. In western countries, this scenario is the opposite. This conclusion is taken after understanding that organized retail stores deliver various products with several offers and have proficiency in being a retailer. Goode et al. (2019) found that by paying more attention to product preparation and supply, the community-based pharmacy approach is developing to become a health care destination within the traditional community-based pharmacy's limitations. Newby (2019) found that to optimize patient care with limited resources, the study set out to transform the

pharmacy practice model. The study shifted duties that did not need clinical judgment in the pharmacist's dispensary to the determined technician. Grifalconi et al. (2020) found that while the populace in other nations is progressively preferring generic medicines, Italy still lags in their consumption despite the optimistic rise seen in the last few years. Grew et al. (2019) found that customer understandings are important to understand service quality and know its exact measurement. Hua et al. (2020) found that the study aims to deliberate the pharmacy care and pharmaceutical administration in a hospital during the coronavirus disease 2019 (COVID-19) pandemic and offer domestic and foreign pharmacists contributing the pandemic prevention and control. The pharmacists provided pharmaceutical care for 1848 patients who were diagnosed with mild COVID-19 disease.

Research gap

The current knowledge is largely confined to studies from foreign nations. Not much research in Indian context is seen for organized and unorganized retail sectors. Authors like Khan (2019) have mentioned that the organized pharmacy retail sector in India is in a development mode. Thus, it is still early days especially for the organized retail pharmacy in India.Organized retail pharmacy is in its primitive stage in India. Most of the studies have been carried in foreign countries. Studies in the Indian context are few.

Methodology

400 retail pharmacies from the organized sector, 400 retail pharmacies from the unorganized sector, and 400 customers who have dealt with both the type of stores were surveyed through a questionnaire seeking responses on 5-point Likert scales. The main hypotheses was the organized retail pharmacies are doing better as compared to their counterparts from the unorganized sector.

Findings

1. The Organization Structure and Management Functions are significantly different for organized and unorganized pharma retail stores.

2. For Organization Structure, the mean for organized stores is 0.776, and for unorganized stores it is -0.566, and the difference was statistically significant. The positive score of the organized stores indicate structural solidarity whereas the negative score of the unorganized stores is indicative of looseness in the organization structure.

3. For Management Functions, the mean for organized stores is 0.784, and for unorganized stores it is –0.392, and the difference is statistically significant. A positive score for the organized stores indicate of effectiveness of management functions whereas a negative score of the unorganized stores are indicative of ineffectiveness of management functions.

4. Moreover, Customer Perception is significantly different for organized and unorganized pharma retail stores.

5. The mean for organized stores is 0.934, and unorganized stores is -0.499, and the difference is statistically significant. Customers have a reasonably positive perception about the organized stores and a reasonably negative perception about the unorganized stores.

6. Further, Customer Satisfaction is significantly different for organized and unorganized pharma retail stores.

7. The mean for organized stores is 1.030, and unorganized stores is -1.103, and the difference is statistically significant. The mean values of customer satisfaction go hand-in-hand with the mean values of customer perception from the organized and unorganized stores. Customers are reasonably satisfied with the organized stores whereas they are quite dissatisfied with the unorganized stores.

8. The DEA shows that Med Plus companies retail stores are the best performers when it comes to organizational structure with the highest average rating of 0.88, whereas Medicine Shoppe companies retail stores are the best performers when it comes to management functions with the highest average rating of 0.93.

9. The rank correlation between the two variables, organizational structure and

management functions was found to be 0.38 which is quite strong.

10. Demographic variables like gender, age, and others do not show significant impact on the average responses of the organized and unorganized stores for the organizational structure and management function variables. In other words, these two variables are quite independent of the impact of the demographic variables of the owners/employees of the stores.

Conclusions

1. The two types of retail pharmacy stores – organized and unorganized, differ significantly on the parameter of organizational structure. For ten statements - The structure is simple (Relationships are few and straight-forward), It is flexible (Rigidity in roles is not there), It provides for continuity (Shop can run for generations to come), Lines of authority are clear (People know what exactly they can do), Delegation of authority is proper (People have power to take decisions), There is unity of command and direction (No clash of orders), Staffing is adequate (No problems with high work-load), The structure is flat rather than tall (Lesser levels), It is adaptive (For example it can adopt to situations like Covid-19) and It operates at optimum cost (Not too heavy and also permitting efficiency), the ratings were positive for the stores under the organized sector while they were not for the stores under the unorganized sector.

2. The two types of retail pharmacy stores – organized and unorganized, differ significantly on the parameter of management functions. For ten statements - Long-term/Strategic planning (planning for 3-5 years), Operational planning (planning for weeks/months), Quantity and quality of staff (Adequate and efficient staff), Direction from the leaders (owners/managers), Motivating staff (owners/managers motivate staff to work hard/smart), Professional approach in working (No ad-hocism in work), Financial controls (Proper accounting, Control over receivables), Operational controls (Control over stocks), Physical organization of the

stores (Ease in identification of items) and Legal compliances (Shop Act, Tax returns etc.), the ratings were positive for the stores under the organized sector while they were not for the stores under the unorganized sector.

3. The difference in the organizational structure and management function ratings has significant impact on customer perception. The ten perception statements, namely, Availability of the product, Quality of product (fresh stock), Quality of service, Effective pricing, Convenience in buying, Convenience in payment, After sales issues, Trust and reliability, Help in selection of products and Ambience and shop environment, fetched positive ratings from the customers for the organized retail pharmacies and negative ratings from the customers for the unorganized retail pharmacies.

4. The difference in the organizational structure and management function ratings has significant impact on customer satisfaction. The ten satisfaction statements, namely, Availability of the product, Quality of product (fresh stock), Quality of service, Effective pricing, Convenience in buying, Convenience in payment, After sales issues, Trust and reliability, Help in selection of products and Ambience and shop environment, fetched positive ratings from the customers for the organized retail pharmacies and negative ratings from the customers for the unorganized retail pharmacies.

5. The DEA shows that Med Plus companies retail stores are the best performers when it comes to organizational structure with the highest average rating of 0.88, whereas Medicine Shoppe companies retail stores are the best performers when it comes to management functions with the highest average rating of 0.93. These two companies can be benchmarked by the others for improving their performance.

6. The rank correlation between the two variables, organizational structure and management functions was found to be 0.38 which is quite strong. Thus, it can be concluded that consumer perception and

consumer satisfaction are closely associated.

Suggestions

Following suggestions are offered:

1. The unorganized retail stores need to be more professional in their approach as regards organizational structure and management functions. Otherwise over a period of time their survival can be at stake.
2. Apex institutions like the Indian Pharmaceutical Association should take initiative in imparting training to the retail pharmacies from the unorganized sector. It would be worth noting that these retail pharmacies (in the unorganized sector) are very high in numbers and their existence needs to be protected by improving their efficiency and effectiveness.

3. Pharmacy companies from the organized retail sector should come together and use techniques like DEA regularly to do an inter-company comparison on various parameters so that the laggards can benefit from the expertise of the toppers.
4. DEA should also be used for intra-company comparison so that within the company, those retailers who are doing well can transfer their best practices to other retailers.

On an overall basis, it can be concluded that the organized retail pharmacies are performing much better with effective inputs by way of sound organizational structure and better management functions resulting in positive outputs in terms of consumer perception and consumer satisfaction.

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