

**An assessment of the entrepreneurial  
orientation of  
pharmacists in Gauteng**

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## **ABSTRACT**

Pharmacy in South Africa changed dramatically the past decade. Legislative changes include the amendment of The Pharmacy Act in 2003 allowing for non-pharmacists to own pharmacies. This opened the door for national chain stores to change their business model by including a dispensary in their retail service offerings. The regulation of medicine prices impacted the profitability of the pharmacy industry. This caused a double edge sword to retail pharmacy – not only do they need to compete with national supermarkets on front shop products, their products, namely scheduled medication also are regulated in dispensaries. In an environment of rapid change and shortened product and business model lifecycles, the future profit streams from existing operations are uncertain. Businesses need to consistently seek out new opportunities and therefore firms may benefit from adopting an entrepreneurial orientation. Entrepreneurial orientation of retail pharmacists operating in corporate and independent pharmacies' might play a role in survival of pharmacy business as a professional services provider for which a fee may be charged. The entrepreneurial orientation of retail pharmacists in independent and corporate pharmacies is explored. A literature study on the field of Entrepreneurship is conducted. The term entrepreneurial orientation, consisting of five constructs, namely autonomy, innovation, pro-activeness, risk-taking and competitive aggressiveness is defined. Perceived success of the industry is defined in terms of growth and development. An entrepreneurial orientation questionnaire was distributed among retail pharmacists operating in corporate and independent environments. Both ratings of the constructs and their evaluation of the perceived success of the industry has been measured, analysed and reported. The results obtained from the questionnaire and the in-depth interviews in conjunction with the literature review are used to draw conclusions and make recommendations.

**KEYWORDS:** Pharmacy; retail; entrepreneurship; entrepreneurial orientation; perceived success.

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# TABLE OF CONTENTS

## CHAPTER 1: THE NATURE AND THE SCOPE OF THE STUDY

<b>1.1 INTRODUCTION.....</b>	<b>1</b>
<b>1.2 PROBLEM STATEMENT .....</b>	<b>2</b>
<b>1.3 OBJECTIVES OF THE STUDY .....</b>	<b>3</b>
<b>1.3.1 Primary objectives .....</b>	<b>3</b>
<b>1.3.2 Secondary objectives .....</b>	<b>3</b>
<b>1.4 THE SCOPE OF THE STUDY .....</b>	<b>4</b>
<b>1.4.1 Field of the study.....</b>	<b>4</b>
<b>1.4.2 Geographic demarcation .....</b>	<b>4</b>
<b>1.5 RESEARCH METHODOLOGY.....</b>	<b>5</b>
<b>1.5.1 Literature study .....</b>	<b>5</b>
<b>1.5.2 Empirical study.....</b>	<b>6</b>
1.5.2.1 Research design .....	6
1.5.2.2 Selection of a questionnaire.....	9
1.5.2.3 Study population and the sampling method .....	9
1.5.2.4 Data collection .....	10
1.5.2.5 Data analysis .....	11
<b>1.6 LIMITATIONS OF THE STUDY .....</b>	<b>11</b>
<b>1.7 LAYOUT OF THE STUDY .....</b>	<b>12</b>

## **CHAPTER 2: LITERATURE STUDY ON ENTREPRENEURSHIP**

<b>2.1 INTRODUCTION.....</b>	<b>14</b>
<b>2.2 ENTREPRENEURSHIP DEFINED.....</b>	<b>16</b>
<b>2.3 ENTREPRENEURIAL CHARACTERISTICS.....</b>	<b>19</b>
<b>2.4 ENTREPRENEURIAL ORIENTATION .....</b>	<b>23</b>
2.4.1 Autonomy.....	24
2.4.2 Innovativeness .....	25
2.4.3 Risk-taking .....	26
2.4.4 Pro-activeness.....	27
2.4.5 Competitive aggressiveness .....	28
<b>2.5 PERCEIVED SUCCESS .....</b>	<b>29</b>
2.5.1 Business growth .....	30
2.5.2 Business development .....	31
<b>2.6 SUMMARY.....</b>	<b>32</b>

## **CHAPTER 3: AN OVERVIEW OF RETAIL PHARMACY IN SOUTH AFRICA**

<b>3.1 INTRODUCTION.....</b>	<b>33</b>
<b>3.2 THE PHARMACY INDUSTRY .....</b>	<b>34</b>
3.2.1 Clinical versus retail .....	34
3.2.2 Challenges facing retail pharmacy .....	35
3.2.3 Competition: corporate versus independent pharmacy .....	36
<b>3.3 LEGISLATION .....</b>	<b>39</b>
3.3.1 The Pharmacy Act .....	39

3.3.2	The South African Pharmacy Council .....	40
3.3.3	The National Drug Policy Act .....	40
3.3.4	The Medicines and Related Substances Act.....	42
3.4	THE PHARMACIST AS ENTREPRENEUR.....	42
3.5	SUMMARY.....	46
 <b>CHAPTER 4: EMPIRICAL STUDY</b>		
4.1	INTRODUCTION.....	47
4.2	DATA GATHERING.....	47
4.2.1	Development and construction of questionnaire .....	49
4.2.2	Data collection.....	51
4.3	RESPONSES.....	52
4.4	BIOGRAPHICAL.....	52
4.4.1	Age group classification of respondents.....	52
4.4.2	Gender classification of respondents.....	53
4.4.3	Race classification of respondents.....	54
4.4.4	Marital status of respondents .....	55
4.5	STRUCURE OF THE ORGANIZATION.....	56
4.5.1	Number of employees.....	56
4.5.2	Legal status of business .....	57
4.5.3	Retail business offerings .....	58
4.5.4	Turnover of the business .....	59
4.6	TRAINING, EDUCATION AND EXPERIENCE.....	59
4.6.1	Academic qualification of respondents.....	59
4.6.2	Years of experience of respondents.....	60

4.6.3 Capacity or position of respondents.....	61
<b>4.7 AN ASSESSMENT OF THE ENTREPRENEURIAL ORIENTATION .....</b>	<b>62</b>
4.7.1 Autonomy .....	63
4.7.2 Innovativeness .....	65
4.7.3 Risk-taking.....	66
4.7.4 Pro-activeness .....	67
4.7.5 Competitive aggressiveness.....	68
4.7.6 The overall ranking of the number of items.....	69
<b>4.8 PERCEIVED SUCCESS OF THE BUSINESS.....</b>	<b>71</b>
4.8.1 Business growth .....	71
4.8.2 Business development and improvement .....	72
4.8.3 The overall ranking of the number of items.....	73
<b>4.9 RELIABILITY OF THE MEASURING INSTRUMENT.....</b>	<b>74</b>
<b>4.10 THE RELATIONSHIP BETWEEN DEMOGRAPHICS AND CONSTRUCTS..</b>	<b>76</b>
4.10.1 Entrepreneurial orientation .....	77
4.10.2 Perceived success .....	79
<b>4.11 MULTIPLE REGRESSION ANALYSES RESULTS .....</b>	<b>81</b>
<b>4.12 RESULTS OF THE QUALITATIVE STUDY.....</b>	<b>83</b>
<b>4.13 SUMMARY.....</b>	<b>87</b>
<b>CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS</b>	
<b>5.1 INTRODUCTION.....</b>	<b>89</b>
<b>5.2 CONCLUSION .....</b>	<b>90</b>
5.2.1 Conclusion on the biographical data of respondents .....	90

5.2.2 Conclusion on the structure of the organization.....	90
5.2.3 Conclusion on the education and experience of respondents.....	92
5.2.4 Conclusion on entrepreneurial orientation .....	93
5.2.5 Conclusion on the perceived success.....	95
5.3 RECOMMENDATIONS.....	96
5.4 ACHIEVEMENT OF THE OBJECTIVES .....	98
5.4.1 Achievement of primary objective .....	98
5.4.2 Achievement of secondary objective.....	98
5.5 SUGGESTION FOR FURTHER RESEARCH.....	99
5.6 SUMMARY.....	100
BIBLIOGRAPHY.....	101
APPENDIX A .....	108

## LIST OF TABLES

Table 2.1:	A broad definition of SMME's in the National Business Act .....	15
Table 2.2:	Definition of Entrepreneurship .....	16
Table 2.3:	Summary of approaches to describing Entrepreneurship .....	18
Table 2.4:	Characteristics of Entrepreneurs .....	20
Table 3.1:	Benefits and drawbacks of chain retail pharmacies .....	38
Table 3.2:	The focus of learning .....	43
Table 4.1:	Age group classification of respondents .....	53
Table 4.2:	Gender classification of respondents .....	54
Table 4.3:	Race of respondents.....	54
Table 4.4:	Marital status of respondents.....	55
Table 4.5:	Number of employees in pharmacies .....	56
Table 4.6:	Legal status of business .....	57
Table 4.7:	Retail business offerings.....	58
Table 4.8:	Academic qualification of respondents .....	60
Table 4.9:	Number of years of experience .....	61
Table 4.10:	Position of respondents .....	62
Table 4.11:	Entrepreneurial orientation survey results .....	63
Table 4.12:	The autonomy of respondents .....	64
Table 4.13:	The innovativeness of respondents .....	65
Table 4.14:	The risk-taking of respondents.....	67
Table 4.15:	The pro-activeness of respondents.....	68
Table 4.16:	The competitive aggressiveness of respondents .....	69
Table 4.17:	Perceived success survey results .....	71
Table 4.18:	Business growth .....	72
Table 4.19:	Business development and improvement .....	73
Table 4.20:	Cronbach's coefficient alpha and internal consistency .....	75
Table 4.21:	Summary of Cronbach's alphas of the questionnaire .....	76
Table 4.22:	Interpretation of magnitude of effect size .....	77
Table 4.23:	Relationship between entrepreneurial orientation factors and demographical variables .....	77
Table 4.24:	Relationship between perceived success factors and demographical variables .....	79

Table 4.25: The impact of entrepreneurial orientation constructs on the dependent variable growth of retail pharmacy business .....	81
Table 4.26: The impact of entrepreneurial orientation constructs on the dependent variable development of retail pharmacy business .....	82

## LIST OF FIGURES

Figure 1.1: Areas of retail pharmacies identified.....	5
Figure 1.2: Research process flow chart.....	12
Figure 2.1: Top 10 factors effecting entrepreneurial success.....	21
Figure 4.1: The research process model.....	48
Figure 4.2: Findings of the assessment of entrepreneurial orientation.....	70
Figure 4.3: Findings of the assessment of perceived success.....	74

# CHAPTER 1

## THE NATURE AND SCOPE OF THE STUDY

### 1.1 INTRODUCTION

Studies of community pharmacists, specifically pharmacists in the retail environment focus on their roles as health care professionals. Entrepreneurial energy and innovation in exploiting changes as opportunities are less studied. In South Africa the face of pharmacy did undergo dramatic changes the past decade alone (Perpelkin & Findlay, 2009:1).

The Pharmacy Act of 1974 was amended in 2003 and thereafter made provision for non-pharmacists to own pharmacies. This opened the door for large chain stores to change their business model by opening dispensaries. Since 2004 the Department of Health regulates prices of medication and the pharmacist has no control over dispensary medication prices. Medicine and scheduled substances prices are referred to as Single Exit Pricing (SEP), which indicates the maximum price of a scheduled medicine.

In the community pharmacy sector, the pharmacist is also involved in retailing. The dispensary is a department within the pharmacy. The pharmacist does not only dispense medication, but also have to manage the front shop departments, which include health and beauty, supplements, vitamins, nutrition, gifts, sweets and so forth.

According to Hindle and Cutting (2002:162), the pharmacy is a dual market industry – a pharmacist must combine retailing services with professional services. On one end of the continuum the pharmacist has to compete with non-pharmacy retailers, with numerous manufacturers selling their goods through non-pharmacy outlets. On the other side of the continuum government regulates margins on prescription medication.

The above scenarios indicate the growing forces which challenge the community pharmacists to rethink the way they do business. The question posed is how good is the retail pharmacist faring in terms of these entrepreneurial activities that forms part and parcel of the business they are in?

The entrepreneurial orientation of pharmacists operating in retail will be evaluated. Once a result is obtained it could be evaluated against the perceived success of retail pharmacies in both independent and corporate pharmacy settings.

The focus of this study will be aimed at pharmacists working in the retail environment, because the retail pharmacist is also responsible for store management. The pharmacist can therefore not only rely on compounding, dispensing and medication expertise, but also have to be able to create a business environment which operates successfully and profitably. This will constitute the pharmacy's perceived success.

## **1.2 PROBLEM STATEMENT**

If the community pharmacy becomes extinct it will leave a great vacuum in the services they have traditionally offered, as well as the possible opportunities which a career as retail pharmacist has to offer. A pharmacist is not only trained to dispense medication, but is also able to provide valuable advice to their customers, as well as other services, including health screenings, chronic conditions monitoring with referral to blood pressure, blood sugar levels, cholesterol and family planning.

The community pharmacy industry is an increasingly competitive sector, where independent pharmacies must compete with national and multi-national chains for market share (Perepelkin & Di Zhang, 2011:175). The growth of retail chains has contributed to a number of independent pharmacies closing. The market in which the independent pharmacist competes has changed dramatically. Legislation allows for a non-pharmacist individual to be an owner of a store. This includes large retail groups which threatens the existence of the independent pharmacist.

Retail pharmacy is currently practiced by independent pharmacy owners and managers, but also includes corporate pharmacy groups. Both of these entities compete against larger national retail chain stores for sales of certain products.

Pharmacies therefore operate in highly competitive markets and their livelihood is dependent on the same person that dispenses the medication and provides the professional service, whom also needs to be a retailer and innovative business person. The focus of this study is on the entrepreneurial orientation of retail pharmacists operating in communities and the perceived success of these pharmacies.

### **1.3 OBJECTIVES OF THE STUDY**

The objectives of this study are divided into primary and secondary objectives.

#### **1.3.1 Primary objective**

The primary objective of the study is to investigate the entrepreneurial orientation of pharmacists operating in community pharmacies in South Africa and secondly to determine the perceived success of the industry in which they operate, namely the retail sector.

#### **1.3.2 Secondary objectives**

Secondary objectives include the following:

- To gain insight into entrepreneurship through conducting a literature study.
- To study the concept of entrepreneurial orientation.
- To study what perceived success of a business entails.
- To study the retail pharmacy industry.
- To determine the challenges that pharmacists operating in a retail environment faces.
- To examine the entrepreneurial orientation of pharmacists operating in retail industry, including corporate and independent pharmacies.

- To examine the current perceived success of retail pharmacies.
- To determine if a relationship exist between the entrepreneurial orientation of pharmacists and the perceived success of retail pharmacies.
- To draw conclusions from the empirical study and offer practical recommendations for pharmacists operating in retail pharmacies to develop entrepreneurial orientation.

## **1.4 THE SCOPE OF THE STUDY**

This section describes the field of the study, industry demarcation and the geographical demarcation.

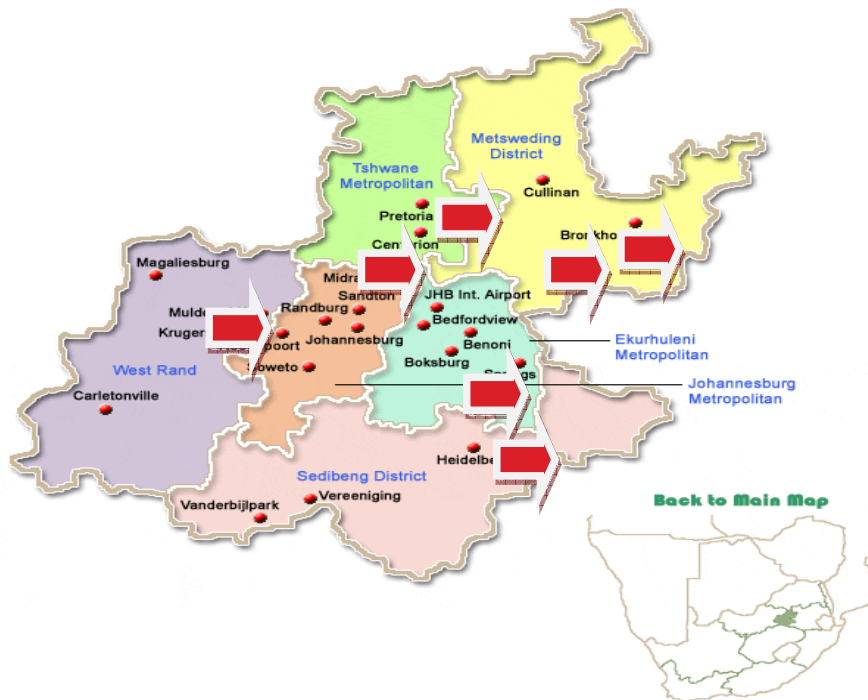
### **1.4.1 Field of the study**

The study field falls within the discipline of Entrepreneurship, with specific focus on the entrepreneurial orientation of pharmacists operating in retail environments. The influence of the entrepreneurial orientation constructs (independent variables) on the perceived success (dependent variable) of the business will be determined.

### **1.4.2 Geographic demarcation**

This study will be conducted in the Gauteng province in South Africa. Figure 1.1 indicates the larger towns situated within the Gauteng province and the cities included in the study are Johannesburg, Boksburg, Bedfordview, Pretoria, Benoni, Springs, Midrand, Sandton, Centurion, Bronkhorstspuit and Heidelberg. Retail pharmacies are present in most of the cities in Gauteng. Most corporate and independent pharmacies within the Gauteng province were approached to participate in the study.

**Figure 1.1: Areas of retail pharmacies identified**



## 1.5 RESEARCH METHODOLOGY

The study consists of two phases, namely a literature study and an empirical study.

### 1.5.1 Literature study

The literature study focuses on the field of Entrepreneurship as phenomenon and entrepreneurial orientation with its five constructs, namely **Innovativeness**, **Pro-activeness**, **Competitive Aggressiveness**, **Autonomy** and **Risk-taking** will be defined. Furthermore, what constitutes perceived success of a business will be explored.

The pharmacy industry, independent and corporate retail pharmacy structures, legislation and competition within the industry will be investigated.

The following sourcing methods have been applied:

- Text books.
- Scientific journals.

- Website articles.
- Laws.
- Reports on previous research done.

### **1.5.2 Empirical study**

This section includes a description of the specific techniques to be employed, the specific measurement instruments to be used and the activities initiated in conducting the research.

A research design is a plan or strategy which moves from the underlying philosophical assumptions to specifying the selection of respondents, the data gathering techniques to be used and the data analysis to be done (Nieuwenhuis, 2007: 70).

#### 1.5.2.1 Research design

A combination of a quantitative and qualitative research design has been used.

Although quantitative and qualitative research differs in how they gain knowledge and the research questions they address, they can both be applied to study the same research question. By using the quantitative research approach the aim is to investigate the relationship between variables, whilst the qualitative approach the aim is in-depth understanding of the individuals' experiences (Ivankova, Creswell & Clark, 2007:259).

According to Cresswell *et al.* (2007:261), there are four main reasons for combining qualitative and quantitative methods within one study, namely:

- Explain or elaborate on quantitative results with subsequent qualitative data.
- Use qualitative data to develop a new measuring instrument or theory that is subsequently tested.

- Compare quantitative and qualitative data sets to produce well validated conclusions.
- Enhance a study with supplement data set, which can be either quantitative or qualitative.

Each participant in the research will have their own background. Therefore in-depth understanding of where the participant comes from would contribute greatly to the results of the questionnaire. The focus of the questionnaire is to investigate what is the strength of entrepreneurial orientation of the pharmacist and the perceived success of the industry in which the pharmacist operates in. The quantitative questionnaire will be complemented by a qualitative process wherein in-depth interview with selected participants in the study.

Pharmacists located in Gauteng will be selected to participate in the study. From the questionnaires completed a number of pharmacists will be selected again to participate in the in-depth interviews. An exploratory, qualitative investigation will be done by means of personal interviews with community pharmacists working in corporate or independent pharmacies.

In qualitative research the following 6 types are discussed by Nieuwenhuis (2007:70):

- Conceptual studies focus on understanding of concepts. The aim is to add to the existing body of knowledge.
- Historical research is used where the research questions are best explored when using historical or comparative research data.
- Action research is successfully used when the context is clearly understood and if possible solutions may be derived from the research.
- Case study research is used to answer 'why' and 'how' questions. This is essential for researchers to come to deeper understanding of the dynamics of the situation.
- Ethnography views human behaviour as intentional and the researcher should attempt to understand the reasoning behind people's actions.
- Grounded theory approach seeks initial data collection and preliminary analysis to take place in advance of consulting and incorporating research

literature. This attempts to ensure that pre-existing constructs do not shape the analysis.

