

INVENTORY MANAGEMENT OF PHARMACIES/
DRUGSTORES IN SELECTED AREAS IN CAVITE

THESIS

MARINETH P. MONTANO

College of Economics, Management
and Development Studies
CAVITE STATE UNIVERSITY
Indang, Cavite

Cavite State University (Main Library)



T3434

THESIS/SP 658.787 M76 2006

April 2006

**INVENTORY MANAGEMENT OF PHARMACIES/DRUGSTORES
IN SELECTED AREAS OF CAVITE**

Undergraduate Thesis
Submitted to the Faculty of the
Cavite State University
Indang, Cavite

In partial fulfillment
of the requirements for the degree of
Bachelor of Science in Business Management
(major in Marketing)



*Inventory management of
pharmacies/drugstores in selected areas of*
658.787 M76 2006
T-3434

MARINETH P. MONTANO

April 2006



REPUBLIC OF THE PHILIPPINES
CAVITE STATE UNIVERSITY
(CvSU)
DON SEVERINO DE LAS ALAS CAMPUS
Indang, Cavite



COLLEGE OF ECONOMICS, MANAGEMENT AND
DEVELOPMENT STUDIES

Thesis of: **MARINETH P. MONTANO**

Title : **INVENTORY MANAGEMENT OF PHARMACIES/DRUGSTORES
IN SELECTED AREAS OF CAVITE**

APPROVED:


NELIA C. CRESINO
Adviser


3-10-06
Date


ROWENA R. NOCEDA
Technical Critic

3-21-06
Date


ROWENA R. NOCEDA
Thesis Coordinator

3-24-06
Date


NELIA C. CRESINO
Chairman, Dept. of Management

3-31-06
Date


LUZVIMINDA A. RODRIN
Dean

0331/2006
Date

Note:

Original copy to be filed in the University Library and one copy each to be distributed to the following: Adviser, Research and Development Coordinator, Department Chairman, Dean, Director for Research, and Student.

ABSTRACT

MONTANO, MARINETH P. Inventory Management of Pharmacies/Drugstores in Selected Areas of Cavite. Undergraduate Thesis. Bachelor of Science in Business Management major in Marketing. Cavite State University. Indang, Cavite. April 2006. Adviser: Dr. Nelia C. Cresino.

A study was conducted in selected areas of Cavite to determine the inventory management of pharmacies/drugstores in selected areas of Cavite. Specifically, the study aimed to: describe the profile of pharmacies/drugstores in selected areas of Cavite, determine the procurement practices used in pharmacies/drugstores, determine the inventory management practices employed in pharmacies/drugstores and identify the problems encountered by the owners/managers of pharmacies/drugstores in inventory management.

One hundred respondents were selected by means of purposive sampling. Data were collected with the use of the prepared interview schedule. The data were analyzed using statistical tools such as frequency count, percentage, mean, range and rank.

Majority of the owners had been operating the pharmacies/drugstores for a relatively long period of time under sole proprietorship form of business organization. They usually hired paid workers to assist them in the operation of their pharmacies/drugstores.

Pharmacies/drugstores in Cavite did not only sell medicines but also other items like personal care products, beverages, e-load and auto load, food products, health equipments, and phone card. Many owners of pharmacies/drugstores in Cavite had regular buying pattern. This could be justified by the respondents' easy access to their suppliers accompanied by the continuous sale of their fast moving stocks. They usually

ordered medicines twice a week to once a month. This would mean that the respondents had easy access to their suppliers or sources of stocks. Aside from this, the normal lead time to receive orders ranged only from 1 to 7 days.

Results showed that the owners of pharmacies/drugstores in Cavite employed a rather traditional method of inventory control, which is, visual control. Also, they considered inventory control as tedious and time consuming. Very few of the pharmacies/drugstores in Cavite utilized computer-aided inventory management software. This could be attributed to the fact that employing a computer-aided software for inventory control would mean high cost of investment for the company.

TABLE OF CONTENTS

	Page
BIOGRAPHICAL DATA.....	iii
ACKNOWLEDGMENT.....	iv
ABSTRACT.....	vi
INTRODUCTION.....	1
Statement of the Problem.....	2
Objectives of the Study.....	3
Importance of the Study.....	3
Operational Definition of Terms.....	5
REVIEW OF RELATED LITERATURE.....	8
METHODOLOGY.....	11
Time and Place of the Study.....	11
Sampling Procedure.....	11
Data Collection.....	12
Method of Analysis.....	12
Scope and Limitations of the Study.....	13
RESULTS AND DISCUSSION.....	14
Profile of Pharmacies/Drugstores in Selected Areas of Cavite.....	14
Procurement Practices Used in Pharmacies/Drugstores.....	18
Other Practices Employed in Pharmacies/Drugstores.....	28
Inventory Management Practices Employed in Pharmacies/Drugstores.....	30

Problems Encountered by the Owners/Managers of Pharmacies and Drugstores in Inventory Management.....	34
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	36
Summary.....	36
Conclusion.....	38
Recommendations.....	39
BIBLIOGRAPHY.....	41
APPENDIX.....	42

LIST OF TABLES

Table		Page
1	Distribution of respondents by area, Cavite 2005.....	11
2	Profile of pharmacies/drugstores in selected areas of Cavite, 2005.....	15
3	Procurement practices used in pharmacies/drugstores, 2005.....	19
4	Other practices employed in pharmacies/drugstores, 2005	29
5	Inventory management practices employed in pharmacies/drugstores, 2005	32
6	Problems encountered by owners/managers of pharmacies/drugstores in inventory management, 2005.....	35

INVENTORY MANAGEMENT OF PHARMACIES/DRUGSTORES IN SELECTED AREAS OF CAVITE^{1/}

Marineth P. Montano

^{1/} A thesis manuscript submitted to the faculty of the Department of Management, College of Economics, Management and Development Studies, Cavite State University, Indang, Cavite in partial fulfillment of the requirements for graduation with the degree of Bachelor of Science in Business Management major in Marketing with Contribution No. _____ . Prepared under the supervision of Dr. Nelia C. Cresino.

INTRODUCTION

Inventory management is critical to most operations. Many decisions must be made about practices that will result in good inventory management. The excess inventory is not just a problem when times are good. Companies hit by a sharp decline in sales all too often experience a significant rise in inventories because of the considerable and unnecessary time that is usually needed to get incoming supply rebalanced with customer demand. When sales are declining making the right adjustments in inventory levels becomes an exceedingly more important and difficult task. Some companies have been caught with declining sales and the out of balance incoming supply of inventory has caused a massive cash outflow (Donovan, 2002).

Inventory management must be designed to meet the dictates of the marketplace and support the company's strategic plan. The many changes in market demand, new opportunities due to worldwide marketing, global sourcing of materials, and new manufacturing technology, means many companies need to change their inventory