CHAPTER 10
CHAPTER 10

FINDINGS AND DISCUSSIONS

Based on the secondary data collated over the past chapters and the primary findings enumerated below the facts as well as figures highlight the overall healthcare scenario for India and brings to light specifically the situation in the healthcare retail in the organized sector.

Facts:

OVERALL RETAIL (Source: Images Retail 2008)

Country with one of the highest overall retail density (12 million outlets)
Retail turnover: Rs 1,330,000 Crore
Retail contribution to GDP: 13 %
Employees in retail: 41 million people
Organized component is Rs 78,300 Crore (which is 5.88% of the total retail pie)

PHARMACY/ HEALTHSTORE SPECIFIC (Source: Technopak Healthcare Outlook Industry trends 2008)

About 7 lakh registered pharmacies
Retail level turnover Rs 16000 Crores
Contribution to GDP 2%
Employees in this segment: 2.1 million people (assuming 3 per pharmacy)
Organized component...0.22. %

It is but obvious that there is a dearth of skilled manpower in terms of quality (chapter 6) and in numbers (chapter 9) at all levels in the organized retail segment and this is more apparent when a certain level of technical expertise is essential to execute the job responsibilities, as in the case of pharmacy.
Issues on which we need to concentrate are many:

The numbers
The skill sets
The Social and cultural factors
Equitable compensation
Support systems
Work environment
Motivation to change
Primary research revealed the following:

The data was collected for both sample viz office bearers and the retail store employees.

The data of office bearers covered the following parameters which were then analyzed subsequently as under:

Awareness about retail
What was their recall of retail brands?
Do they know where who would fit in if given an opportunity to work in organized retail sector?
Readiness to work or motivate potential employees improve
Do they have any constraints/ hesitation in supporting organized retail? (FDI)
Willingness to realign for better prospects in retail.
Views on the organized retail sector including inviting FDI and its likely impact on the current retail scenario
Specific benefits that are expected from inviting FDI including employment

Similarly the data of traditional /organized retail store employees covered the following parameters

   Background detail of the employee

   Name

   Gender

   Education

   Current position if any

   Previous work experience if any

   Monthly salary at the current position in INR

   Main reason for switching to organized retail including their views on multinational brands or do they view it as a threat

   (Increase in salary, Growth, Incentives, Bigger brand to work for, Support family, others)

   Growth

   What type of benefits do the employees receive currently?

   (Target based incentives, Shrinkage perks, and PF benefits)

   Promotions

   Maximum promotion possible in the store

   Job Satisfaction

   Job rotation possibilities

   Whether training is provided? How many times in a year?

   Do they see overall a better future?
The analysis basically consisted of counting the frequencies of answers for each parameter that was listed and plotting the results in a graphical form, i.e. Pie charts.

The purpose of doing this was that it would give a trend as to what the samples actually perceived.

SURVEY FINDINGS

SAMPLE BELONGING TO OFFICE BEARERS GROUP

As can be seen from the pie chart good percentage (90%) from our sample could actually recall store names when asked about it. In a way indicating that they are aware very much of branded stores and their presence.

Associate with investors (Welcoming FDI). Seeing the benefits of FDI.

<table>
<thead>
<tr>
<th>Yes/Will</th>
<th>No</th>
<th>Not decided</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>25%</td>
<td>25%</td>
</tr>
</tbody>
</table>
Reason seen as threat from organized sector (the gap). The current deficiencies

<table>
<thead>
<tr>
<th>More convenient</th>
<th>Layout</th>
<th>Ease of Shopping</th>
<th>Price offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>14%</td>
<td>14%</td>
<td>57%</td>
</tr>
</tbody>
</table>

Perception of threat from organized chemists (the need to act)

<table>
<thead>
<tr>
<th>Clear threat</th>
<th>No threat</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>25%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Owner profiling of Chemist shops (How many running a chemist store actually are pharmacists). As this question was posed only to chemist shop owners the result was simply clear

<table>
<thead>
<tr>
<th>Pharmacists</th>
<th>Healthcare spl</th>
<th>Neither</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>25%</td>
<td>50%</td>
</tr>
</tbody>
</table>

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SURVEY FINDINGS

RETAIL EMPLOYEES

Majority of the people interviewed expect monetary benefits more than anything else. The interviewed people wished to get salary with least or no deduction (Maximum cash in hand). Both traditional as well as organized expressed this sentiment.
The minimum education qualification asked by the retailer is HSC. Lack of formal education a draw back in organized retail. But organized retailers prefers graduates with computer proficiency. Education is a factor in determining the level to which the employee can be promoted.