Nieuwenhuis (2007:58) discusses the interpretivist's view on qualitative research and concludes that it is based on the following assumptions:

- Human life can only be understood from within. Therefore it cannot be observed as part of an external reality. Theoretical constructs of the research should reflect the same everyday constructs, which refers to terms and definitions people use in their everyday life.
- Social life is a distinctively human product and reality is not objective. Rather it is socially constructed. According to Hussey & Hussey quoted by (Nieuwenhuis, 2007:59) "by placing people in their social contexts, there is a greater opportunity to understand the perceptions they have of their own activities."
- The human mind is the purposive source or origin of meaning. Nieuwenhuis (2007:59) defines it: "By exploring the richness, depth and complexity of phenomena we can begin to develop a sense of understanding of the meanings imparted by people to phenomena and their social context. Through uncovering how meanings are constructed, we can gain insights into the meanings imparted and thereby improve our comprehension of the whole."
- Human behaviour is affected by knowledge of the social world. This illustrates a relationship between theory and research.
- The social world does not 'exist' independently of human knowledge. It would be inaccurate to assume the world as external or independent from our knowledge and understanding and to ignore one's own endeavours or subjectivity.

The above assumptions shed a valuable light for researching the phenomenon of pharmacists and their proneness to exert entrepreneurial behaviour. They would subjectively answer the questions. Again the focus should also be to investigate what contributed to the entrepreneurial character of the pharmacist. Was there any formal

training involved or did the lack of further education hinder the possibility to establish successful independent pharmacies in own right.

#### 1.5.2.2 Selection of a questionnaire

When an existing questionnaire is used, the validity and reliability of the instrument should be investigated (Strydom, Fouche & Delport, 2002:120). The researcher should discuss which combination of designs available has been selected.

An entrepreneurial orientation questionnaire compiled by Lotz (2009:324) was identified as a compatible tool for the purpose of this study. The questionnaire was customized to specifically meet the community pharmacist in his or her own environment – referring to corporate or independent retail pharmacy. The questionnaire is divided into four sections, namely:

- Section A: Evaluation of entrepreneurial orientation of pharmacists.
- Section B: Evaluation of perceived success of the industry.
- Section C: Business and financial information.
- Section D: Demographical and educational background.

#### 1.5.2.3 Study population and the sampling method

Sampling refers to the process used to select a portion of the population for study. Qualitative research is generally based on non-probability and purposive sampling, rather than probability or random sampling approaches. Purposive sampling means that participants are selected because of some defining characteristic that makes them holders of the data needed for the study (Nieuwenhuis, 2007:79).

For the purpose of this study purposive sampling will be applied and the sample will be derived from pharmacists within corporate and independent pharmacies. The above mentioned groups for sampling will provide the richest possible source of information to answer the research questions.

Nieuwenhuis (2007:79) elaborates further: "Purposive sampling decisions are not only restricted to the selection of participants, but also involve the settings, incidents,

events and activities to be included for data collection. The three most commonly used are stratified purposeful sampling, snowball sampling and criterion sampling.”

The three purposive sampling methods are described below:

- Stratified purposive sampling: selecting participants according to pre-selected criteria relevant to a particular research question.
- Criterion sampling: decision made in the design stage of a study the typical characteristics of the participants to be included. Criteria refer to age, gender, profession, a particular strategy and so forth.
- Snowball sampling: already participating individuals are used to enter their social networks to refer the researcher to other participants who might contribute to the study.

The target population of this study is community pharmacists operating in corporate and independent pharmacies in the Gauteng Province. For the scope of this study purposive sampling will be applied and the sample will be derived from following retail pharmacists operating in independent and corporate pharmacy groups. Both managers and owners will be approached.

The above mentioned groups for sampling will provide the richest possible source of information to answer the research questions – both in formal questionnaire and in-depth interviews.

#### 1.5.2.4 Data collection

Numerous data collection techniques, instruments or sources may be used, including structured interviews, observations, surveys, in-depth interviews. A recommendation is that the research questions should be kept in mind when deciding on research designs as more than one strategy or method could be appropriate for the collection of data for a specific research question. In addition to the description of the research design motivation will be provided for methods selected, by quoting from relevant literature, pointing out strengths and limitations of the designs chosen and ways to minimize these limitations will be discussed as suggested by Maree and Van der Westhuizen (2007:35). For the purpose of this study the data will be collected by

means of a formal, structured questionnaire and interviews with participants. The purpose of the in-depth interview is to discuss personal experience of the pharmacist in the retail environment.

The techniques used to distribute and complete the questionnaires consisted mainly of personal delivery and on a smaller scale via e-mail to participants. Questionnaire distribution was followed up by personal visits to each participant. Each questionnaire was distributed with a cover letter ensuring confidentiality.

#### 1.5.2.5 Data analysis

Data collected was statistically analysed using Statistica (Statsoft, 2011) and Statistical Package for Social Sciences (SPSS, 2011).

Data from the questionnaires were coded and data was investigated and transformed to useful outputs such as frequency tables. The frequency tables were used to draw conclusions and make recommendations regarding the development of entrepreneurial orientation of pharmacists in retail.

### **1.6 LIMITATIONS OF THE STUDY**

Potential limitations are often numerous even in the most carefully planned research study and it is important that they are listed in the study. Generally when identifying limitations, the researcher must consider the validity and reliability of all data collection instruments, the extent to which generalisation can occur of the sample to the population from which it was drawn, access to data, ethical problems and also the ability to control extraneous factors in the environment and the respondents (Strydom *et al.*, 2002:121).

- Only pharmacists operating in retail pharmacies will participate in the questionnaires and be interviewed as part of the research.
- The study will be limited to Gauteng province only. The environment in which a pharmacy in Gauteng operates versus the pharmacy in a rural, less developed area might be completely different. The challenges the same

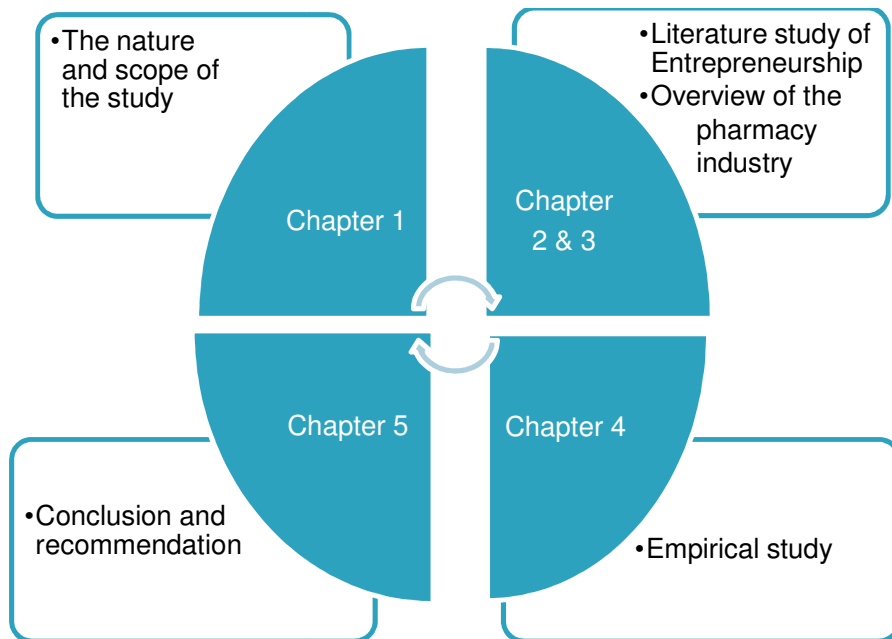
business face in the different geographical locations might be completely different.

- The entrepreneurial orientation of pharmacists in Gauteng cannot be generalized to pharmacies outside of Gauteng, nor the perceived success of these pharmacies.
- The measurement of perceived success in one location might be totally different from the next, due to area specific challenges.
- Pharmacists have numerous careers to choose from; this study will only focus on retail pharmacists in Gauteng and therefore cannot be generalized to all pharmacists in Gauteng.

## 1.7 LAYOUT OF THE STUDY

A brief description of the main elements and focus of the study is set out below. A schematic representation of the chapter outlay is shown in figure 1.2.

**Figure 1.2: Research process flow chart**



According to Nieuwenhuis (2007:81), most qualitative studies do not treat data collection and analysis as two separate processes, but rather as an ongoing, cyclical and non-linear process. The nature of the study includes quantitative and qualitative research methods and therefore the circular presentation of the chapter layout.

Chapter one consists of three steps, namely selecting a focus, determining the purpose of the study and developing of problem statements. Furthermore the primary and secondary objectives are described. The focus is on pharmacists in community pharmacies. The primary objective of the study is to investigate the entrepreneurial orientation of community pharmacists and the perceived success of the industry in which they operate. Secondary objectives include insight into entrepreneurship, entrepreneurial orientation, retail pharmacy, challenges faced and perceived success.

Chapter two contains the literature study. The aim of this chapter is to provide a comprehensive literature review on the definition of entrepreneurship and entrepreneurial orientation with its five constructs, namely **Innovativeness, Autonomy, Risk-taking, Pro-activeness** and **Competitive Aggressiveness**. The term perceived success of businesses will be explored.

In chapter three a literature review on the industry of pharmacy in South Africa will be conducted. Both independent and corporate pharmacies will be explored. The broader retail industry, which is a main competitor and threat to pharmacy, will be defined. Legislation and regulatory environments will be reviewed. The pharmacist as an entrepreneur will be defined and explored.

Chapter four comprise of the empirical study and constitute the presentation and discussion of results. The chapter contains the following: data gathering, responses, demographic information and analysis of data. The results of the qualitative interviews are also presented in this chapter.

Chapter five includes the conclusion, recommendations, achievement of the objectives and suggestions for further research.

## **CHAPTER 2**

### **LITERATURE STUDY ON ENTREPRENEURSHIP**

#### **2.1 INTRODUCTION**

Community pharmacies are an interesting study to explore, because of the relationship between the professional and business aspects of practice. On a daily basis the community pharmacist must balance professional and commercial obligations by providing skilled services in the form of preparation and dispensing of medications, while selling commodities for profit in distributing that medication. In the context of all health care professionals, pharmacists are the most overtly involved in entrepreneurship (Perpelkin & Findlay, 2009:1).

It is widely acknowledged that entrepreneurship is an important force in shaping the changes that take place in the economic environment (Herrington & Kew, 2009:15). Herrington and Kew (2009:14) state that during 2008 and 2009 South Africa, like most other countries around the world, experienced a recession. Businesses closure accelerated and resulted in job losses and the inability of large companies to create employment. According to a report in the Sunday times (20 September 2009), there are 2.4 million registered companies in South Africa, of which 2.2 million are small and medium enterprises (SME's) which indicates the important role small business development plays in the economy.

A common definition of a SME includes registered businesses with less than 250 employees. In South Africa a small business's official definition in Section 1 of The National Small Businesses Amendment Act of 2003 and 2004 is "a separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more."

**Table 2.1: A broad definition of SMME's in the National Business Act**

<b>Enterprise Size</b>	<b>Number of Employees</b>	<b>Annual Turnover (S.A Rand)</b>	<b>Gross Assets</b>
Medium	Fewer than 100 to 200, depending on industry.	Less than R4 million to R50 million.	Less than R2 million to R18 million.
Small	Fewer than 50.	Less than R2 million to R25 million.	Less than R2 million to R4.5 million.
Very Small	Fewer than 10 to 20, depending on the industry size.	Less than R200 000 to R500 000.	Less than R150 000 to R500 000.
Micro	Fewer than 5.	Less than R150 000.	Less than R100 000.

**Source: Mahembe (2011:25)**

Mahembe (2011:7) states that there is consensus among policy makers, economists and business experts that SMEs are drivers of economic growth. A healthy SME sector contributes prominently to the economy through creating more employment opportunities, generating higher production volumes, increasing exports and introducing innovation and entrepreneurship skills. A recent study conducted by Abor and Quarty (2010) estimates that 91% of the formal business entities in South Africa are SME's and that these entities contribute between 52 to 57% to GDP and account for approximately 61% of employment (Mahembe, 2011:14). It is therefore important to consider both the SME and the larger corporate pharmacies when taking into account the results of the study. The 2009 GEM report emphasises that there is a very tight correlation between the level of entrepreneurship in a country and its rate of economic growth (Herrington, Kew & Kew, 2009:10).

Timmons and Spinelli (2009:101) state that entrepreneurship results in the creation of value, not just for owners, but for all participants and stakeholders. The core of this process is the creation and recognition of opportunities, followed by the will and determination to seize these opportunities. Furthermore, the authors conclude that entrepreneurial leaders inject imagination, motivation, commitment, passion, tenacity, integrity, teamwork and vision into their companies. They face dilemmas and must make decisions despite contradictions and ambiguity. The true entrepreneur is never satisfied with the nature of the opportunity. The result of the value creation process is that total economic pie grows larger and society benefits (Timmons & Spinelli, 2009:101).

The literature study's focus is on entrepreneurship; entrepreneurial characteristics; entrepreneurial orientation and the perceived success of a business will be defined.

## 2.2 ENTREPRENEURSHIP DEFINED

Entrepreneur is a French word with its origin dating back to 1700's and since then has evolved to mean someone who undertakes a venture (Herrington & Kew, 2009:11). There are many definitions which evolved the latter half of the 20<sup>th</sup> century and were summarized by Hitt, Ireland, Camp and Sexton (2002:1).

**Table 2.2: Definitions of entrepreneurship**

Author	Definition
Schumpeter (1934)	Entrepreneurship is seen as new combinations, including the doing of new things that are already being done in a new way. New combinations include: <ul style="list-style-type: none"> <li>- Introduction of new goods.</li> <li>- New method of production.</li> <li>- Opening of new markets.</li> <li>- New source of supply.</li> <li>- New organizations.</li> </ul>
Kirzner (1973)	Entrepreneurship is the ability to perceive new opportunities. This recognition and seizing of the opportunity will tend to correct the market and bring it into equilibrium.
Drucker (1985)	Entrepreneurship is the act of innovation that involves endowing existing resources with new wealth capacity.
Stevenson, Roberts and Grousbeck (1985)	Entrepreneurship is the pursuit of an opportunity without concern of current resources or capabilities.
Rumelt (1987)	Entrepreneurship is the creation of new business: new business meaning that they do not exactly duplicate existing business but have the same element of novelty.
Low & MacMillan (1988)	Entrepreneurship is the creation of new enterprise.
Gartner (1988)	Entrepreneurship is the creation of organizations: the process by which new organizations come into existence.
Timmons (1997)	Entrepreneurship is a way of thinking, reasoning and acting that is opportunity obsessed, holistic in approach and

	leadership balanced.
Venkataraman (1997)	Entrepreneurship research seeks to understand opportunities to bring into existence future goods and services discovered, created and exploited, by whom and with what consequences.
Morris (1998)	Entrepreneurship is the process through which individuals and teams create value by bringing together unique packages of resource inputs to exploit opportunities in the environment. It can occur in any organizational context and can result in a variety of possible outcomes, including new ventures, products, services, processes, markets and technologies.
Sharma and Chrisman (1999)	Entrepreneurship encompasses acts of organizational creation, renewal, or innovation that occur within or outside an existing organization.

**Source: Hitt *et al.* (2002:1)**

According to Bridge *et al.* (2003:34), there are a range of possible meanings for the term 'entrepreneurship' and this is derived from the different ways of looking at an entrepreneur. An entrepreneur is an individual who is able to determine an opportunity and utilise it for their own and the internal and external environments benefit (Melamed, 2000:23). Inegbenebor (2007:748) defines entrepreneurship as "An entrepreneur is one who creates and grows a new enterprise and demonstrates characteristics of risk taking and innovation."

Entrepreneurship is growth and according to the current research on growth models poses a growth paradox, because as growth occurs, firms increases planning, control and formalised structures as a consequence of growth and by doing so move away from an entrepreneurial type of organization to a non-entrepreneurial type of organisation. They also refer to research that indicates that an entrepreneurial management style is associated with growth (Lechner & Leyronas, 2009:667).

Cunningham and Lischeron (1991) offer a summarised table of the various approaches to describing entrepreneurship.

**Table 2.3: Summary of approaches to describing Entrepreneurship**

Entrepreneurial Model	Central focus or purpose	Assumption	Behaviour and skills	Situation
'Great Person' School	Entrepreneur has an intuitive ability – a sixth sense, traits and instincts with which he or she is born.	Without this inborn intuition the individual would be like the rest of us mortals who lack what it takes.	Intuition, vigour, energy, persistence and self-esteem.	Start-up
Psychological characteristics school	Entrepreneurs have unique values, attitudes and needs that drive them.	People behave in accordance with their values, behaviour results in attempt to satisfy needs.	Personal values, risk taking, need for achievement and others.	Start-up
Classical school	The central characteristic of entrepreneurial behaviour is innovation.	The critical aspect is in the process of doing rather than owning.	Innovation, creativity and discovery.	Start-up and early growth stage.
Management school	Entrepreneurs are organisers of economic venture; they are people who organize, own, manage and assume the risk.	Entrepreneurs can be developed and trained in the technical functions of management.	Production planning, people organizing, capitalization and budgeting.	Early growth and maturity.
Leadership school	Entrepreneurs are leaders of people; they have the ability to adapt their style to the needs of people.	An entrepreneur cannot accomplish his or her goals alone, but depends on others.	Motivating, directing and leading.	Early growth and maturity.
Intrapreneurship school	Entrepreneurial skills can be useful in complex organisations; intrapreneurship is the development of independent units to create market and expand services.	Organisations need to adapt to survive; entrepreneurial activity leads to organisational building and entrepreneurs becoming managers.	Alertness to opportunities, maximizing decisions.	Maturity and change.

**Source: Cunningham and Lischeron (1991:47)**

Melamed (2000:48) researched entrepreneurship and quoted Miller's (1996:4) four types of entrepreneurs, namely, the personal achiever; the super sales person; the real manager and the expert idea generator. The personal achiever is filled with

energy, enjoys planning and setting goals for future achievement. This type of entrepreneur takes initiative; he is committed to the organization and has a strong internal locus of control. The super sales person has empathy and attempts to be at service of others at all times. They utilise a soft-sell approach and are rewarded by sales to their customers. The real manager is effective in corporate leadership positions; they enjoy taking control and their power guides ventures into growth. The expert idea generator invents new products or finds a new niche for existing products; develops new processes and thereby creates a competitive edge over rivals (Melamed, 2000:49).

### **2.3 ENTREPRENEURIAL CHARACTERISTICS**

Herrington and Kew (2009:14) comment that institutional characteristics, culture, education, the regulatory environment, national demographics and social culture of the nation all play a part in shaping the country's entrepreneurial landscape.

Typical entrepreneurial attributes identified by a variety of authors on the subject of entrepreneurship includes autonomy; belief in control of own destiny; creativity; determination; flexibility; goal orientation; hard work; imagination; initiative; leadership; moderate risk taking; need for achievement; optimism; perseverance; persuasive powers and problem solving ability (Bridge, O'Neil & Cromie, 2003:37).

Sun (2007:4) concludes that knowledge is crucial to the success of an entrepreneur and defines knowledge as follow: "It is the result of the accumulation of information by an individual who chooses to create meaning and take action. Lack of learning is the ultimate point of failing for any entrepreneur." According to Katz and Shepherd (2003:240), experience provides a framework for processing information and allows informed and experienced entrepreneurs with diverse skills and competencies, like networks and knowledge, to foresee and take advantage of opportunities they can identify.

Academics have continued to characterise the special qualities of entrepreneurs and the table below illustrates this.

**Table 2.4: Characteristics of entrepreneurs**

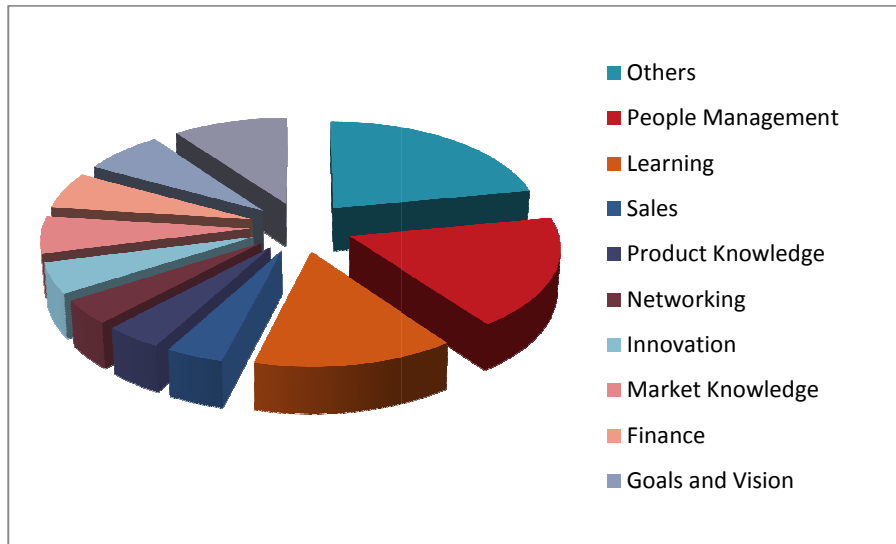
Date	Authors	Characteristics
1848	Mill	Risk bearing
1917	Weber	Source of formal authority
1934	Schumpeter	Innovation and initiative
1954	Sutton	Desire for responsibility
1959	Hartman	Source of formal authority
1961	McClelland	Risk taking, need for achievement
1963	Dauids	Ambition, desire for independence, responsibility and self-confidence
1964	Pickle	Drive / mental, human relations, communication ability and technical knowledge
1971	Palmer	Risk measurement
1971	Hornaday and Aboud	Need for achievement, autonomy, aggression, power, recognition, innovative and independent
1973	Winter	Need for power
1974	Borland	Internal locus of power
1982	Casson	Risk, innovation, power and authority
1985	Gartner	Change and ambiguity
1987	Begley and Boyd	Risk taking and tolerance of ambiguity
1988	Caird	Drive
1998	Roper	Power of authority
2000	Thomas and Mueller	Risk, power, internal locus of control and innovation
2001	Lee and Tsang	Internal locus of control

**Source: Timmons and Spinnelli (2009:44)**

“Based on earlier learning experience, entrepreneurs can use their acquired skills and knowledge to identify a business opportunity or to leverage resources. The value of resources and skills acquired through prior business ownership experience is in part dependent on the ability of experienced entrepreneurs to learn from their previous experience” (Katz & Shepherd, 2003:241.)

The top 10 factors for entrepreneurial success are summarised in pie chart below.

**Figure 2.1: Top 10 factors effecting entrepreneurial success**



**Source: Sun (2007:25)**

The pie chart depicts the various factors or knowledge areas that are most important to business success. According to Sun (2007:61), the journey of an entrepreneur starts as technical proficiency in a specific field. That type of expertise needs to shift if you intend to keep a healthy balance between business, personal well being and family. To grow a business, that technical proficiency translates into mastery of organisational learning and people development. This form of leadership takes time to build; it is not a quick fix like many leaders would want to believe.

Katz and Shepherd (2003:241) conclude that the ability of entrepreneurs to objectively reflect on and evaluate their experiences, which includes successes or failures, may be crucial in determining future performance and make the following statement: “While cognitive processes may be a source of sustained competitive advantage they may limit the ability of some entrepreneurs to adapt in response to changing and different market and technological conditions.”

Locus of control is a personality construct that is defined as perceived control over the events in one’s life. It is an individual’s general expectancy of the outcome of an event being either within or beyond his or her personal control and understanding (Inegbenebor, 2007:749). Individuals who believe that the outcomes of events are within their personal control have an internal locus of control. They believe that they can affect the outcomes of their lives. Those who believe that the outcomes of

events are beyond their control have an external locus of control. Inegbenebor (2007:747) conducted a research study in which he investigated whether the locus of control distinguished between pharmacists who become entrepreneurs and those whom took up employee roles in pharmaceutical establishments.

There are ample research evidence that generally support differences between employees and entrepreneurs in terms of achievement, motivation, risk taking propensity and locus of control. Individuals who seek entrepreneurial careers are high in achievement motivation, take moderate risks, have more inclination and ability to innovate and have internal, rather than external locus of control (Inegbenebor, 2007:748).

According to Inegbenebor (2007:748), entrepreneurs are managers who perform their roles in an entrepreneurial way, their primary focus being change, rather than maintaining the status quo. A non-entrepreneurial style is characterized by being risk-averse, passive, reactive and non-innovative.

“Internal locus of control is associated with a desire to become an entrepreneur, a tendency to exert greater efforts to control the environment, to make better use of information in complex decision making situations, high tolerance for uncertainty and have greater propensity to behave proactively. Internal locus of control has also been found to be associated with innovative strategies” (Inegbenebor, 2007:749).

Inegbenebor (2007: 753) concludes that the result of the study has implications for curriculum development in entrepreneurship. The implications may at first be obscured by the fact that locus of control is a stable personality construct which is difficult to change, especially in the short run. However, a clear conclusion drawn includes that the improvement of students attitude towards entrepreneurship could enhance the number of graduates who want to start their own businesses.

A consulting study by McKinsey & Co of medium-sized growth companies confirms that the chief executive officers of winning companies were notable for three common traits, namely perseverance, a builder’s mentality and a strong propensity for taking calculated risks (Timmons & Spinelli, 2009:45).

## 2.4 ENTREPRENEURIAL ORIENTATION

The term entrepreneurial orientation refers to strategy making processes and styles of firms that engage in entrepreneurial activities. Five dimensions – autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness have been used for characterising and distinguishing key entrepreneurial processes, which is a firms' entrepreneurial orientation (Lumpkin & Dess, 1996:136).

Rauch, Wiklund, Lumpkin and Frese (2009:6) define entrepreneurial orientation as “entrepreneurial orientation may be viewed as the entrepreneurial strategy making processes that key decision makers use to enact the firms organisational purpose, sustain its vision and create competitive advantages.” Based on Miller's conceptualisation (Rauch *et al.*, 2009:6), three dimensions of entrepreneurial orientation have been identified and used consistently in the literature, namely innovativeness, risk-taking and pro-activeness (Rauch *et al.*, 2009:6). Lumpkin and Dess (1996) suggest that there are two additional salient dimensions to entrepreneurial orientation. Concluding from Millers definition (1983) and prior research (Burgelman, 1984; Hart, 1992), Lumpkin and Dess (1996:139) identified competitive aggressiveness and autonomy as additional components of the entrepreneurial construct.

Lumpkin and Dess (1996:136) noted a distinction between entrepreneurial orientation and entrepreneurship by suggesting that entrepreneurial orientation represents key entrepreneurial processes that answer the question of how new ventures are undertaken, whereas the term entrepreneurship refers to the content of entrepreneurial decisions, by addressing what is undertaken.

An entrepreneurial orientation refers to the processes, practices and decision making activities that lead to the new entry. It involves the intentions and actions of key players functioning in a dynamic generative process aimed at new-venture creation. The key dimensions that characterise entrepreneurial orientation include a propensity to act autonomously, willingness to innovate and take risks and the tendency to be

aggressive toward competitors and pro-active relative to the marketplace opportunities (Lumpkin & Dess, 1996:136).

For the purpose of this study, these five dimensions will be considered as independent variables influencing the dependable variable, perceived success.

#### **2.4.1 Autonomy**

Autonomy refers to independent action undertaken by entrepreneurial leaders or teams directed at bringing about a new venture and seeing it succeed (Rauch *et al.*, 2009:7). Entrepreneurship has flourished because independently minded people elected to leave secure positions in order to promote novel ideas or ventures into markets, rather than allow organizational superiors and processes to inhibit them. Within organisations it is the freedom granted to individuals and teams who can exercise their creativity and ideas which is needed for entrepreneurship to occur. Autonomy is the independent action of an individual or team in bringing forth an idea or vision and carrying it through to completion. In general, it refers to the ability and will to be self-directed in the pursuit of opportunities. In an organisational context it is action free from organisational constraints (Lumpkin & Dess, 1996:140).

Lumpkin and Dess (1996:141) conclude the following: “Evidence of autonomy in firms may vary as a function of size, management style or ownership. For example a firm in which the primary decision maker is the owner or manager – autonomy is implied by the rights of ownership. However, the extent to which autonomy is exercised in the case may depend on the level of centralization or the extent of delegation and this may be related to an organisational size.”

The items included in the questionnaire for measuring autonomy are being able to do work as a pharmacist, without continual supervision; allowed decision making without an elaborated justification process; encouragement to manage own work and seldom have to follow the same work methods or steps while performing major duties daily.

Although Lumpkin and Dess proposed the inclusion of autonomy as a dimension of entrepreneurial orientation in 1996, very few studies have investigated autonomy as

an element of entrepreneurial orientation (Lumpkin, Cogliser & Schneider, 2009:48). Prior research underlines the view that autonomy encourages innovation, promotes the launching of new ventures and increases the competitiveness and effectiveness of organisations. For the purpose of this study autonomy will be considered an independent variable and its impact on dependable variables will be determined.

#### **2.4.2 Innovativeness**

Schumpeter (1934) was among the first to emphasise the role of innovation in the entrepreneurial process (Lumpkin & Dess, 1996:142). According to McFadzean, O'Loughlin and Shaw (2005:353), innovativeness reflects a business's tendency to engage in and support new ideas, novelty, experimentation and creative processes that may result in new products, services or technological processes. Hamel (1997:70) elaborates on the term innovation and refers to strategic-innovation as the ability to reinvent the basis of competition within existing industries and to invent totally new industries. Strategic innovation is considered to be a major success factor for businesses operating in turbulent environments (Recklies, 2001:3). O'Regan and Ghobadian (2005:1) argue that failure to innovate will likely result in reduced competitiveness.

There is a distinction between product-market innovation and technological innovation. Technological innovativeness consists primarily of product and process development, engineering, research and an emphasis on technical expertise and industry knowledge. Product-market innovativeness suggests an emphasis on product design, market research and advertising and promotion (Lumpkin & Dess, 1996: 143). Innovativeness represents the willingness to depart from existing technologies or practices and venture beyond the current state of the art (Lumpkin & Dess, 1996:142).

According to Wiklund and Shepherd (2003:1309), innovative businesses can generate extraordinary performance and have been described as the engines of economic growth. Innovativeness as an independent variable will be measured by the following items in the questionnaire, the pharmacy regularly introduces new products, processes or services; the pharmacy has increased the number of

services; the pharmacy pursues new opportunities; in the pharmacy there is a strong relationship between the number of new ideas generated and the number of ideas implemented. The relationship with the dependent variables of perceived success will be evaluated.

### **2.4.3 Risk-taking**

Risk-taking is an attitude and involves taking bold actions by venturing into the unknown and committing significant resources to ventures in uncertain environments (Frese *et al.*, 2002:264). As a term in financial analysis, risk is used in the context of the familiar risk-return trade-off, where it refers specifically to the probability of a loss or negative outcome. This is essentially the definition adopted by Miller and Friesen when they defined risk taking as the degree to which managers are willing to make large and risky resource commitments – those which have a reasonable chance of failures (Lumpkin & Dess, 1996:144).

The range of risk taking behaviour extends from a nominal level – safe risks, such as depositing money into a bank or restocking the shelves, to highly risky actions, such as borrowing heavily, investing in unexplored technologies or bringing new products into new markets. There is a well-accepted and widely used scale based on Miller's (1993) approach to entrepreneurial orientation, which measures risk taking at the firm level by asking managers about the firms' proclivity to engage in risky projects and managers' preferences for bold versus cautious acts to achieve firm objectives (Lumpkin & Dess, 1996:146).

The term risk-taker is defined by Dewett (2004:258) as the extent to which there is an uncertainty about whether a potentially significant or disappointing outcomes of a decision will be realised. This definition is congruent to the items used in the questionnaire. To measure risk-taking a number of items were included in the questionnaire namely, the term risk-taker is considered as a positive attribute for pharmacists in the retail business; pharmacists are encouraged to take calculated risks; pharmacies have to take bold, wide ranging acts to achieve objectives and when pharmacies are confronted with uncertain decisions, pharmacies typically adopts a bold posture in order to maximise the probability of exploiting opportunities.

In conclusion, risk-taking is viewed as essential to capture profits from creating new combinations of productive resources, because profits comes from an entrepreneurs' perceiving of an opportunity followed by investment to capitalise on the opportunity (Nieuwenhuizen, 2003:9). Risk-taking will be used as an independent variable to measure the impact on dependent variables of perceived success.

#### **2.4.4 Pro-activeness**

Pro-activeness suggests a forward-looking perspective characteristic of the marketplace leader that has the foresight to act in anticipation of future demand and shape the environment (Lumpkin & Dess, 2001:433). Pro-activeness refers to how a firm relates to market opportunities in the process of new entry. It does so by seizing initiative and acting opportunistically in order to shape the environment (Lumpkin & Dess, 1996:147).

This definition is consistent with Miller and Friesen's (1978) view of pro-activeness as changing the environment by introducing new products and technologies. Lieberman and Montgomery (1988) emphasised the importance of first mover advantage as the best strategy for capitalizing on a market opportunity. Pro-activeness may be crucial to an entrepreneurial orientation, because it suggests a forward-looking perspective that is accompanied by innovative or new-venturing activity. A proactive firm is a leader rather than a follower, because it has the will and foresight to seize new opportunities (Lumpkin & Dess, 1996:146).

Some activities associated with pro-activeness include new opportunity identification and evaluation, identification and monitoring of market trends and new venture team formation (Kropp, Lindsay & Shoham, 2008:104). This relates to items in questionnaire, namely the pharmacy very often is first to introduce new products, services and processes; the pharmacy typically initiate actions to which competitors respond to; the pharmacy seeks out new products or services and the pharmacy continuously monitors market trends and identifies future needs of customers.

### **2.4.5 Competitive aggressiveness**

Competitive aggressiveness refers to the intensity of a firm's efforts to outperform industry rivals. It is characterised by a strong offensive posture directed at overcoming competitors and may also be quite reactive as when a firm defends its market position or aggressively enters a market that a rival has identified (Lumpkin & Dess, 2001:434). The definition of Lumpkin and Dess (2001) correlates with Rauch *et al.* (2009:7) whom define competitive aggressiveness as the firm's efforts to outperform its rivals and is characterised by strong aggressive responses to competitive threats. Once a firm has developed resources which achieved a competitive advantage, the firm are more likely to defend these resources (Lumpkin & Dess, 2001:434).

Stinchcombe (1965) suggested that young firms must take steps to establish legitimacy and power relative to suppliers, customers and other competitors. Because new ventures are much more likely to fail than established businesses, an aggressive stance and intense competition are critical to the survival and success of new entrants (Lumpkin & Dess, 1996:148).

Competitive aggressiveness therefore refers to a firms' propensity to directly and intensely challenge its competitors to achieve entry or improve position and by doing so outperform rivals in the marketplace (Lumpkin & Dess, 1996:148).

The items measuring competitive aggressiveness in the questionnaire includes a number of statements, namely the pharmacy typically adopts a very competitive posture; the pharmacy industry is very aggressive and intensely competitive; the pharmacy effectively assumes an aggressive posture to combat threats to survival and the pharmacy knows that acting overly aggressive is dangerous, because it can lead to erosion of its reputation or retaliation of competitors.

## **2.5 PERCEIVED SUCCESS OF A BUSINESS**

Dess *et al.* (1997:678) asked the following question: "What are performance indicators for firms operating in an entrepreneurial strategy making mode?" They

continued with providing the following answer: “On the one hand there seems to be a strong normative bias toward the inherent value in entrepreneurial behaviour and an assumption or explicit depiction of a positive relationship between behaviour and desired organizational outcomes such as sales growth and profit.”

Frese *et al.* (2002) conclude they consider entrepreneurial orientation as a psychological concept in the sense of an attitude. Owners have to be high in entrepreneurial orientation in a difficult environment, because threatening and dynamic conditions demands more innovation and aggressiveness (Frese *et al.*, 2002). Frese *et al.* (2002:276) findings indicate that entrepreneurial orientation, referring to the dimensions of innovativeness, autonomy, competitiveness and risk-taking was positively related to success. “Business owners who develop new ideas on products, services and technologies, who are more self-directed, who risk more and who challenge their competitors more are more successful than people with a low degree of entrepreneurial orientation” (Frese *et al.*, 2002:276).

According to Rauch *et al.* (2009), the conceptual arguments suggest that entrepreneurial orientation results in stronger performance. Performance is a multi-dimensional concept and the relationship between entrepreneurial orientation and performance may depend on the indicators used to measure performance (Lumpkin & Dess, 1996). A common distinction, namely financial and non-financial indicators are usually made (Rauch *et al.*, 2009:10) where non-financial measures includes goals, satisfaction and business ratings made by owners and managers; financial measures includes sales growth and return on investment. Entrepreneurial orientation influences strategic decision, the dimensions explain why the owners or managers take a certain strategic stance.

For the purpose of this study, perceived business success was measured through two dependent variables, namely business growth and business development and improvement.

### 2.5.1 Business growth

Lotz (2009:19) validates in his study the construct of business growth with referral to growth in profits, turnover, market share and competitive position of the business over the past few years.

Business growth includes growth in turnover and profit, growth in market share, a better competitive position, and job satisfaction of employees, morale of the business and the image of the business. The importance of entrepreneurship to the strategic management of firms has been widely accepted. According to Lumpkin and Dess (1996:151), "prior theory and research have suggested that an entrepreneurial orientation is a key ingredient for organizational success."

"Revenue is a primary consideration for any business. If there is no revenue, there is no business. Providing a valuable product or service to customers is the primary means by which business produce revenue" (Deuning & Sherril, 2007:79). Therefore a business revenue strategy concerns understanding and serving customers needs and wants. According to Deuning and Sherril (2007:80), an entrepreneur has three rules for success, namely:

- Focus on the customer.
- Keep turnaround times short.
- Always give the customer value (which includes the combination of price and value).

How many of an organisations customers will remain if the competition offers better value? According to Chaudhuri (2006:133), there are two types of value to the retail customer, namely merchandise value and differentiation value. Merchandise value is the rationale to shop, whilst differentiation value leads to positive effect, commitment and willingness to pay. "Willingness to pay is the propensity of a customer to pay a higher price at a particular store, even if another store offers the same or similar item at a lower price" (Chaudhuri, 2006:143).

Chaudhuri (2006:137) takes this notion further and concludes the following:

- Consumers derive a sense of pleasure in knowing that they have found a unique store.

- Consumers react positively being in a store that that is different in a good way.
- People feel good when they find something of worth that is not abundantly available.

Financial measures, according to Van der Post (1997:75), provide a solid foundation from which to draw inferences regarding the success and effectiveness of financial returns. The most popular financial measures include sales growth and return on assets (Covin & Slevin, 1991) and growth in market share.

### **2.5.2 Business development and improvement**

Lotz (2009:19) states that business development refers to highly committed employees viewed as the most valuable asset of the business and the improvement of job satisfaction, image of the business, efficacy and effectiveness over the past few years with continued investment in research and development or investment into innovative projects.

A measure of business success is often related to effectiveness and efficiency that a business' employees are able to employ in producing the business outputs (Dess, Ireland, Floyed, Janney & Lane, 2003:370).

The performance of an organization's members is determined by the inner organisational environment. Members will perform better when they display a positive emotion, passion for work and favourable perceptions of their team members or organization (Wu *et al.*, 2008:265). Organizations operating in an atmosphere of higher entrepreneurial orientation and social capital may also enhance their intellectual capital. Furthermore, organizations that operate in highly interactive and coordinative environments will enable employees to create a climate of innovation and information sharing (Wu *et al.*, 2008:272).

Successful businesses create people centred businesses in which human capital is viewed as the most important asset (Kreitner & Kinicki, 2007:4).

## **2.6 SUMMARY**

This chapter introduces the term entrepreneurship. The entrepreneurial character is also defined. Various definitions of entrepreneurship are provided and these definitions are personalised by perspective of the entrepreneurial character – what is the character of a typical entrepreneur.

Entrepreneurial orientation consisting of five dimensions, namely autonomy, innovativeness, risk-taking, pro-activeness and competitive aggressiveness is defined. Entrepreneurial orientation is viewed as an independent variable, with the perceived success of a business as the dependent variable. The term perceived success is defined in terms of two constructs, namely business growth and business development.

## **CHAPTER 3**

### **OVERVIEW OF RETAIL PHARMACY IN SOUTH AFRICA**

#### **3.1 INTRODUCTION**

The retail or community pharmacy sector is an integral part of the healthcare system of most of the developed countries. It is the main distribution network for a wide range of medicines and health care products. Many pharmacies also offer non-pharmacy lines, including cosmetics, photographic services, where some larger pharmacies now resemble a niche, and sometimes even general retailers. Retail pharmacists also provide advice to consumers on the safe and effective use of medicines and on other healthcare issues (Purcell, 2004:3). The pharmacist has to provide a skilled service in preparation and dispensing of medications, while selling commodities for profit in distributing that medication. According to Inegbenebor (2007:748), pharmacists are recognising the need to be more entrepreneurial in the business, providing professional services in the society.