With HSC as qualification, the employee can be promoted only up to the level of supervisor and not as store manage r. A clear indication that lack of formal education could be a deterrent to employment in organized retail.

Of the samples collected, the fresher’s contributed maximum. Especially, the fresher’s with graduation are preferred. As these graduates can be employed for lesser salary compared to those who are experienced, this could be one of the reasons for their large share.

Retailers also seemed biased in recruiting female candidates. In their opinion,
Among the employees with prior work experience, those with experience in retail (organized) contributed the most. People with prior work experience in kirana stores, local cloth stores, or shoe stores were also recruited by organized retailers. It was also noticed that people who have worked for some FMCG company as salesperson have a good understanding and convincing power, thus also find a place in retail stores. This aspect emphasizes the need to be trained in a formal system.
Increase in Salary was primary reason for switching the jobs.
Graduates with no work experience joined to get associated with good brand. They think that they can leverage this experience in future.
Females joined especially to lend a helping hand to their family.
Surprisingly, few fresher’s had strong demand for convenience (distance) even at the cost of low salary.
Every retail employee had the aspiration to "improve" all-around. It is just that the opportunity has to be provided.

There are usually 5 levels in organized retail store. This was not observed in the traditional format.
Typically, CSA-customer service Associate, Sr. CSA, Supervisor, Asst. Store Manager & Store manager.
The difference between salary offered to fresher and 1 or 2 year
experienced is approximately Rs. 1000-1500/month.

Fresher's fetch minimum salary of Rs. 3000/month.

Salaries in retail are function of prior experience and performance at the store.

Could be one important factor in traditional to organized store migration.

There is no fixed rule for promotions or up gradation in the traditional format whereas in the organized format if the employees demonstrate good performance, there have been cases where he/she has been promoted in 2 months period also.

The chart besides denotes the commonly observed time frame for promotion.

Yearly appraisals with interview or written test take place religiously.
A majority of the employee sample have no constraints in joining an organized retail store if given the opportunity. Though a small number have a few concerns like having to travel huge distances to work in a store.

OTHER FINDINGS

Growth opportunities in the organized format:
Besides monthly salary, the employees get incentive which is based on monthly sales target. The monthly sales target is decided based on the usable store area (Sq. ft).
Based on achievement of sales target, incentives for each employee is calculated, the formula for which varies store to store.
The employees also get PF contribution. Spencers had a policy of providing shrinkage benefits to the employee (Approximately Rs. 1000/month) if the physical and system count of goods match and there are no thefts or misplaced goods.

Job Satisfaction: Opportunity for multi skilling in good brand store
The employees are entrusted with different responsibilities regularly in approximately 2 month's time e.g.: He/she is might handle vegetables section and then might work on the cash counter after 2 months. This helps them understand store functions and ultimately grooms them for future positions.

Besides training the employees in classroom and on site, training is also provided if required or requested by the employee.

While Reliance Fresh trains their employees 5 to 6 times in a year, Spencer trains employees on joining and if required at Mumbai or Bangalore.

Several interesting findings were revealed in trying to unravel the answers to the questions raised by the study objectives.

In Store employees:

1) Fresh Graduates with computer proficiency are in demand.
2) Less education (10th/12th) can hinder future growth.
3) The female: male ratio in retail is drastically low which means there is a lot of scope for employment for female workers in this sector. But there is bias to some extent in recruiting females.
4) People having prior work experience in FMCG sales or in unorganized retail are given preference may be due to their dealing with a ‘system’
5) People switch jobs largely for increase in salary. So retaining employees in retail will remain a big question for retailers and thus their salaries shall remain competitive. Female employees as seen primarily joined to support their family and can hope to stay in employment for long time.
6) Salary being function of experience and performance at store, the variable part of salary can fetch employee a good amount on account of performance. Also on account of good performance, one can climb the hierarchy fast with suitable qualifications.

7) People who have low education qualification are unaware of employment opportunities, and thus unable to identify job suitable for them.

8) As these people are always in search of better opportunities, they have no constraints for working in retail store also. For a very few, convenience in terms of distance to be travelled to the place of work is an issue. This is because he/she might spend considerable part of salary on transportation.