A brief overview of the South African pharmacy industry in specifically the retail sector will be provided. Furthermore the challenges facing retail pharmacy in general will be explored; in the retail realm of pharmacy, corporate and independent pharmacy will be distinguished. Finally, legislation regulating the pharmacy industry will be described.

Hindle and Cutting (2002:162) state that “more pharmacies are belatedly recognising the need to better the blend the retail and professional services sides of their businesses by seeking to become more entrepreneurial.” The pharmacist as an entrepreneur is defined. Entrepreneurial orientation of retail pharmacists operating in corporate and independent pharmacies’ might play a role in survival of pharmacy business as a professional services provider for which a fee may be charged. Efforts to anticipate demand and aggressively position new products or service offerings often result in performance (Ireland, Hitt & Sirmon, 2003). For the purpose of this study retail pharmacists from both independent pharmacies and larger, corporate pharmacy groups have participated.

## **3.2 THE PHARMACY INDUSTRY**

Pharmacy is a dual market industry – a pharmacist must combine retailing services with professional services (Hindle & Cutting, 2002:162). Over the past two decades, community pharmacies have navigated troubled waters. Those that have survived have done so, because they have met the challenges set by the mass pharmaceutical retailers and in most cases emerged leaner, wiser and stronger (Cawood, 2011:43).

The role and importance of community pharmacy cannot be over emphasised and a study revealed that a majority of the sample indicated that they are using their community pharmacy on a regular basis and that 83% of these consumers expressed themselves very satisfied with the thoroughness with the pharmacist's consultation. According to Cawood (2011:44), there "is compelling support for the role of community pharmacists, because the contemporary mass retailing is not designed to provide one-on-one personal service." Pharmacy services which includes disease management initiatives have been shown to reduce hospitalisations, improve patients overall condition and reduce health care costs (Frederik, 2006: 34).

### **3.2.1 Clinical and medical versus retail**

Besides attempting to broaden their own pharmacist's roles beyond dispensing, with a more progressive patient care practice model, retailers are also turning increasingly to walk in and in store clinics to boost service offerings and create customer traffic (Frederik, 2006:35).

Pharmacies, in addition to over the counter medication, remedies and prescriptions, also sell a variety of other general merchandise and the majority of sales come from many different, unrelated items, such as food products, convenience goods, greeting cards and seasonal items. This is referred to as scrambled merchandising and is defined as, which occur when a retailer handles many different and unrelated items (Dunne & Lusch, 2008:9).

While community pharmacy has since the early nineteenth century been viewed as a general store providing groceries, medication and photo supply services, community pharmacies today are moving progressively toward a one-stop shop where people can purchase everything from cosmetics to consumer electronics. As larger corporations come to dominate the evolving marketplace, opportunity to develop and introduce cognitive services in line with the professional ideal of pharmacy, with less reliable revenue potential may be limited (Perpelkin, 2009:1).

Although the community pharmacy's main focus has been, and continues to be, the dispensing of prescriptions and related medication counselling, many of the pharmacists currently working in community practice are seeking a more service-oriented, patient focused approach with greater emphasis on the use of their clinical skills (Amsler *et al.*, 2001; Bissell *et al.*, 2002; Zellmar, 2005).

Hindle and Cutting (2002:162) concluded that the community pharmacy can contribute to cost savings, due to improved patient outcomes, better compliance and reduced incidents of adverse reaction which can be achieved by pharmacists monitoring patients more effectively.

### **3.2.2 Challenges facing retail pharmacy**

"Retail pharmacists themselves are not always sure what their real role is" (Purcell, 2004:3). Challenges faced by community pharmacy include a new pricing structure at the retail level; Single Exit Pricing at manufacturer level; the discontinuance of discounts in supply chain; the opening ownership of pharmacies to non-pharmacists and the allocation of designated service providers which in many instances excludes a number of pharmacies competing for the same market (Naidoo, 2006:111).

The number of pharmacist owned pharmacies is decreasing, whilst the number of corporate-owned pharmacies is increasing. The landscape of pharmacy changed dramatically the past decade and the independent pharmacist who previously had a successful pharmacy, is struggling to remain in business – especially if they don't adapt to current challenges posed (Perpelkin, 2009:2). The change in legislation and subsequent entrance of chain stores in the retail pharmacy market has added

pressure to small retail pharmacies that were already struggling (Lowe & Montagu, 2009:40).

“The community pharmacy industry is an increasingly competitive sector, where independent pharmacies must compete with national and multi-national chains for market share” (Perpelkin & Di Zhang, 2011:175). Blignault (2010:16) mentions that the general public is not aware of all the services provided by pharmacists, and as a result, many people do not make use of the services that pharmacists can offer.

### **3.2.3 Competition: Corporate versus independent pharmacy**

The Pharmacy Act of 1974 was amended in 1997 and the amendments were ratified in 2003. The new statute allows non-pharmacists to own pharmacies, provided that a registered pharmacist is employed at all times. Clicks, a larger retailer focused on health, beauty, entertainment and home furnishings, began opening in-store dispensaries in some of the 700 stores after deregulation. Currently Clicks have 130 dispensaries offering additional services such as screening and basic health care. Dis-Chem, the second largest pharmacy group in South Africa decided to expand through franchising in 2008, in order to obtain speedy growth in smaller cities and retain young pharmacy graduates (Lowe & Montagu, 2009:40).

Perpelkin and Findlay (2009:4) mentions that ownership of community pharmacies may well become restricted to a few corporate chains, creating a monopoly of sorts and affecting the labour market. In the context where pharmacists are increasingly becoming employees of large corporations, the influence of the employer must be considered when the employer has the right to define and supervise work activities, which in turn affects the amount of freedom or autonomy available to the pharmacist. In the context of all entrepreneurship and perceived success, the pharmacy industry will be reviewed to determine the current entrepreneurial state of retail pharmacies.

Numerous other groceries stores and retail chains, such as Pick & Pay and Shoprite have opened in store pharmacies. Due to the change in legislation and the entrance of chain stores in the retail pharmacy market has added pressure to small retail pharmacies that were already struggling (Lowe & Montagu, 2009). The number of

pharmacist-owned pharmacies is decreasing, while the number of corporate-owned pharmacies is increasing (Rogers, 2005 quoted by Perpelkin & Findlay, 2009:2)

“While we found no peer reviewed research comparing the quality of services at chain pharmacies against that of independent retailers, reports from Indië do show that the appearance of the chains is stimulating competition, prompting some independent retailers to improve the quality of their stores and the services in a bid to keep their existing customers.” (Lowe & Montagu, 2009:41.)

Lowe and Montagu (2009:33) suggest further study and documentation of the impact of legislative and marketplace changes on the pharmacy sector in countries such as South Africa, Indië, Pakistan and in Latin America. Lowe and Montagu (2009:33) comment that it will be valuable in assisting low- and middle-income countries to improve the quality of retail pharmacy. Mail order pharmacies force independent retail pharmacies to respond with new ways, for example creating their own mail order operations. All of these changes and challenges require the pharmacist to take action and reinvent the business in order to survive. Supermarkets and mass merchants as well as mail order pharmacies have made huge gains with increasing dominance of managed care. Independent and corporate chain pharmacies still account for 60% of all prescriptions filled (Frederik, 2009:30).

According to Lowe and Montagu (2009:40), it is not clear if the addition of corporate chain pharmacies, has led to the closure of independent pharmacies, but it seems likely. Despite of this, overall pharmacy numbers are increasing. In the first for years after ownership deregulation the total number of pharmacies in South Africa has increased by 15%.

Wosinka and Huckman (2004:409) state that the growth of mail order pharmacy outpaced total prescription growth by factor of three. According to them these types of mail operations, typically owned and operated by pharmacy benefit managers, are becoming formidable competitors to retail pharmacies. In addition to the competition for prescription revenue, retail pharmacies also face loss of revenue from items that customers might have bought on their way to the prescription counter.

**Table 3.1: Benefits and drawbacks of chain retail pharmacies.**

Advantages	Disadvantages
Standardised quality	Profit driven and business focused
Improved efficiencies	Less personalised service – decrease in quality of care
Encourage competition	Opposition from pharmacy councils
Increase accessibility	Possible decrease in pharmacist accountability
Increase in pharmacies and pharmacists	Additional investment in infrastructure required
Expansion of new services	Potential loss of services in rural areas
Lower cost to consumer	

**Source: Lowe and Montagu (2009:42)**

Innovation in patient care, disease management and drug therapy services are not confined to big chains. In times of economic uncertainty independently owned drug stores serve as vital community health resources, particularly for older patients in need of a more personalised level of pharmacy service. The current economic environment positions the independent pharmacy as an important health care provider (Frederick, 2009:30).

According to Perepelkin and Di Zhang (2011: 175), a survey was conducted in a small city in Western Canada where patients who visited a pharmacy to fill a prescription were asked to assess their perceptions about the brand personality of the pharmacy they last visited and evaluate how much they trust the pharmacy. The results indicated that significant brand personality differences exist among various types of pharmacies. Customers rated independent pharmacies more trustworthy than national chain pharmacies. Structural Equation Modeling Analysis revealed that sincerity and competence have the most significant impact on building customer trust. The findings suggest that independent pharmacies may be able to differentiate themselves by developing a brand personality that is competent and sincere, whereby earn the trust from their customers.

### **3.3 LEGISLATION**

Formal private sector retailing in most countries, including low income countries, is governed by regulations that prescribe ownership, staffing, acceptable medicines, along with sources and quality standards and pricing and prescription standards (Lowe & Montagu, 2009:35).

In South Africa retail pharmacy legislation includes:

- Ownership and practice legislation: The Pharmacy Act 1974. Amended in 1997 and enacted in 2003.
- Pharmacy registration and licensing: Director General of Health and the Department of Health (licensing) and South African Pharmacy Council (registration).
- Drug sales, pricing and prescription regulation: National Drug Policy Act 1996 and the Medicines and Controlled Substances Act 1965 which was amended in 1997.

(Lowe & Montagu, 2009:37).

#### **3.3.1 The Pharmacy Act**

The Pharmacy Act No. 1974 defines a community pharmacy as: “a pharmacy wherein or from which some or all of the services of a pharmacy are provided to the general public or any defined group of the general public.” The Pharmacy Act No. 1974 lists the duties of a pharmacist and includes the following:

- Dispensing medicines according to the requirements of a prescriber.
- Advising and informing the patient with regard to the use of the medicine.
- Ensuring patient compliance with the therapy and taking follow up action required to ensure that the patient needs are satisfied.
- To provide patient initiated therapy when required.
- Purchasing, acquiring, keeping, possessing, using, supplying or selling of any medicine or scheduled substance.
- The supervision and management of the pharmacy.

### **3.3.2 The South African Pharmacy Council**

The South African Pharmacy Council (SAPC) was established in terms of the Pharmacy Act 1974 (Act 53 of 1974). The SAPC is managed by a council consisting of 25 members with the mandate of ensuring the provision of quality pharmaceutical services in South Africa by developing, enhancing and upholding universally acceptable standards, professional ethics and conduct ongoing competence and pharmaceutical care ([www.pharmcouncil.co.za](http://www.pharmcouncil.co.za)).

The Pharmacy Act No. 53 of 1974 describes the establishment of the SAPC and its objectives, which include:

- To assist in the promotion of the health of the population.
- To advise the Minister on any other person or matter relating to pharmacy.
- To promote provision of pharmaceutical care in both private and public sector.
- To uphold and safeguard the rights of the general public.
- To establish, maintain and control universally acceptable standards in pharmaceutical education and training and registrations.
- To maintain and enhance the dignity of the pharmacy profession and integrity of the persons practicing that profession.

### **3.3.3 The National Drug Policy Act**

According to Gray (2009:15), all countries face the challenge of finite health resources and therefore need to limit their expenditure on medicines. South Africa developed a National Drug Policy (NDP) in 1996 in order to reduce medicine prices and improve prescribing and dispensing practices. The policy of mandatory offering of generic substitution was implemented successfully. Pharmacists are required by law to offer and inform the patient of generic products available. This generic products are often less expensive.

A single exit price (SEP) mechanism for all medicines used in private practice has been introduced which regulates annual increases. Gray (2009:16) states that almost all governments regard medicines as meritorious goods, which are worthy of intervention. He explains this with the following statement: Medicines are accepted

as not being ordinary articles of trade, as their market is imperfect. Specifically there is a three tiered demand structure, with the prescribers as the actual demanders, the patients as the consumers and the health care system is frequently the payer.

Gray (2009:16) summarises the policy options open to any government as:

- Producer price control measures: this includes direct price controls, reference pricing systems and generic-friendly policies.
- Distribution chain cost controls: this includes control over mark-ups, fixed professional fees, limits or removal of value added tax.
- Bulk purchase measures: this refers to the use of tender and negotiation strategies.
- International trade agreement relief measures include compulsory licensing and parallel importing.
- Demand side measures refer to measures insuring rational medicine use and co-payments that may limit the demand by patients.

The policy committee charged with developing the National Drug Policy (NDP) was tasked to develop a pricing plan for drugs used in South Africa in the public and private sectors. The proposed pricing intervention is described in the Act as: “A Pricing Committee with clearly defined functions to monitor and regulate drug prices will be established within the Ministry of Health. Committee members will include health economists, pharmaco-economists, representatives from the Department of Finance, the Department of Trade and Industry, the Procurement Unit of the Department of Health, the Department of State Expenditure and consumer representatives. There will be total transparency in the pricing structure of pharmaceutical manufacturers, wholesalers, providers of service, such as dispensers of drugs, as well as private clinics and hospitals. A non-discriminatory pricing system will be introduced, and if necessary, enforced. The wholesale and retail percentage mark-up system will be replaced with a pricing system based on a fixed professional fee.”

According to Gray (2009:19), assessing the proposed fixed dispensing fee on the viability of pharmacies operating in different communities is difficult. The fee needs to

compensate the pharmacist for his or her professional service, while also covering the cost of maintaining inventory of medicines and providing a suitable return on investment. The South African Pharmacy Council (SAPC) also published rules on which non-distributive services pharmacists can charge for, and what basis those fees should be. These fees include compounding, diagnosing and cognitive services. These fees has taken into account the methodology used by the National Health Reference Price List, a mechanism to exert pressure on the costs of all non-medicine healthcare services.

Generic substitution became legal in 2003, and the single exit price (SEP) was introduced in 2004. Schemes varied in how they pay dispensing fees thereafter.

### **3.3.4 The Medicines and Related Substances Act 101 OF 1965**

The Medicines and Related Substances Act No. 101 of 1965 regulation 8(1) of the Regulations relating to a transparent pricing system for medicines and scheduled substances control Single Exit Pricing (SEP) and regulates pricing of medication increases of these prices. The Medicines and Related substances Act 101 of 1965 was amended in 1997 which provided a transparent pricing system, which included Single Exit Pricing (SEP). SEP is defined in the Act as the only price at which manufacturers shall sell medicines.

### **3.4 THE PHARMACIST AS AN ENTREPRENEUR**

In a study of the professional and financial benefits of a program designed to enhance the entrepreneurial behaviour of pharmacists, it was found that those who had an entrepreneurial education did experience a higher level of job satisfaction as those who did not. Inegbenebor (2007:748) states the following: "Even though the researchers could not establish the link between entrepreneurial education and financial performance of retail pharmacists, a situation which they attributed to the low quality of data utilized in the analysis, they suggested that there are still grounds for believing that the link may well exist.

Teixeira (2008:49) states that the idea of becoming an entrepreneur is more and more attractive to students, because it is seen as a valuable way of participating in the labour market without losing one's independence. Independence, challenge and self-realization is characteristics associated with both graduates and those who are self-employed. As a manager working in an organization, entrepreneurial skills are also required in order to help division or company succeed. Business cannot survive without constantly reinventing itself, developing new markets and implementing more efficient internal processes. While new venture opportunities exist in nearly all academic disciplines (example chemistry, computer science, pharmacy, graphic arts), the majority of entrepreneurship initiatives at universities are offered by business schools and for business students only. A clear discrepancy exists among students being attracted to the notion of participating in entrepreneurial activities and simultaneously having access to opportunities to participate.

Studying for a degree (formal education to become technically proficient) differs from being successful as an entrepreneur, because the focus of learning for an education and learning entrepreneurship differs and is illustrated with the following summary:

**Table 3.2: The focus of learning**

Education focus on	Entrepreneurial focus on
The past	The future
Critical analysis	Creativity
Knowledge	Insight
Passive understanding	Active learning
Absolute detachment	Emotional involvement
Manipulation of symbols	Manipulation of events
Written communication and neutrality	Personal communication and influence
Concept	Problem or opportunity

**Source: Bridge *et al.* (2003:40)**

Studies targeting entrepreneurial potential among students, namely university students are not abundant. Those few that exist focus on business related areas. To our best knowledge no study has analysed the entrepreneurial potential of students from chemistry or pharmacy courses. A potential entrepreneur is an individual who establishes and manages a business for the principal purposes of profit and growth

and reveals that there is a consistent interest in identifying factors that lead an individual to become an entrepreneur. Broadly three factors have been used to measure entrepreneurial tendencies, namely demographic data, personality traits, and contextual factors. Although demographic data is used to describe entrepreneurs, but it does not successfully predict whether or not certain individuals will start their own business. The second method of assessing entrepreneurial tendencies is to consider personality traits, such as achievement motive, risk taking and locus of control. McClellan stressed the need for achievement as a major entrepreneurial trait, whereas Robinson asserted that confidence and self-esteem are more prominent in entrepreneurs. Several authors argue that the decision to behave entrepreneurially is based on more than personal characteristics and individual differences. Accordingly, the interaction of personal characteristics with other important contextual factors needs to be better understood (Teixeira, 2008:53).

Drucker (1995) stated that studies of community pharmacists in a retail environment typically focus on their roles as health care professionals. What is less studied is pharmacists' entrepreneurial energy and innovation in exploiting changes as opportunities. The pharmacist as entrepreneur will therefore be reviewed and defined. According to the NWU (2012:114), the outcomes of the pharmacy curriculum enables the student with successful completion of the degree to start a career as an entrepreneur. The curriculum stipulates a career as an entrepreneur as an outcome, but what is the entrepreneurial orientation of pharmacists?

Teixeira's (2008:60) study at a Portugal University's results showed some problematic results and was explained as follow: "In the case where we restrict the sample to Pharmacy and Chemistry Science only age and risk propensity emerged as a significant determinant of entrepreneurial potential. Creativity, leadership and innovation seems not to be a characteristic of potential entrepreneurs Pharmacy and Chemistry related courses." Teixeira (2008:61) concluded that a reasonable amount of Pharmacy and Chemistry students would like to run their own businesses, their intentions are hindered by inadequate preparation. A substantial percentage of Pharmacy students (over 70%) recognize that their course failed to provide them with knowledge and tools to start their own business.

In South African context the picture does not differ, according to Blignault (2010:44) the degree of pharmacist is science based, with strong emphasis on pharmaceutical sciences, social and administrative pharmacy, and forensic pharmacy. Major subjects include pharmacology, pharmaceutical chemistry, pharmaceutics and pharmacy practice; it is complemented by social and behavioural sciences. Pharmacists, in both corporate and independent pharmacies, will have to adopt principles of entrepreneurship in order to survive and to renew. "Until the Pharmacist Advice Program, most pharmacists had not had any education in entrepreneurship. This set circumstances provided the opportunity for empirical investigation of some propositions at the heart of the developing field of entrepreneurial pedagogy" (Hindle & Cutting, 2002: 162).

Hindle and Cutting (2002:163) did conduct a study to determine if applied entrepreneurship education can enhance job satisfaction and financial performance, specifically in the Australian pharmacy profession. For the purpose of the study they used the Pharmacy Advice Program and the program is defined as follow: "The program is an entrepreneurial education initiative designed to equip practitioners with the ability to apply innovative principles of Forward Dispensing, thus minimizing the clerical aspects of dispensing and increasing customer contact."

Pharmacists who acquired and implemented the entrepreneurial education offered in the Pharmacist Advice Program experienced greater job satisfaction. The study conducted did make a useful contribution to the pharmacy profession and the developing of the field of entrepreneurship education (Hindle & Cutting 2002:165).

In Australia an experiential framework was conducted, namely a Pharmacy Advice Program was used as an example of applied entrepreneurial education. This program is an entrepreneurial education initiative designed to equip practitioners with the ability to apply the innovative principles of 'Forward Dispensing'. This entails that the pharmacist does less clerical aspects of dispensing and increases customer contact. This program was developed by John Morgan, a pharmacist whom was also trained in theory and practice of entrepreneurship. The program was launched in 1997 in Australia and has since been promoted strongly as a way to develop a more

entrepreneurial pharmacy that will improve job satisfaction and financial performance (Hindle & Cutting, 2002:163).

Perpelkin (2009:2) mentions that while entrepreneur pharmacists have traditionally focused on the more professional responsibilities of pharmacists, corporate pharmacies are thought to discourage professional activities if these activities are perceived to take up too much of the pharmacists' time. He further indicates that as the ownership of pharmacies move from entrepreneur operated establishments toward more corporate-owned pharmacies, the influence of corporatization and business models of operation are sure to follow. Perpelkin (2009:4) notes that entrepreneurial pharmacists are looking to extent the boundaries of their business and profession by venturing into new ideas of service offerings.

### **3.5 SUMMARY**

The purpose of this chapter is to demonstrate the landscape of the pharmacy industry in South Africa, depicting the challenges posed and the legislative and regulatory environment in which it operates. A clear distinction between the business models of corporate and independent pharmacy exist and therefore a section is devoted to elaborate on these differences. The pharmacy industry is unique, because the individuals working in pharmacies are clinically trained professionals having to survive in a fast paced, highly competitive retail environment where they have to compete against national chain stores for market share. Therefore the pharmacist as an entrepreneur is an important consideration when referring to how the industry is performing overall. The pharmacist as an entrepreneur is investigated.

## **CHAPTER 4**

### **RESULTS AND DISCUSSION OF THE EMPIRICAL STUDY**

#### **4.1 INTRODUCTION**

The purpose of this chapter is to present, discuss and interpret the results obtained from the empirical study. In this study it was attempted to determine the strength of entrepreneurial orientation constructs, namely autonomy, innovativeness, proactiveness, competitive aggressiveness and risk-taking of pharmacists acting as independent variables with perceived success as the dependent variable. The empirical research conducted was through the administration of a questionnaire to pharmacists in retail pharmacy. The research consisted of a formal questionnaire and qualitative interviewing process.

Prior to discussing the findings of the entrepreneurial orientation questionnaire, a biographic profile in terms of age, gender, race and marital status is presented. This is followed by a presentation of the number of employees, legal status of the organisation, retail business offerings, turnover, training and education, years of experience and the current position of the pharmacist.

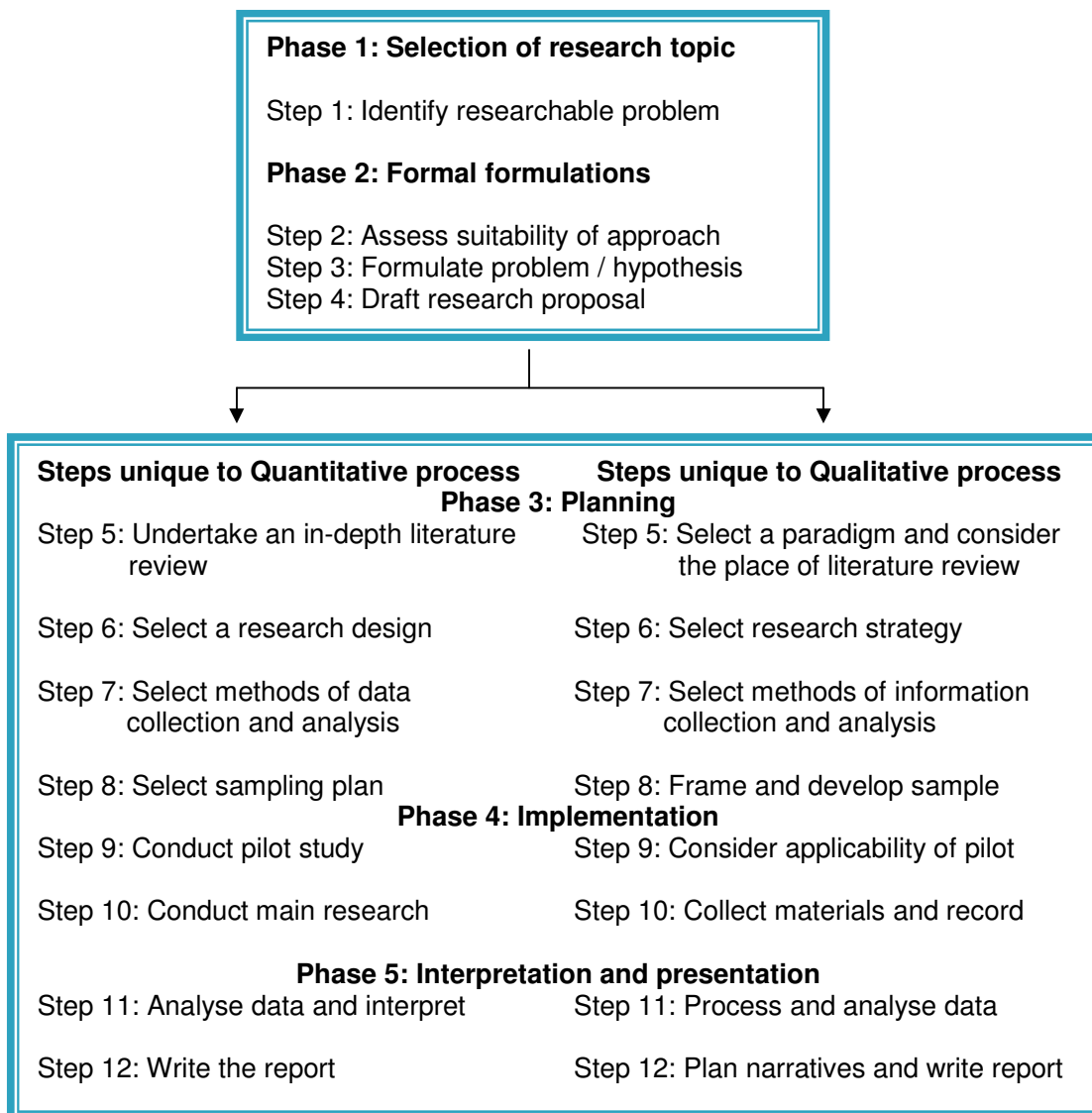
The standard deviation and mean assist in determining the extent of differences between how pharmacists rated themselves on the five entrepreneurial orientation constructs. The five entrepreneurial orientation constructs have been discussed individually and collectively, with referral to the various means and standard deviations. The two dependent variables of perceived success, namely growth and development were discussed independently and collectively. This assisted in presenting the data as a whole in order to provide a clear picture of the results obtained and the significance thereof.

The reliability of the measuring instrument used is very important. The reliability was determined by Cronbach's alpha coefficients.

## 4.2 DATA GATHERING

A clear distinction exists between research design and data collection methods. Research design is the plan or blueprint for the investigation and provides a guideline according to which a selection can be made of which data collection methods will be most appropriate to the researchers' goal and to the selected design (Delpont, 2002:165).

**Figure 4.1: The research process model**



**Source: Strydom *et al.* (2002:87)**

Figure 4.1 illustrates the research process model which explains the steps involved in research process. Steps one to six is covered in previous chapters. Chapter four consists of data gathering, collecting of sample and conducting the main research. The results of the research will be processed and analysed.

#### **4.2.1 Development and construction of questionnaires**

The questionnaire used in the study is a standard questionnaire on entrepreneurial orientation compiled by Lotz (2009:324). The questionnaire was customized for the community pharmacist in his or her own environment – referring to corporate or independent retail pharmacy.

The questionnaire is divided into four sections, namely:

**Section A** is developed to evaluate the entrepreneurial orientation of pharmacists. This section consists of 26 statements. An interval measurement is used, because the measurement classifies and places in ranking order, but it also places the characteristics of the variables on an equally spaced continuum. The respondent had to select the extent to which he or she agrees or disagrees with each statement. A five point Likert scale ranging from strongly disagree (1) to strongly agree (5) was used. The Likert scale, introduced by Likert (1903-1981) is at present the most popular type of attitude scale in the social sciences. The Likert scale may be used for multidimensional attitudes. A summated attitude scale consists of a collection of statements about the attitudinal object. In respect of each statement, subjects have to indicate the degree to which they agree or disagree with its content (Welman *et al.* 2011:157).

**Section B** is an evaluation of the perceived success of the industry in which respondents operate. The characteristics of perceived success refer specifically to growth and development. This section consists of 11 statements related to the perceived success of retail pharmacies. A five point Likert scale was used for this section ranging from strongly disagree (1) to strongly agree (5). The respondents had to indicate whether they agree or disagree with each statement.

**Section C** includes the business and financial information of the organisation or respective pharmacies in which the pharmacists are working. Questions include the number of employees employed in the pharmacy and the monthly turnover of the organisation. Sections C4 consist of statements relating to typical retail industry activities and respondents have to indicate on a five point Likert scale if they agree or disagree with each statement. The statements include:

- The pharmacy consistently offers best value for money to customers.
- The pharmacy does have advertised sales specials.
- The pharmacy maintains the best possible price for most products.
- The pharmacy offers the best service to customers and patients.
- The pharmacy participates in training and development initiatives for employees.
- The pharmacy does have a loyalty program or other benefits are offered to customers.
- The layout of the store is the most convenient store layout for shopping.
- Other specialised service offerings (wellness testing and diet clinic) are present in the pharmacy.

**Section D** includes the demographical and educational background of respondents. The purpose of this section is for statistical analysis and comparisons between various groups. The following answers were required by marking with an x:

- Age
- Gender
- Race
- Years experience
- Marital status
- Current position
- Educational qualification

The questionnaire consisting of the four sections discussed above will form the quantitative part of the study.

The combination of quantitative and qualitative research approaches can assist in validating the findings and it provides a deeper level of opinion. This contributes to more meaningful and valuable results. The focus of the questionnaire is to investigate what is the extent of entrepreneurial orientation of the pharmacist and the perceived success of the industry in which the pharmacist operates in. The quantitative questionnaire is complemented by a qualitative process wherein in-depth interview with selected participants in the study. From the questionnaires completed a number of pharmacists were selected to participate in the in-depth interviews.

The following questions were covered:

- What skills do you think are necessary for an entrepreneur to become successful?
- What are some strategies that you have implemented that have given you the success you enjoy today?
- Do you think there is a difference in entrepreneurial orientation between corporate and independent pharmacists?
- Have you had an education in entrepreneurship?
- Have you had a mentor who taught you principles of entrepreneurship?
- Do you believe that your educational background equipped you for the industry in which you operate?
- What personal characteristics do you think an entrepreneur should possess?
- Data analysed from the quantitative responses and analysis.

#### **4.2.2 Data Collection**

The study made use of purposive sampling and the sample was derived from pharmacists within corporate and independent pharmacies in the Gauteng province of South Africa. The above mentioned groups for sampling will provide the richest possible source of information to answer the research questions.

Questionnaires were printed and personally delivered to corporate and independent pharmacies. The aim was to distribute the questionnaires to as many as possible retail pharmacies in Gauteng. In some instances questionnaires were emailed to

pharmacists that were located in Gauteng, but not in the pharmacy at time of hand delivery.

The questionnaires were collected from pharmacies within three days after delivery, unless agreed otherwise. Participants noted limited time available, no other pharmacist on duty or contractual prohibitions as main reasons for not returning the questionnaires.

The data collected was statistically analysed using Statistica 10 (Statsoft, 2011). The data from the questionnaires was coded and transformed into descriptive statistics which includes frequency tables. The frequency tables were used to conclude and make recommendations regarding the entrepreneurial orientation of pharmacists in the retail pharmacy industry.

A qualitative research was also conducted as mentioned above by means of in-depth interviews with selected number of respondents.

### **4.3 RESPONSES**

A total of 150 questionnaires were distributed and 108 were completed by respondents and collected. This constitutes a response rate of 72%.

### **4.4 BIOGRAPHICAL**

#### **4.4.1 Age group classification of respondents**

- Purpose of the question

The purpose of question D1 in Section D of the questionnaire (refer to Appendix A) was to determine the age group category of respondents.

- Results obtained

The age group of all pharmacists that responded are presented in Table 4.1 below.

**Table 4.1: Age Group classification of respondents**

<b>Age</b>	<b>Frequency</b>	<b>Percentage</b>
<29	15	13.89
30-39	32	29.63
40-49	30	27.78
50-59	22	20.37
60+	9	8.33
Total	108	100%

- Analysis of results

The largest number of respondents was between ages 30 and 49 at 57.41%. The category 50-59 years represented 20.37% of the respondents. Only 13.89% were younger than 29 followed by 8.33% above 60 years of age.

#### **4.4.2 Gender classification of respondents**

- Purpose of the question

The purpose of question D2 in Section D of the questionnaire (refer to Appendix A) was to:

- Determine the gender of respondents.
- Compare the differences between the demographic variable gender (male or female) and the entrepreneurial orientation variables.
- Compare the differences between the demographic variable gender and the perceived success of the organisation variables.

- Results obtained

The gender group of all pharmacists that responded are presented in Table 4.2 below.

**Table 4.2: Gender classification of respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Female	68	62.96
Male	40	37.04
Total	108	100%

- Analysis of results

The majority of the respondents are female (62.96%), followed by 37.04% males.

#### **4.4.3 Race classification of respondents**

- Purpose of the question

Question D3 of Section D of the questionnaire (refer to Appendix A) was to determine the race of the respondents according to the South African racial group classification namely, Black, White, Coloured or Indian.

- Results obtained

The race of all pharmacists that responded is presented in Table 4.3 below.

**Table 4.3: Race of respondents**

<b>Race</b>	<b>Frequency</b>	<b>Percentage</b>
Black	10	9.26
Coloured	2	1.85
Indian	4	3.70
White	92	85.19
Total	108	100.00

- Analysis of results

The majority of the respondents (85.19%) were from the White race group. Only 9.26% respondents were from the Black race group. With the fewest race representation from the Indian and Coloured race group with 3.7% and 1.85% respectively.

#### 4.4.4 Marital status of respondents

- Purpose of the question

The purpose of question D5 in Section D of the questionnaire (refer to Appendix A) was to determine the marital status of respondents.

- Results obtained

The marital status of all respondents is presented in Table 4.4.

**Table 4.4: Marital status of respondents**

Marital status	Frequency	Percentage
Single	20	18.52
Married	77	71.30
Divorced	8	7.41
Widow	3	2.78
Total	108	100%

- Analysis of results

A total of 71.3% of the respondents are married. A total of 18.52% of the respondents are single, 7.41% of the respondents are divorced and 2.78% are widowed.

## 4.5 STRUCTURE OF THE ORGANISATION

### 4.5.1 Number of employees

- Purpose of the question

The purpose of question C1 in Section C of the questionnaire (refer to Appendix A) was to determine the number of permanent employees of the participating pharmacies.

- Results obtained

Table 4.5 presents the number of employees.

**Table 4.5: Number of employees in pharmacies**

Employees	Frequency	Percentage
5 to 10	4	3.70
11 to 25	19	17.59
26 to 50	39	36.11
51 to 100	28	25.93
Missing	18	16.67
Total	108	100%

- Analysis of results

The majority of pharmacies have 26 to 50 employees (36.11%), whilst 28 of the pharmacies have between 51 and 100 employees (25.93%). A total of 19 of the respondents' indicated 11 to 25 employees (17.59%). Only 4 respondents indicated 5 to 10 employees (3.70%). A total of 16.67% of the respondents did not answer this question.

#### 4.5.2 Legal status of the business

- Purpose of the question

The purpose of question C3 Section C of the questionnaire (refer to Appendix A) was to obtain information regarding the legal status of the pharmacies that participated in the study.

- Results obtained

The legal entity of the participating pharmacies is presented in Table 4.6.

**Table 4.6: Legal status of business**

<b>Legal status</b>	<b>Frequency</b>	<b>Percentage</b>
Proprietorship	37	34.26
Partnership	48	44.44
Closed corporation	11	10.19
Private	10	9.26
Public	1	0.93
Missing	1	0.93
Total	108	100%

- Analysis of the results obtained

The results indicate that the majority of businesses (44.44%) are partnerships, whilst proprietorship is second (34.26%). The closed corporation follows with 10.19% and the private companies with 9.26%. One respondent (0.93%) indicated a public company and one respondent did not answer the question.

### 4.5.3 Retail business offerings

- Purpose of the question

The purpose of question C4 in Section C of the questionnaire (refer to Appendix A) was to determine to what extent the responding pharmacies are adhering to business tactics required in the retail environments specifically. This will provide an overview of where in the retail realm these pharmacies are positioned to compete. The results will also be compared to the perceived success of the industries as rated by the respondents.

- Results obtained

Table 4.7 indicates the results showing the mean and standard deviation for each variable, ranking the means from highest to lowest.

**Table 4.7: Retail business offerings**

<b>Variable</b>	<b><i>n</i></b>	<b><math>\bar{x}</math></b>	<b><i>s</i></b>
The pharmacy participates in training & development initiatives for employees	108	4.194	0.703
The pharmacy offers the best service to customers and patients.	108	4.185	0.699
The Pharmacy does have advertised sales and specials.	108	4.065	1.130
The pharmacy in which you operate consistently provides the best value for money to consumers.	108	3.935	0.823
Maintains the best everyday price for most products.	108	3.907	0.981
Other specialised service offerings (wellness testing, diet clinic and so forth) are present in our pharmacy.	108	3.815	1.262
The layout of the pharmacy is the most convenient store layout for shopping.	108	3.500	1.081
The pharmacy does have a loyalty program or other benefits offered to its customers.	107	2.935	1.341

- Analysis of results

**Training and development** ( $\bar{x}=4.194$ ), **best service** ( $\bar{x}=4.184$ ) and **advertisements** ( $\bar{x}=4.065$ ) were ranked the top three characteristics of the respective retail pharmacies in which the respondents operate in. These items are followed by **value for money** ( $\bar{x}=3.935$ ), **best prices** ( $\bar{x}=3.907$ ), **specialised service offerings** ( $\bar{x}=3.815$ ) and **convenient layout** ( $\bar{x}=3.5$ ). The lowest ranking item is **loyalty programmes** ( $\bar{x}=2.935$ ). The standard deviation ranges from 0.699 to 1.341.

#### 4.5.4 Turnover of the business

The purpose of question C2 in Section C in the questionnaire (refer to Appendix A) was to obtain information regarding the financial success of the participating pharmacies in the study. No valuable inferences could be drawn from this statistics as majority of the respondents did not answer this question.

### 4.6 TRAINING, EDUCATION AND EXPERIENCE

#### 4.6.1 Academic qualification of respondents

- Purpose of the question

The purpose of question D7 in Section D of the questionnaire (refer to Appendix A) was to determine the highest qualification of the participants.

- Results obtained

The academic qualification of respondents is presented in Table 4.8.

**Table 4.8: Academic qualification of respondents**

<b>Qualification</b>	<b>Frequency</b>	<b>Percentage</b>
B. Pharm	104	96,30
Other degree	2	1.85
Post graduate	2	1.85
Total	108	100%

- Analysis of results

The results indicated that a total of 104 of the respondents have the same qualification, namely Bachelor's of Pharmacy degree. This amounted to 96.3% of the total respondents. Four of the respondents indicated a higher or additional qualification. This amounted to merely 3.7%.

#### **4.6.2 Years of experience of respondents**

- Purpose of the question

The purpose of question D4 in Section D of the questionnaire (refer to Appendix A) was to determine the years of experience as pharmacists of the respondents.

This data is used to:

- Compare the differences in means between the years of experience as a pharmacist and the entrepreneurial orientation variables.
- Compare the differences between the years experience as a pharmacist and the perceived success of the organisation variables.

- Results obtained

The number of year's experience of respondents is presented in Table 4.9.

**Table 4.9: The years of experience of respondents**

<b>Experience</b>	<b>Frequency</b>	<b>Percentage</b>
1 to 5	17	15.74
5 to 10	16	14.81
10 to 15	17	15.74
15+	57	52.78
Missing	1	0.93
Total	108	100%

- Analysis of results

The results indicated that more than half of the respondents have more than 15 years experience (52.78%). A total of 17 respondents (15.74%) have between 1 to 5 years experience, 16 respondents (14.81%) have 5 to 10 years experience and another 17 respondents (15.74%) have between 10 to 15 years experience. Only one respondent did not indicate their years of experience.