9) People prefer no deductions in their salary (Not even provident fund). There seems to be lack of understanding regarding government policies which are essentially to secure their future.

Hypothesis testing: To further strengthen the findings and aid in conclusions certain hypothesis were framed and validated.

In store employees:

\[ H_0 = \text{With increase in organized retail there exists better employment opportunities for people in terms of a) salary b) career growth c) job satisfaction.} \]

Results prove that \[ H_0 \], the null hypothesis is accepted as validated by the analysis of the data. **Thus with increase in organized retail there exists better employment opportunities for people in terms of a) salary b) career growth c) job satisfaction.**

In this case retail chemists of whom 120 were surveyed (105 traditional & 15 organized) Questionnaire B was administered. The analysis (as mentioned in page 272) consisted of counting the frequencies of responses in particular to
pointer number 3 from the 105 traditional retailers which is “Are you planning to join organised store? Reasons like salary, growth etc was given. Of the 105 traditional retailers a vast majority almost 84% (88 in number) were in favour hence the hypothesis is accepted. Even the overall survey of 120 employees (traditional plus organized) a whopping 94% were in favour of getting more money and other benefits. The other pointer number 6 in the same questionnaire strengthened this aspect.

Other people (Non-employees and consumers)

$H_0 = \text{ with increase in retail getting organized there exists awareness amongst the people.}$

Results prove that $H_0$, the null hypothesis is rejected as validated by the analysis of the data. Therefore with increase in retail getting organized there exists little awareness amongst the people who don’t belong to retail.

To test and validate this hypothesis the (consumers plus potential employees) group of 125 were administered the questionnaire B and the specific response frequency count of pointer’s 5 & 7 were recorded. Excess of 80 % revealed that they were not aware of any branded pharmacy. Hence the null hypothesis was rejected.

3. Opportunity of employment in organized retail

$H_0 = \text{ There exists willingness to work in organized retail amongst the people who don’t belong to retail.}$
Our results prove that $H_0$, the null hypothesis is accepted as validated by the analysis of the data. Therefore with increase in retail getting organized there exists willingness to work amongst the people who don’t belong to retail. Again in this case the consumer/ potential employees group of 125 was considered. Questionnaire B was administered with focus on pointer 3& 6.

Of the sample surveyed 80 respondents clearly mentioned that they will surely work in organized retail though there was a split of reasons for wanting to. Based on the findings the hypothesis was accepted.

By and large discussions with the first set of samples which included office bearers, traditional retail store owners as well as managers of organized stores reveal an overall sense of anxiety as to when and how much rather then why? There is a feeling that FDI will get liberalised in the retail in due time and looking at the different segments in which this liberalization has taken place and the fact that they have done well only serves to reaffirm this fact.

While a clear 50% of this group welcome FDI in retail seeing clear deficiencies of the traditional format of retail particularly the specialized store they are not able to perceive it as a threat. This could be more of a concern due to the employees of the traditional format and their future. This group is typically sitting on the fence as on one hand it very clearly wishes to be competitive including internationally but grapples with the high density of employees in the traditional format who lack training, basic formal education and consequently the knowledge which goes with it. On the other hand the second group which consists of employees and prospective employees the
outcome was clear in every sense with the employees of traditional formats realising the need to train and get a formal basic education to be employable. This is particularly so when one is talking about specialized store like healthcare. The realization and the willingness were evident. This group saw a number of opportunities for upgrading but realised that it would be at a cost. To compound the above factors more than 82% of healthcare is in private hands.

Though pharmacy as an element of the healthcare segment is stand alone particularly in the Indian context, consequently it does not form part of the healthcare system unlike in the developed economies. This continues to be a tertiary element and suffers all the inadequacies like lack of formal education, continuing education, proper and mandatory infrastructure, standard operations procedures not excluding implementation aspects due to lack of manpower.

Unfortunately in India healthcare is more treatment or therapy oriented, not preventive which means a need to refocus. ‘Prevention is better than cure’. The need gap pertaining to government controlled entities for healthcare is glaring and is spelt out in chapter , and it is clearly mentioned that 82% is catered to by the private players of which a large component consists of pharmacies. There is a sure requirement of numbers, a substantial percentage could be from the traditionally operated pharmacies with the balance requirement being drawn from the huge youth population available to the nation as per government of India’s 2001 census. An opportunity waiting to be exploited.