#### **4.6.3 Capacity or position of respondents**

- Purpose of the question

The purpose of question D6 in Section D of the questionnaire (refer to Appendix A) was to determine the capacity in which the respondent is employed in or his or her position within the pharmacy.

This data is used to:

- Compare the differences in means between the position or level of employment and the entrepreneurial orientation variables.
- Compare the differences between the position or level of employment and the perceived success of the organisation variables.

- Results obtained

The position of respondents is presented in Table 4.10.

**Table 4.10: Position of respondents**

<b>Position</b>	<b>Frequency</b>	<b>Percentage</b>
Owner of independent Pharmacy	11	10.19
Pharmacist in independent pharmacy	45	41.67
Pharmacist in corporate pharmacy	33	30.56
Management position in pharmacy	11	10.19
Missing	8	7.41
Total	108	100%

- Analysis of the results

The results indicate that 11 of the respondents' are owners of the respective pharmacies, this amount to 10.19%. A total of 45 of the respondents (41.67%) are employed as pharmacists in independent pharmacies and 33 respondents (30.56%) are employed as pharmacists in a corporate pharmacy environment. A total of 11 respondents are employed in management capacity within the pharmacy (10.19%). A total of 7.41% of the respondents did not indicate their position or capacity employed in.

#### **4.7 AN ASSESSMENT OF THE ENTREPRENEURIAL ORIENTATION**

The purpose of questions A1-26 in Section A of the questionnaire (refer to Appendix A) was to determine the entrepreneurial orientation of the respondents who are working as pharmacists in the retail environment. These questions were divided into 5 themes according to the constructs which it will measure. These constructs include **Autonomy, Innovativeness, Risk-taking, and Pro-activeness** and **Competitive aggressiveness**. The results can be used to determine the influence of these factors on the perceived success of retail pharmacies. The average or mean and the standard deviation of each of the 26 items measuring the entrepreneurial orientation of pharmacists are indicated in Tables 4.12 to 4.16.

Table 4.11 is divided according to the five constructs discussed and summarise all questions under each construct and provide an average or mean for each construct as well as the standard deviation. All the statements constituting each construct will

be discussed separately. All the constructs are arranged from highest ranked mean to lowest rank mean order.

**Table 4.11: Entrepreneurial orientation survey results**

Factor	<i>n</i>	$\bar{x}$	<i>s</i>
Innovativeness	108	3.701	0.673
Comp Aggressiveness	108	3.677	0.715
Pro-activeness	108	3.593	0.778
Autonomy	108	3.386	0.692
Risk-taking	108	3.305	0.697

It is important to note that all five of the constructs' means or averages falls within the same category – uncertain to agree – thus between a 3 and a 4 rating. The highest agreement was found with **Innovativeness** ( $\bar{x} = 3.701$ ) then followed by **Competitive aggressiveness** ( $\bar{x} = 3.677$ ) and **Pro-activeness** ( $\bar{x} = 3.593$ ) all with results higher than the average. The agreement with the constructs below the average mean are the **Autonomy** ( $\bar{x} = 3.386$ ) and **Risk-taking** with the lowest mean ( $\bar{x} = 3.305$ ).

The standard deviation ranged between 0.673 and 0.778. The results of Table 4.11 indicate that there is a general agreement regarding the entrepreneurial orientation variables.

The five constructs with the items contained within each construct and its results will be discussed.

#### 4.7.1 Autonomy

- Purpose of the question

The purpose of statements A1-A5 in Section A of the questionnaire (refer to Appendix A) was to determine the level of **Autonomy** that pharmacists in retail pharmacy experience. Each respondent had to rate each statement 1 to 5, with 1 for 'strongly disagree' and 5 for 'strongly agree'.

- Results obtained

Table 4.12 indicates the results showing the mean and standard deviation for each variable, ranking the means from highest to lowest.

**Table 4.12: Autonomy of respondents**

Item	<i>n</i>	( $\bar{x}$ )	<i>s</i>
I have enough autonomy in my work as a pharmacist without continual supervision to do my work.	107	4.206	0.919
Pharmacists in our business are encouraged to manage their own work and have flexibility to resolve problems.	108	3.926	0.828
The pharmacy environment allows me to be creative and try different methods to do my job.	108	3.352	1.088
Pharmacists in our business are allowed to make decisions without going through elaborate justifications and approval procedures.	108	3.019	1.127
I seldom have to follow the same work methods or steps while performing my major tasks from day to day.	107	2.430	1.158

- Analysis of results

Within the construct of **Autonomy** five statements were rated on a scale from 1 to 5 and the mean and standard deviation is indicated in Table 4.12 above. Two of the five constructs evaluated had a mean above the average mean ( $\bar{x}$  =3.386). The highest rating was obtained for statement relating to **autonomy in work**. The average or mean is calculated at ( $\bar{x}$ =4.206), followed by **flexibility to resolve problems** with an average of ( $\bar{x}$ =3.926). The rest of the items **being creative and different** ( $\bar{x}$  =3.352), followed by decision making ( $\bar{x}$  =3.019) and **seldom use same methods** was ( $\bar{x}$  =2.430) was below the construct mean ( $\bar{x}$ =3.386). The standard deviation ranged between 0.828 and 1.158.

## 4.7.2 Innovativeness

- Purpose of the question

The purpose of statement A6-A14 in Section A of the questionnaire (refer to Appendix A) was to determine the level of **Innovativeness** that pharmacists in retail pharmacy experience.

- Results obtained

Table 4.13 indicates the results showing the mean and standard deviation for each variable, ranking the means from highest to lowest.

**Table 4.13: Innovativeness of respondents**

Item	<i>n</i>	( $\bar{x}$ )	<i>s</i>
Our pharmacy places a strong emphasis on continuous improvement in products/services delivery/ processes.	108	3.972	0.880
Our pharmacy is continually pursuing new opportunities.	107	3.925	0.843
Our pharmacy has increased the number of services/products offered during the past two years.	107	3.916	0.870
Our pharmacy as a business has a widely held belief that innovation is an absolute necessity for the business's future.	108	3.870	0.908
Our pharmacy places a strong emphasis on new and innovative products/services/ processes.	107	3.785	0.901
Our pharmacy regularly introduces new products, processes or services.	105	3.781	0.920
Our leaders seek to maximise value from opportunities without constraints to existing models, structures or resources.	107	3.579	0.972
Over the past few years, changes in our processes, services and product lines have been quite dramatic.	107	3.243	1.054
In our pharmacy there is a strong relationship between the number of ideas generated and the number of new ideas successfully implemented.	107	3.243	0.920

- Analysis of results

The results of all the statements of **Innovativeness** were a 3 to 4 ranking – which can be interpreted as ranging from uncertain to agree. Six of the items, **emphasis on continuous improvement** ( $\bar{x}=3.972$ ), **continually pursue of new opportunities** ( $\bar{x}=3.925$ ), **increased number of services, products and processes** ( $\bar{x}=3.916$ ), **belief that innovation is a necessity** ( $\bar{x}=3.870$ ), **strong emphasis on new innovative services, products and processes** ( $\bar{x}=3.785$ ) and **regularly introduces new products or services** ( $\bar{x}=3.781$ ) evaluated had a mean above the average mean ( $\bar{x}=3.701$ ). The other three items had a ranking below the mean ( $\bar{x}=3.701$ ), with obtaining the following results **maximise value from opportunities** ( $\bar{x}=3.579$ ) **dramatic changes to services, processes and services** ( $\bar{x}=3.243$ ) and **relationship between the number of ideas generated and the number of ideas implemented** ( $\bar{x}=3.243$ ). The standard deviation ranged between a high of 1.054 and a low of 0.870.

#### 4.7.3 Risk-taking

- Purpose of the question

The purpose of statement A15-A19 in Section A of the questionnaire (refer to Appendix A) was to determine the level of risk-taking that pharmacists in retail pharmacy endure. Each respondent had to rate each statement 1 to 5, with 1 for ‘strongly disagree’ and 5 for ‘strongly agree’.

- Results obtained

Within the construct of risk-taking five statements were rated on a scale from 1 to 5 and the mean and standard deviation is indicated in Table 4.14.

**Table 4.14: Risk-taking of respondents**

Item	<i>n</i>	$\bar{x}$	<i>s</i>
Owing the environment, our pharmacy believes that bold, wide-ranging acts are necessary to achieve the business's objectives.	108	3.556	0.835
Our pharmacy is very often the first to introduce new products/ services/processes.	106	3.406	0.983
Pharmacists are often encouraged to take calculated risks concerning new ideas.	108	3.259	0.989
When confronted with uncertain decisions, pharmacies typically adopt a bold posture in order to maximise the probability of exploiting opportunities.	107	3.206	0.969
The term "risk-taker "is considered a positive attribute for pharmacists in our retail business.	106	3.113	1.045

- Analysis of results

All the statements of **Risk-taking** had an average of 3 to 4 ranking. Two of the five items, **bold acts to achieve objectives** ( $\bar{x}=3.556$ ) and **first to introduce new products and services** ( $\bar{x}=3.406$ ) evaluated had a mean above the average mean ( $\bar{x}=3.305$ ). The other three items **taking calculated risks** ( $\bar{x}=3.259$ ), **bold posture to exploit opportunities in uncertainty** ( $\bar{x}=3.206$ ) and **the term risk-taker is positive** ( $\bar{x}=3.113$ ) evaluated had a mean below the average mean. All of the items had a mean above three out of five. The standard deviation ranged between 0.835 and 1.045.

#### 4.7.4 Pro-activeness

- Purpose of the question

The purpose of statement A20-A22 in Section A of the questionnaire (refer to Appendix A) was to determine the level of **Pro-activeness** of pharmacists in retail pharmacy. Each respondent had to rate each statement 1 to 5, with 1 for 'strongly disagree' and 5 for 'strongly agree'.

- Results obtained

Table 4.15 indicate the results showing the mean and standard deviation for each variable, ranking the means from highest to lowest.

**Table 4.15: Pro-activeness of respondents**

Item	<i>n</i>	$\bar{x}$	<i>s</i>
Our pharmacy continuously seeks out new products/processes/services.	106	3.821	0.778
Our pharmacy continuously monitors market trends and identifies future needs of customers.	108	3.787	0.918
Our pharmacy typically initiates actions which competitors respond to.	107	3.383	1.043

- Analysis of results

For the construct of **Pro-activeness**, two of the three items, **continuously seeks out new products, services and processes** ( $\bar{x}$ =3.821) and **monitors' market trends and identify future needs of customers** ( $\bar{x}$ =3.787) had a ranking above the average mean ( $\bar{x}$ =3.593). Only one item, **initiate actions** ( $\bar{x}$ =3.383) was ranked the below the average mean. The standard deviation ranged between 0.918 and 1.043.

#### 4.7.5 Competitive aggressiveness

- Purpose of the question

The purpose of statement A23-A26 in Section A of the questionnaire (refer to Appendix A) was to determine the level of competitive aggressiveness of pharmacists in retail pharmacy. Each respondent had to rate each statement 1 to 5, with 1 for 'strongly disagree' and 5 for 'strongly agree'.

- Results obtained

Table 4.16 indicate the results showing the mean and standard deviation for each variable, ranking the means from highest to lowest.

**Table 4.16: Competitive aggressiveness**

Item	<i>n</i>	$\bar{x}$	<i>s</i>
The pharmacy industry is very aggressive and intensely competitive.	108	4.139	1.009
Our pharmacy knows when it is in danger of acting overly aggressive (this could lead to erosion of our business's reputation or to retaliation by our competitors).	107	3.757	0.750
Our pharmacy effectively assumes an aggressive posture to combat trends that may threaten our survival or competitive position.	106	3.519	1.016
In dealing with competitors our pharmacy typically adopts a very competitive undo-the-competitor "posture.	107	3.271	1.060

- Analysis of results

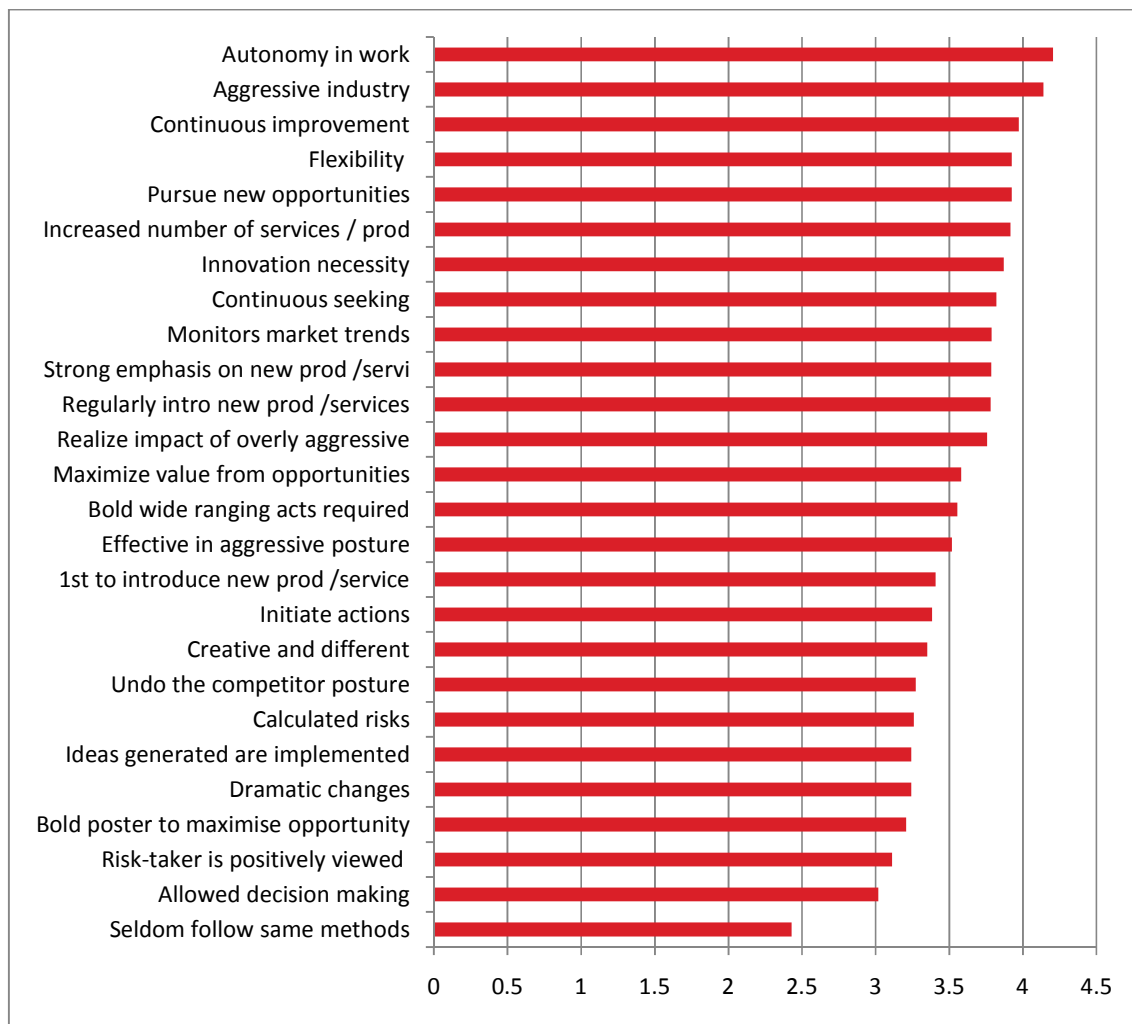
Two of the items was ranked above the average mean ( $\bar{x}=3.677$ ), the highest ranked item for **Competitive aggressiveness** was the item indicating the pharmacy as a **very aggressive and intensely competitive industry** ( $\bar{x}=4.139$ ). This result indicates that most respondents agreed with the statement. The item **realization of the impact of overly aggressiveness** ( $\bar{x}=3.757$ ) was ranked second, followed by **effectively assumes an aggressive posture to combat trends** ( $\bar{x}=3.519$ ) third. The lowest ranking item was **the pharmacy typically adopts a very competitive undo-the-competitor posture** ( $\bar{x}=3.271$ ). The standard deviation ranged from 0.750 to 1.060.

#### 4.7.6 The overall ranking of number of items

Figure 4.2 illustrates the ranking the means of all 26 statements (A1-A26) in Section

A of the questionnaire (refer to Appendix A) from highest to lowest mean. The majority of the statements fall within the 3 to 4 range indicating that these statements are varying between uncertain to agree. Half of the items ranked above 3.5 averages, which indicates higher tendency towards agreeing with the statements. A total of 10 of the statements were more towards the uncertain or 3 rating. Only 1 item was ranked at 2 (disagree) – this was the statement relating to **seldom having to follow same methods** ( $\bar{x}=2.430$ ). Only 2 items were ranked above a 4 rating, namely **autonomy in work** ( $\bar{x}=4.206$ ) and **the industry is very aggressive and intensely competitive industry** ( $\bar{x}=4.139$ ).

**Figure 4.2: Findings of the assessment of entrepreneurial orientation**



## 4.8 THE PERCEIVED SUCCESS OF THE BUSINESS

The results of Section B of the questionnaire (refer to Appendix A) evaluated the perception of retail pharmacists in independent and corporate pharmacy with regard to two variables measuring perceived success. Pharmacists were asked to answer the 11 items related to perceived success of the industry.

Table 4.17 indicates the results showing the mean and standard deviation.

**Table 4.17: The perceived success of business survey results**

Item	<i>n</i>	$\bar{x}$	<i>s</i>
Business growth	108	3.650	0.732
Business development and improvement	108	3.607	0.538

The highest agreement was found with **Business growth** ( $\bar{x}$ =3.650) followed by **Business development and improvement** ( $\bar{x}$ =3.607). Both of the constructs had a mean above three out of five. The standard deviation ranged from 0.732 to 0.538, indicating that there was a general agreement amongst the respondents regarding the two variables.

### 4.8.1 The growth of the business

- Purpose of the question

The purpose of statement B1-B4 in Section B of the questionnaire (refer to Appendix A) was to determine the perceived success of the industry, with specifically referring to **Business growth** as a measure of success. Each respondent had to rate each statement 1 to 5, with 1 for 'strongly disagree' and 5 for 'strongly agree'.

- Results obtained

Table 4.18 indicates the results showing the mean and standard deviation for each variable, ranking the means from highest to lowest.

**Table 4.18: The business growth**

<b>Item</b>	<b><i>n</i></b>	<b><math>\bar{x}</math></b>	<b><i>s</i></b>
Our pharmacy has experienced growth in turnover over the past few years.	107	3.888	0.894
The competitive position of our pharmacy has improved over the past few years.	107	3.682	0.875
Our pharmacy has experienced growth in market share over the past few years.	105	3.552	0.820
Our pharmacy has experienced growth in profit over the past few years.	107	3.458	1.021

- Analysis of results

The average mean for the construct of Business growth was ( $\bar{x}$ =3.650). Two of the items ranked above the average mean, **experienced growth in turnover over the past few years** ( $\bar{x}$ =3.888) and **improved competitive position** ( $\bar{x}$ =3.682). The growth in market share ( $\bar{x}$ =3.552) and growth in profit ( $\bar{x}$ =3.458) was ranked lowest with a ratings below the average mean. The standard deviation ranged from 0.820 to 1.021.

#### **4.8.2 Business development and improvement**

- Purpose of the question

The purpose of statement B5-B11 in Section B of the questionnaire (refer to Appendix A) was to determine the perceived success of the industry, with specifically referring to development as a measure of success. Each respondent had to rate each statement 1 to 5, with 1 for 'strongly disagree' and 5 for 'strongly agree'.

- Results obtained

Table 4.19 indicates the results showing the mean and standard deviation for each variable, ranking the means from highest to lowest.

**Table 4.19: Business development and improvement**

<b>Item</b>	<b><i>n</i></b>	<b><math>\bar{x}</math></b>	<b><i>s</i></b>
The efficiency (doing things right) of our pharmacy has improved over the past few years.	108	3.991	0.588
The effectiveness (doing the right things) of our pharmacy has improved over the past few years.	108	3.944	0.667
During difficult economic periods, investments in research and development/innovative projects continue and no significant financial cuts are made.	108	3.815	0.775
Our employees are highly committed to our pharmacy.	108	3.574	0.856
In our pharmacy, employees are viewed as the most valuable asset of the business.	108	3.491	1.028
The moral (job satisfaction) of our employees has improved over the past few years.	106	3.311	0.930
The image (stature) of our pharmacy, relative to our competitors, has grown over the past few years.	108	3.120	0.894

- Analysis of results

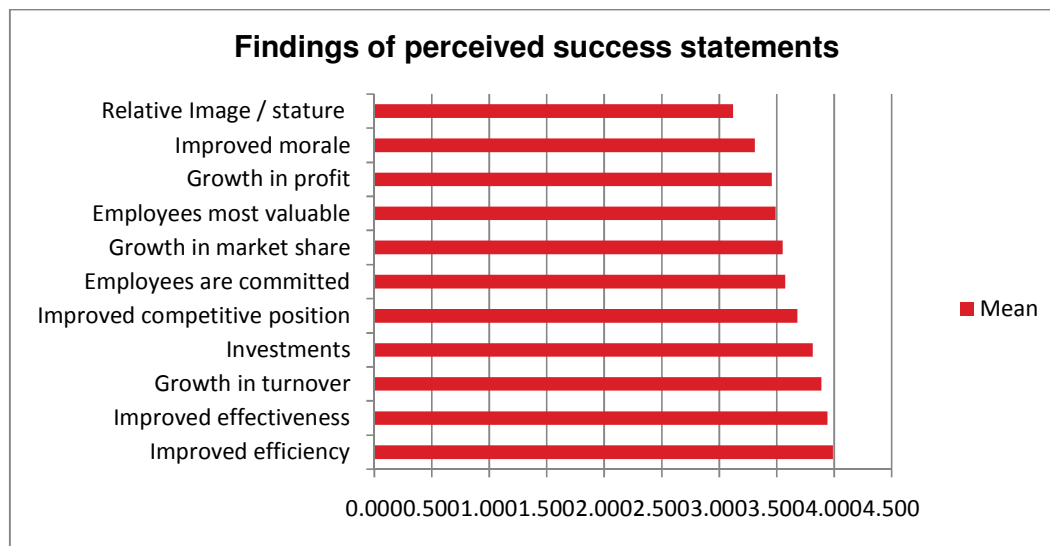
Three of the seven items, **improved efficiency** ( $\bar{x}=3.991$ ), **improved effectiveness** ( $\bar{x}=3.944$ ) and **investments despite of difficult economic times** ( $\bar{x}=3.815$ ) evaluated a mean below the average mean ( $\bar{x}=3.607$ ). The other three items, **committed employees** ( $\bar{x}=3.574$ ), **employees are viewed as most valuable asset** ( $\bar{x}=3.491$ ), **improved morale** ( $\bar{x}=3.311$ ) and **image or stature relative to competitors** ( $\bar{x}=3.120$ ) evaluated had a mean below the average ( $\bar{x}=3.607$ ). The standard deviation ranged from 0.588 to 1.028.

#### **4.8.3 The overall ranking of the number of items**

Figure 4.3 illustrates the ranking of all 11 statements (B1-B11) in Section B of the

questionnaire (refer to Appendix A) ranging from lowest ranking to highest ranking. Respondents generally ranked uncertain to agree with referral to the perceived success items of the businesses in which they are employees or owners. Seven of the items ranked above 3.5 averages, which indicates higher tendency towards agreeing with the statements. A total of 4 of the statements were more towards the uncertain or 3 rating. The three overall highest ranked items are **improved efficiency** ( $\bar{x}$ =3.991), **improved effectiveness** ( $\bar{x}$ =3.944) and **growth in turnover** ( $\bar{x}$ =3.888). The three lowest ranked items are **growth in profit** ( $\bar{x}$ =3.458), **improved moral or job satisfaction** ( $\bar{x}$ =3.311) and **image relative to competitors has grown over the past few years** ( $\bar{x}$ =3.120).

**Figure: 4.3: Findings of the assessment of perceived success**



#### 4.9 THE RELIABILITY OF THE MEASURING INSTRUMENT

Reliability is concerned with the findings of the research and relates to the credibility of the findings. To assess the internal consistency between the items of the measuring instrument, the Cronbrach's alpha coefficients were calculated. To assess the internal consistency of the items measuring the various factors under investigation, Cronbach' alpha coefficients were calculated (Brymann & Bell, 2007:164).

A high internal consistency implies a high degree of generalisability across the items within the test or measurement. Therefore, if a person performs well on a few items in such a measurement or test, the chances are good that the person will fare equally well in the rest of the items in the measurement or test. Every item is correlated with every other item across the entire sample and the average inter-item correlation is taken as the index of reliability. Cronbach's coefficient alpha is a measure of the internal consistency of a measure or test. This index shows the degree to which all the items a measure or test measure the same attribute. To compute coefficient alpha, both the variance on the total measurement test or scores and the variances of the individual items are required (Welman *et al.*, 2011:147).

Theoretically alpha varies from zero to one, since it is the ratio of two variances. Higher values of alpha are more desirable and as a rule of thumb a reliability of 0.70 or higher is required. If the items are poorly formulated and do not correlate strongly, the alpha coefficient will be close to zero (Pietersen & Maree, 2009:216). Table 4.20 summarises the Cronbach alpha's value interpretations, which will be used as a guideline for the results of the study.

**Table 4.20: Cronbach's coefficient alpha and internal consistency**

Cronbach's alpha	Internal consistency
$\alpha \geq 0.9$	Excellent
$0.8 \leq \alpha < 0.9$	Good
$0.7 \leq \alpha < 0.8$	Acceptable
$0.6 \leq \alpha < 0.7$	Questionable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

**Source: Cortina (1993:98)**

All 108 participants' responses were used to determine the reliability of the items. The results indicate that the instrument used in this study to measure entrepreneurial

orientation and perceived success have an acceptable to good reliability, with no variable below the Cronbach alpha value of 0.7 (refer to Table 4.21).

**Table 4.21: Summary of Cronbach’s alphas of the questionnaire**

Variable	Cronbach’s alpha
Autonomy	0.709
Innovativeness	0.900
Risk-taking	0.749
Pro-activeness	0.845
Competitive aggressiveness	0.724
Business growth	0.828
Business development and improvement	0.773

#### **4.10 THE RELATIONSHIP BETWEEN DEMOGRAPHIC VARIABLES AND CONSTRUCTS**

The  $p$ -value is the probability of getting a test statistic equal to or more extreme than the sample result. The  $p$ -value often referred to as the observed level of significance are the smallest level at which null hypothesis can be rejected. The level of significance used is  $\alpha=0.05$ . The  $t$ -test is used to determine if there is a significant difference between the means of two populations (Levine *et al.*, 2008:371). A small  $p$ -value ( $p<0.05$ ) is considered sufficient evidence that the result is significant. The  $p$ -value only concludes there is a significant difference or there is a significant correlation at some level of confidence. However, it does not indicate whether the finding is of any practical significance. By calculating an effect size, in addition to the  $p$ -value this problem can be overcome. The effect size is a standardised scale free measure of the magnitude of the difference or correlation being tested and it is not affected by for the size of the sample. The effect size serves a purpose if statistical significance is found, as well as when no statistical significance is detected (Pietersen & Maree, 2009:211).

According to Pietersen and Maree (2009:211), effect sizes can be calculated in a variety of different cases. The most important ones are for the difference between two means and for the relationship between variables.

For the purpose of this study it will be calculated for the difference between two means. When looking at mean differences, the effect size is denoted by  $d$ ; Cohen's guidelines exist for the interpretation of the magnitude of  $d$ :

**Table 4.22: Interpretation of magnitude of effect size**

$d$	Meaning
0.2	Small effect
0.5	Medium effect
0.8	Large effect

**Source: Pietersen and Maree (2009:211)**

Table 4.23 and 4.24 illustrate each of the two groups' mean score, their size and their standard deviation. The difference between the demographical variables gender (male and female), position (independent and corporate pharmacy) and years of experience (1-15 years and 15+ years) of the participating pharmacists with regard to variables measuring entrepreneurial orientation (Table 4.23) and perceived success (Table 4.24) were examined by an independent t-test ( $p$ -values) and effect sizes ( $d$ -values).

#### 4.10.1 Entrepreneurial orientation

Statistical significance tests have the tendency to yield small  $p$ -values, which is the indication of statistical significance. Table 4.23 shows the relationship between five variables and demographic variables, with the means, standard deviation ( $s$ ), independent t-test ( $p$ -value) and effect sizes ( $d$ -value).

**Table 4.23: Relationship between entrepreneurial orientation factors and demographical variables**

Variable	Years of experience							
	0-15 years			15+ years			Comparison	
	n	mean	s	n	mean	S	$p$	$d$
Autonomy	50	3.269'	0.654	57	3.484	0.719	0.108	0.3
Innovativeness	50	3.673	0.683	57	3.747	0.651	0.571	0.11
Risk-taking	50	3.333	0.623	57	3.248	0.813	0.544	0.1
Pro-activeness	50	3.616	0.809	57	3.592	0.749	0.872	0.03
Comp Aggressiveness	50	3.703	0.67	57	3.657	0.762	0.744	0.06

Gender								
Variable	Male			Female			Comparison	
	n	mean	s	n	mean	S	<i>p</i>	<i>d</i>
Autonomy	40	3.320'	0.622	68	3.424	0.731	0.433	0.14
Innovativeness	40	3.749	0.509	68	3.673	0.754	0.537	0.1
Risk-taking	40	3.427	0.695	68	3.198	0.737	0.111	0.31
Pro-activeness	40	3.768	0.643	68	3.490	0.834	0.55	0.33
Comp Aggressiveness	40	3.725	0.565	68	3.649	0.792	0.567	0.1
Position								
Variable	Independent			Corporate			Comparison	
	n	Mean	S	N	mean	S	<i>p</i>	<i>d</i>
Autonomy	56	3.483'	0.634	33	3.230'	0.726	0.102	0.35
Innovativeness	56	3.775	0.585	33	3.597	0.706	0.228	0.25
Risk-taking	56	3.279	0.66	33	3.209	0.826	0.679	0.08
Pro-activeness	56	3.617	0.615	33	3.575	0.946	0.821	0.04
Comp Aggressiveness	56	3.79	0.579	33	3.545	0.88	0.161	0.28

- Years of experience

The results indicated no statistical significant difference ( $p < 0.05$ ) in the mean values between the entrepreneurial orientation of respondents with 1-15 years experience and respondents with 15 or more years experience. Although the respondents with 15 years and more experience did rate **Autonomy** more positive than their less experienced counterparts, the significance was not practical enough and only a 0.3 effect size could be determined. With regard to the other variables, innovativeness, risk-taking, pro-activeness and competitive aggressiveness the evaluation was similar.

- Gender

Male pharmacists rated **Innovativeness**, **Pro-activeness**, **Risk-taking** and **Competitive aggressiveness** higher than female counterparts. Female pharmacists only rated **Autonomy** higher than their male counterparts. In risk-taking (0.31) and pro-activeness (0.33) a small effect size could be determined between male and female. No statistical significant difference for any of the variables could be calculated – for statistical significance ( $p < 0.05$ ) is required.

- Position

The results indicated no significant difference ( $p < 0.05$ ) in the mean values between the entrepreneurial orientation of respondents from independent pharmacies and respondents from corporate pharmacies. However, for **Autonomy**, **Innovativeness** and **Competitive aggressiveness** a small to medium, effect size is present (between 0.25 and 0.35). Pharmacists in independent pharmacies rated all the variables, namely autonomy, innovativeness, risk-taking, pro-activeness and competitive aggressiveness higher than their corporate pharmacy counterparts.

#### 4.10.2 Perceived success of the industry

Table 4.24 shows the relationship between two variables and demographic variables, with the means, standard deviation (s), independent t-test ( $p$ -value) and effect sizes ( $d$ -value).

**Table 4.24: Relationship between perceived success factors and demographical variables**

Years of experience								
Variable	0-15 years			15+ years			Comparison	
	n	Mean	s	N	mean	S	$p$	$d$
Business growth	50	3.725'	0.766	57	3.592	0.706	0.356	0.17
Business development	50	3.611	0.481	57	3.615	0.588	0.967	0.01
Gender								
Variable	Male			Female			Comparison	
	n	Mean	s	N	mean	S	$p$	$d$
Business growth	40	3.618'	0.802	68	3.669	0.693	0.742	0.06
Business development	40	3.464	0.496	68	3.691	0.548	0.03	0.42
Position								
Variable	Independent			Corporate			Comparison	
	n	Mean	s	N	mean	S	$p$	$d$
Business growth	56	3.567'	0.657	33	3.772	0.818	0.224	0.25
Business development	56	3.600'	0.605	33	3.614	0.469	0.901	0.02

- Years of experience

The results indicated no statistical significant difference ( $p < 0.05$ ) in the mean values between the **Perceived success** in terms of **Business growth and Business development** of respondents with 0-15 years experience and respondents with 15 and more years experience. Although the respondents with 0-15 years experience rated the variable growth more positive than their more experienced counterparts, the difference was not practical significant. With regard to the variable development, the rating was almost equal with no practical significance.

- Gender

Female respondents rated both variables, namely **Business growth** and **Business development** more positive than their male counterparts. The results indicate a statistical significant difference ( $p > 0.05$ ) in the mean values between the variable **Business development** of male respondents versus that of their counterpart females. The **Business development** variable's  $p$ -value = 0.030 is less than the level of significance,  $p < 0.05$  there is statistical evidence to conclude that the sample means are not equal. There is also an effect size of 0.42 which tends towards a medium level of practical significance. The other variable of **Business growth** shows no significant difference and only a small effect size could be realized.

- Position

The results indicated no significant statistical difference ( $p < 0.05$ ) in the mean values between the variables **Business growth** or **Business development** of respondents from independent pharmacies and respondents from corporate pharmacies. However, for the variable, growth a small effect size is present ( $d = 0.25$ ). Pharmacists in corporate pharmacies rated both growth and development higher than their independent pharmacy counterparts.

#### 4.11 MULTIPLE REGRESSION ANALYSES RESULTS

Multiple regression analysis is the study of how a dependable variable (y) is related to two or more independent variables (x) (Anderson *et al.*, 2003:646).

If data could be obtained, a statistical procedure called regression analysis could be used to develop an equation illustrating how variables are related. In regression terminology, the variable being predicted is called the dependable variable. The variables being used to predict the value of the dependable variable is called the independent variables.

In this study the attempt was to determine the effect entrepreneurial orientation constructs namely, **Autonomy**, **Innovativeness**, **Risk-taking**, **Pro-Activeness** and **Competitive aggressiveness** have on the perceived success of a business. The dependable variables are **Business growth** and **Business development**. The independent variables include the constructs of entrepreneurial orientation. Multiple linear regressions were used to determine if the independent variables had a significant impact on the dependable variables.

Regression models were used and the results are discussed in Table 4.25 and 4.26.

**Table 4.25: The impact of entrepreneurial orientation constructs on the dependent variable growth of retail pharmacy business**

Model	Non-standardised coefficients		Standardised coefficients	t-value	p-level
	B	Std. Error	Beta		
(Constant)	1.984	0.427		4.641	0.000
Autonomy	0.135	0.105	0.128	1.288	0.201
Innovativeness	-0.160	0.172	-0.147	-0.929	0.355
Risk-taking	0.100	0.111	0.99	0.904	0.368
Pro-activeness	0.466	0.142	0.495	3.290	0.001**
Competitive aggressiveness	-0.055	0.127	-.054	-0.432	0.666

$R^2 = 0.217$  (\*\*p<0.05)

Table 4.25 indicates  $R^2$  as the multiple coefficient of determination and can be interpreted as the proportion of the variability in the dependent variable that can be explained by the estimated multiple regression equation. When multiplied by 100, it can be interpreted as a percentage of the variability in  $y$  (dependable variable) that can be explained by the estimated regression equation.  $R^2=0.217$ , therefore 21.7 % of the variability in growth can be explained by the estimated multiple regression equation with **Autonomy**, **Innovativeness**, **Risk-taking**, **Pro-Activeness** and **Competitive aggressiveness** as the independent variables.

The  $p$ -values indicated in Table 4.25 are used to test for individual significance of the independent variables. The multiple regression analysis indicates significant positive relationship between the independent variable **Pro-activeness** ( $p=0.001$ ) of pharmacists and the dependent variable **Business growth**. Therefore if the **Pro-activeness** increases, **Business growth** will also increase.

The  $p$ -values of **Autonomy**, **Innovativeness**, **Risk-taking** and **Competitive aggressiveness** are greater than  $p<0.05$  level of significance. The multiple regression analysis indicates no significant relationship between the independent variables **Autonomy**, **Innovativeness**, **Risk-taking** and **Competitive aggressiveness** and **Business growth**.

**Table 4.26: The impact of entrepreneurial orientation constructs on the dependent variable development of retail pharmacy business**

Model	Non-standardised coefficients		Standardised coefficients	t-value	$p$ -level
	B	Std. Error	Beta		
(Constant)	1.809	0.301		6.011	0.000
Autonomy	0.161	0.074	0.207	2.179	0.032**
Innovativeness	0.262	0.121	0.327	2.159	0.033**
Risk-taking	0.041	0.078	0.055	0.525	0.601
Pro-activeness	0.031	0.100	0.044	0.307	0.759
Competitive aggressiveness	0.011	0.089	0.015	0.125	0.901

$R^2=0.284$  (\*\*  $p<0.05$ )

Table 4.26 indicates  $R^2=0.284$ , therefore 28.4% of the variability in the **Perceived success variable Business development** can be explained by the estimated multiple regression equation with **Autonomy, Innovativeness, Risk-taking, Pro-activeness** and **Competitive aggressiveness** as the independent variables.

Using the  $p<0.05$  level of significance and using the  $p$ -value of autonomy ( $p=0.031$ ) and innovativeness ( $p=0.033$ ) is both less than 0.05, therefore there is significant relationship between the dependent variable **Business development** and independent variables **Autonomy** and **Innovativeness**. The multiple regression analysis indicates no significant relationship between the independent variables **Pro-activeness, Risk-taking** and **Competitive aggressiveness** and the dependent variable **Business development**.

#### **4.12 RESULTS OF THE QUALITATIVE STUDY**

In the quantitative questionnaire each pharmacist had to indicate if they would be willing to engage in a further qualitative process. A number of pharmacists were selected from the quantitative questionnaire to participate in the in-depth interviews. Only seven of the participants did indicate that they would be available. The pharmacists that were interviewed, was selected by means of proximity

The responses are summarized below.

- **What skills do you think are necessary for an entrepreneur to become successful?**

One pharmacist stated that persistence and perseverance is critical for an entrepreneur to become successful. An entrepreneur must possess the ability to seek new opportunities and view problems as opportunities. Commitment and the ability to see problems as opportunities are crucial. Pharmacists are frequently not inherently prone to take chances and this is a skill that should be developed in order to be a successful entrepreneur. Commitment to a cause is also important. Many

pharmacists became despondent with all the changes that occurred the last decade. This contributed too many losing the passion and commitment for the industry. A very successful independent pharmacy group owner just explained it as 'continued guts'.

- **What are some strategies that you have implemented that have given you the success you enjoy today?**

The responses to this question was similarly answered by interviewees, namely hard work and being open to new ideas is critical in success of pharmacy. Due to all the challenges this industry finds itself in, one particularly have to be focussed on innovative ideas to remain competitive and in business. Commitment and the ability to view problems as opportunities are crucial.

- **Do you think there is a difference in entrepreneurial orientation between corporate and independent pharmacists?**

One of the interviewees indicated that there is definitely more opportunity of freedom for an independent pharmacist. The corporate pharmacy industry is a highly controlled, standardised and monitored environment which inhibits the corporate pharmacist in many ways. However, the corporate pharmacist is in a better financial position – there is great financial investment into developing and growing the business.

- **Do you think there is a difference in entrepreneurial orientation between male and female pharmacists?**

A female interviewee responded no to the question and continued with the following motivation - there is no tangible difference between male and female pharmacists. The only difference might be the role a female pharmacist has as a mother. This definitely impacts the decisions that she makes. A male pharmacist concluded that there are definitely more male pharmacists that own pharmacies than female pharmacists. Female pharmacists frequently work for male counterparts, but still greatly contribute to the success of the business. The hours of retail pharmacy

definitely discourage female pharmacists to become owners. By being employed they can opt for lesser working hours and enjoy more flexibility.

Another pharmacist disagreed – for him there is a clear difference between entrepreneurial orientation of female and male pharmacists.

- **Have you had an education in entrepreneurship?**

None of the pharmacists interviewed had an education in entrepreneurship or any formal training other than their 4 year Bachelors of Pharmacy degree.

- **Have you had a mentor who taught you principles of entrepreneurship?**

Two of the pharmacists interviewed indicated that they have had excellent mentors – especially with referral to entrepreneurship. The one pharmacist continued to explain her exposure as follow: “My father is one of my best mentors. He immigrated to South-Africa without any tertiary education and became a very successful businessman. He worked hard and he did take chances and risks, which paid off. I was also fortunate enough to have employers with vision and innovative ideas.”

Many of the pharmacists were not really exposed to entrepreneurs in the working environment, but indicated that their parents did teach them the principles of owning a business.

- **Do you believe that your educational background equipped you for the industry in which you operate?**

Many indicated that they would have preferred more training and education in business management and planning. One pharmacist indicated that he was only partly prepared for the industry in which he finds himself in, namely retail pharmacy. The training and education received, mainly focussed on clinical skills, whilst exposure to business principles was not strongly presented in the formal curriculum.

- **What personal characteristics do you think an entrepreneur should possess?**

Definitely think out of the box. The entrepreneur is someone who is willing to take chances, someone who can make quick and accurate decisions without pondering about it for too long. This definitely is someone who is not afraid to attempt new ideas, products or services.

- **Many of the pharmacists did not indicate the monthly turnover of the pharmacy. What do you think is the reason for not being able / not willing to provide this answer?**

Many pharmacists are only interested in the clinical aspect of their daily tasks. In many instances (especially if you are working as an employee) you are not exposed to the financial performance of the pharmacy. In some instances the pharmacists indicated that they do not really concern them with turnover, as they have futile impact on this aspect of the business. Another pharmacist indicated that pharmacists in general are not aware of the turnover in the business and in some cases the owner of the pharmacy is not willing to share this information, because he or she doesn't want others to know about the performance of the pharmacy.

- **A total of 108 pharmacists did answer the questionnaire. Only 4 had additional training other than B.pharm (this specifically refers to post graduate degree. Do you think pharmacists are equipped to act entrepreneurially inherently or is it an acquired skill?**

The response of many interviewees was the following - pharmacists studied this field due to interest in the clinical aspect of pharmacy. They also indicated that there is not a difference in income potential for pharmacists with further, higher education. The pharmacists in the corporate industry indicated that a higher education is valued, due to structure allowing for promotion to strategic a position in corporate structure. Entrepreneurship is an acquired skill. A pharmacist learns the principles of entrepreneurship in real life situations, for example, when legislation allowed for non-pharmacists to own pharmacies, many pharmacies closed down, but many

independent pharmacists did survive the difficult times by adapting to the changes and finding new innovative ways to remain in the industry. Although they remained in the industry, there was a consensus among the pharmacists that the profitability of the industry was negatively affected.

- **Pharmacists rated ‘autonomy’ – specifically the statement: we seldom have to follow same work methods or steps –as strongly disagree. Please comment on it.**

Pharmacists’ duties consist mainly of dispensing medication. This is a highly standardised and formalized procedure. This result in the pharmacist doing the same tasks on a daily basis - especially in a pharmacy with high volume of prescriptions and low volume clinical consultations and other service offerings.

- **Overall pharmacists indicated a growth in turnover, but not in profit – do you agree with this finding? Please motivate answer.**

In 2011 there was no increase in the Single Exit Price (SEP), which caused the medication prices to remain unchanged during 2011. This contributed to gross profit remaining unchanged, although the cost of operations increased – including rent, salaries, electricity and so forth. During 2012 the SEP price only increased by 2.14%, which again erode profit margins. Medical aid schemes further limit profit margins as they determine the fee structure or percentage above SEP which they are willing to reimburse the pharmacy. The pharmacy industry is a highly competitive industry and the end users are price sensitive. In order to compete with large chain stores and supermarkets – the pharmacies are forced to sell their front shop products at similar prices.

#### **4.13 SUMMARY**

The results and discussion of the empirical study was presented in Chapter four. The data gathering process was explained and presented in Figure 4.1 depicting the research process model.

The process of selecting a questionnaire is described and the sections included with each section's breakdown are explained. The responses obtained from the questionnaires were captured and presented in tables and figures. The reporting of responses was divided into different segments including biographic information, the structure of the organisation and the offerings of the retail business – pharmacies in which respondents work. The entrepreneurial orientation sections with discussions of the five constructs of autonomy, innovativeness, pro-activeness, competitive aggressiveness and risk-taking followed. A similar data set was supplied for the perceived success variable with its two constructs, namely business growth and business success. An overall rating of all the items pertaining to entrepreneurial orientation and perceived success respectively was presented. The relationship between the constructs of perceived success and entrepreneurial orientation and the demographic variables was presented and discussed. A multiple regression was presented for business growth and business development as dependent variables with the entrepreneurial orientation constructs as the independent variables.

The quantitative study was supported by a qualitative interviewing process where a number of pharmacists participated in in-depth interviews. The answers are presented in a logical and systematic manner.

# **CHAPTER 5**

## **CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 INTRODUCTION**

In an environment of rapid change and shortened product and business model lifecycles, the future profit streams from existing operations are uncertain. Businesses need to consistently seek out new opportunities and therefore firms may benefit from adopting entrepreneurial orientation (Rauch *et al.*, 2009:8).

Entrepreneurial orientation of retail pharmacists operating in corporate and independent pharmacies' might play a role in the survival of the pharmacy business as a professional services provider for which a fee may be charged. Efforts to anticipate demand and aggressively position new products or service offerings often result in performance (Ireland, Hitt & Sirmon, 2003).

Perpelkin (2009:2) mentions that while entrepreneurial pharmacists have traditionally focused on the more professional responsibilities of pharmacists, corporate pharmacies are thought to discourage professional activities if these activities are perceived to take up too much of the pharmacists' time. He further indicates that as the ownership of pharmacies move from entrepreneur operated establishments toward more corporate-owned pharmacies, the influence of corporatization and business models of operation are sure to follow. Perpelkin (2009:4), furthermore notes that entrepreneurial pharmacists are looking to extent the boundaries of their business and profession by venturing into new ideas of service offerings. The findings of the study supports the literature review – a discussion will follow.

In view of the above entrepreneurial orientation of pharmacists is presented and recommended to the retail pharmacies in South Africa to assist community pharmacies to establish the strength of entrepreneurial orientation as a tool to develop a surviving business in community pharmacy.

## **5.2 CONCLUSIONS**

The objective of the study was to investigate the relationship between the entrepreneurial orientation of pharmacists and the perceived success of the pharmacies. The conclusions and recommendations on the entrepreneurial orientation questionnaire is presented in this section and consist of the conclusion on the biographical data of respondents; the structure of the organisation; training, education and experience of respondents; entrepreneurial orientation and perceived success of the participating retail pharmacies.

### **5.2.1 Conclusions on the biographical data of respondents**

More than half of the respondents were between the ages 30 and 49 years, indicating a relative young age of pharmacists, with 30.37% between 50-59 years of age. However, age is not a clear predictor of entrepreneurial orientation. Years of experience and knowledge could possibly yield a better comparison.

Almost 63% of the respondents were female and 37% male. Some differences were noted. Male pharmacists rated four of the five constructs of entrepreneurial orientation higher than the females. These four constructs include innovativeness, pro-activeness, risk-taking and competitive aggressiveness. Females only rated autonomy higher than the males. All the ratings for both male and female ranked a three out of five for all constructs.

### **5.2.2 Conclusions of the structure of the organization**

Most pharmacies did rate the retail business offerings between 3.5 and 4 rating indicating that they agree with service offering of the retail environment. This finding is supported in the literature study as stated by Perpelkin (2009:1), while community pharmacy has since the early nineteenth century, been viewed as a general store providing groceries, medication and photo supply services, community pharmacies today are moving today progressively toward a one-stop shop where people can purchase everything from cosmetics to consumer electronics.

A retail business is not only related to dispensing of medication, but it includes the following principles. The retail pharmacist is also responsible for store management. Dunne and Lusch (2008: 21) define store management as: "The retailing career path that involves responsibility for selecting, training and evaluating personnel, as well as in store promotions, displays, customer service, building maintenance and security."

The findings in the study indicated that pharmacists agreed with training and development of employees, advertising and customer service as an important component of the business. All three these dimensions were ranked at an average of above four.

According to Dunne and Lusch (2008:28), a career in retail involves what products and services to offer; what group of customers to target; where to locate the store; how to train and motivate staff; what price level to use; what levels of customer service to offer – credit, trading hours, parking and so forth and how to layout the store. The pharmacists positively rated most of these aspects as indicated in the questionnaire.

The pharmacists overall fare well in terms of retail service offerings, with the exception of loyalty cards averaging between 2-3 rating (disagree to uncertain). The literature study confirms that the quality of service did improve in pharmacies, because the appearance of chain pharmacies are stimulating independent pharmacies to improve the quality of their stores.

The majority of the respondents did not answer the question relating to turnover. Other research from the literature study supported the difficulty in obtaining this information from respondents. Hindle and Cutting (2002:165) stated the following with regards to financial information in their study undertaken: "The study failed to demonstrate marked financial advantages accruing to those who undertook entrepreneurial education, but there are still grounds for believing that the link may exist. There are many reasons why the analysis of sales and profits was inconclusive. In many instances the financial information was estimations and not actual figures. The majority of pharmacists did not have the details on their annual profit". The interviewees did indicate in the qualitative interviewing process that for

many pharmacists the main goal is to focus on the clinical aspect of their jobs – namely dispensing and compounding of medicine, whilst they are less involved in the business aspects of the pharmacy. Other pharmacists indicated that pharmacists might be hesitant to share this information with outsiders.

All the participating pharmacies falls within the definition of a SME – 57% of the respondents have 50 or less employees, whilst 26% have between 51 – 100 employees. The importance of a healthy SME sector was emphasised in chapter two. A healthy SME sector contributes to economy through creating more employment opportunities. Logically all the participating pharmacies falls within this realm is important for the country. As described in the literature review SME's contribute 57% to GDP and accounts for 61% of the employment in South Africa – all the pharmacies forms part of this statistic and it is important that the success of this sector is evaluated.

### **5.2.3 Conclusions on the training, education and experience of respondents**

The group of participants do not vary in terms of academic qualification and therefore no relevant inference can be drawn from the relationship between entrepreneurial orientation or perceived success and academic qualification. The type of sampling method used, namely purposive sampling, did influence the type of participant, because a requirement is profession. All pharmacists do have to obtain a formal qualification equivalent to a Bachelor's of Pharmacy degree. A consideration during the qualitative in-depth interview process is to determine why so few pharmacists did obtain a higher qualification or additional studies. The interviewees' indicated that the degree required for pharmacy is sufficient in their careers as pharmacists operating in retail. The pharmacists whom participated in the qualitative interviews did emphasise the impact of mentors – successful business owners and entrepreneurs did contribute to their ability to manage and own their pharmacies.

Slightly higher than 30% of the respondents have between 1 to 10 years experience. Another 16% have between 10 – 15 years experience. The majority of the respondents have more than 15 years experience. In 2003 the legislation changed for non-pharmacists to own pharmacies. Only 30% of the respondents commenced

their careers as pharmacists in this new realm. The majority had seen the landscape of pharmacy changed dramatically and had to adapt or close down.

#### **5.3.4 Conclusions on entrepreneurial orientation**

The comparison between the independent and corporate pharmacists did yield an interesting result. On all 5 constructs of entrepreneurial orientation, namely autonomy, innovativeness, risk-taking, pro-activeness and competitive aggressiveness the independent pharmacists' average rating was higher than those of corporate pharmacists. The expected outcome would therefore be that the independent pharmacists would also have ranked perceived success higher than their corporate counterparts – this however was not the findings in this particular study. A more in-depth discussion on perceived success will follow during which this finding will be elaborated on.

Both independent and corporate pharmacists operate in the same industry, namely the retail sector. In the corporate pharmacy the strength of entrepreneurial orientation mean average ranking was lower than that of the independent pharmacists. This is correlating with the literature indicating that entrepreneurship is growth and according to the current research on growth models poses a growth paradox, because as growth occurs, firms increases planning, control and formalized structures as a consequence of growth and by doing so move away from an entrepreneurial type of organization to a non-entrepreneurial type of organization (Lechner & Leyronas, 2009:667).

Perpelkin (2009:4) mentions that ownership of community pharmacies may well become restricted to a few corporate chains, creating a monopoly of sorts and affecting the labour market. In the context where pharmacists are increasingly becoming employees of large corporations, the influence of the employer must be considered when the employer has the right to define and supervise work activities, which in turn affects the amount of freedom or autonomy available to the pharmacist. In the context of all entrepreneurship and perceived success, the pharmacy industry will be reviewed to determine the current entrepreneurial state of retail pharmacies.

From the 26 statements relating to entrepreneurial orientation, noteworthy results were obtained. The statement relating to **seldom have to follow same methods** was ranked the lowest (at a level 2, which indicates that the majority of the respondents disagreed with the statement). This finding is supported by the literature study conducted. "Operating procedures and processes are often codified or formalised and adherence to formal job descriptions is the norm" (Green, Covin & Slevin, 2008:361). From the qualitative interviews pharmacists confirm that they are dispensing most of their day and the dispensing process is highly formalised with very limited variation. This poses the question is pharmacists doing things right (effectiveness), rather than doing the right things (efficiency). Overall, most of the respondents did rank **autonomy in work** as the highest item – the average ranking was 4.206 (between 4-5 rating).

The age group analysis did indicate that less experienced pharmacists on average did rank **risk-taking, pro-activeness** and **competitive aggressiveness** higher than pharmacists with more years experience. The more experienced pharmacist however, did on average rate **autonomy** and **innovativeness** slightly higher than the lesser experienced counterparts. This is supported by literature review depicting that cognitive processes are difficult to change, especially if an entrepreneur has been successful previously. Success is frequently sought, while failure is avoided and therefore individuals may be forced to evaluate their thinking and behaviour when faced with failure. Katz and Shepherd (2003:241) contrast this with success, in which case there will be minimal incentive to evaluate or consider thinking patterns. This is irrespective of the causes of success. The more experienced pharmacist is less prone to take risks, be pro-active or act competitively aggressive. In the past these actions were not required, because a qualification as a pharmacist acted as a barrier for entry into the pharmacy industry. However, with deregulation the competition became fierce. This is confirmed by the pharmacists, as most of the pharmacists did rank the pharmacy as a very aggressive and intensely competitive industry to operate in very high – between 4-5 ratings.

### 5.3.5 Conclusions on the perceived success

Corporate pharmacists did on average rate perceived success higher than the independent pharmacists. This includes the both variables – **business growth** and **business development and improvement**. The independent pharmacists did rate the five constructs of entrepreneurial orientation higher on average than the corporate pharmacists. Despite of this difference, the corporate pharmacists did rate the perceived success higher on average than their counterparts. The qualitative interviewing process did provide possible answers for these findings:

- The price of medicine did not increase in 2011 and during 2012 there was a slight increase of 2.14%. This did impact the independent pharmacist more than the corporate pharmacist.
- The business model for independent pharmacies versus corporate pharmacies is different. Corporate pharmacies focus on the front shop for sales, due to higher profitability.
- The independent pharmacist's main turnover is generated from dispensary.
- Corporate pharmacy has the benefit of a national footprint (Clicks). Medical aid schemes frequently contract with corporate pharmacy to supply chronic medication to its members. This leads to increased number of customers entering the store of the corporate pharmacy.

The above stated findings are supported by the literature study indicating the literature study, namely:

Challenges faced by community pharmacy include a new pricing structure at the retail level; Single Exit Pricing at manufacturer level; the discontinuance of discounts in supply chain; the opening ownership of pharmacies to non-pharmacists and the allocation of designated service providers which in many instances excludes a number of pharmacies competing for the same market (Naidoo, 2006:111).

The literature study indicated one of the advantages of corporate pharmacies, is the fact that they can produce goods and services at a lower cost, than the independent

pharmacist. However, the total number of pharmacies overall are increasing, which indicate that pharmacies are faring well in terms of the dependent variable, growth.

A significant positive relationship between the perceived success variable, **business growth** (dependent) and the entrepreneurial orientation variables of **pro-activeness** was found. There is no proof of a relationship between **business growth** and **autonomy, risk-taking, innovativeness** and **competitive aggressiveness** in this study.

The dependent perceived success variable, **business development and improvement** did indicate a positive relationship with two of the independent variables of entrepreneurial orientation, namely **autonomy** and **innovativeness**. There is no significant relationship between the dependent variable, business development and improvement and the independent variables **risk-taking, pro-activeness** and **competitive aggressiveness**.

### 5.3 RECOMMENDATIONS

The independent pharmacist did achieve a higher average than the corporate pharmacist with regard to the constructs measuring entrepreneurial orientation. The independent pharmacist should, therefore, focus on utilising these skills to better their financial position. This finding is supported by the literature study stating that, although the community pharmacy's main focus has been, and continues to be the pharmacists currently working in community practice are seeking a more service-oriented, patient focused approach with greater emphasis on the use of their clinical skills. Furthermore, entrepreneurial pharmacists are looking to extent the boundaries of their business and profession by venturing into new ideas of service offerings (Perpelkin, 2009).

Recommendations include:

- Retail pharmacy must monitor the external environment. Pharmacists should focus on new trends, possible legislative and political interventions, and best practices of international pharmacy. This information should be communicated to employees on all levels of the organization.

- Pharmacists should focus their efforts on initiatives to become more pro-active. There is a positive relationship between business growth and pro-activeness and therefore if a pharmacist can become more pro-active and increase in business growth would be an expected outcome.
- Pharmacists need to increase their level of **autonomy** and **innovativeness**, because there is a significant relationship between **autonomy** and **innovativeness** and **business development and improvement**.
- To strengthen entrepreneurial orientation should be a strategic method of thinking in pharmacy. Services and products offered should be determined from an entrepreneurial perspective.
- The pharmacist should revisit the business structure of the pharmacy over time and ensure that the highest possible level of entrepreneurial orientation among pharmacists are adhered to and by doing so not just focusing on the task at hand, but also reflecting on the outcomes of such tasks.
- Develop a system for reporting on success and failures of the entrepreneurial orientation initiatives.
- Ensure that activities to be more entrepreneurial contribute to the bottom line of the pharmacy business, namely success in terms of financial performance. Mostly independent pharmacies will have to focus their efforts not only on acting entrepreneurially, but also to achieve more profitable results.
- Due to the aggressive and competitive nature of the pharmacy industry – pharmacists have to develop the ability to act pro-active. This entails actions that will be taken to improve own competitive position in the market.
- To encourage the stimulation of entrepreneurial orientation amongst pharmacists – especially corporate pharmacists, a lower level of hierarchy and organisation should be focussed on.
- To increase **risk-taking**, because if a pharmacist is not innovative he or she does reduce risk on the short term, however businesses who do not innovate are faced with higher risk of not perceiving the market and technology shifts which are capitalised on by competitors (Burns, 2008:291).
- Training and development of employees is also an important focus for pharmacists operating in retail pharmacy – especially focussing on

entrepreneurial orientation training initiatives to enhance the total business in terms of **business development and improvement**.

## **5.4 ACHIEVEMENT OF THE OBJECTIVES**

The success of this study is based upon the achievement of the primary and secondary objectives indicated in section 1.3 of this study.

### **5.4.1 Primary objectives revisited**

The primary objective of the study is to investigate entrepreneurial orientation of pharmacists operating in community pharmacies in South Africa and secondly to determine the perceived success of the industry in which they operate, namely the retail sector. This objective was achieved – in chapter four the results and analysis of the entrepreneurial orientation questionnaire is presented. Entrepreneurial orientation and perceived success were investigated in chapter four.

### **5.4.2 Secondary objectives revisited**

The following secondary objectives were included as a means to address the primary objective and are listed below with an evaluation of its achievement:

- To gain insight into entrepreneurship through conducting a literature study: numerous definitions into the concept of entrepreneurship have been provided. A variety of definitions of entrepreneurship have been presented in chapter two.
- To study the concept of entrepreneurial orientation: the concept of entrepreneurial orientation and its five dimensions, namely autonomy, innovativeness, pro-activeness, risk-taking and competitive aggressiveness was explored. What these independent variables entail was clearly defined in chapter two.
- To study what perceived success of a business entails: perceived success in terms of growth and development was defined in chapter two.

- To study the retail pharmacy industry: a brief overview of the retail pharmacy in South Africa was presented.
- To determine the challenges that pharmacists operating in a retail environment faces: the legislative and competitive forces within retail pharmacy was landscaped.
- To examine the entrepreneurial orientation of pharmacists operating in retail industry, including corporate and independent pharmacies: a complete literature study on the pharmacist as entrepreneur was conducted and presented in chapter three. Furthermore the results from the entrepreneurial orientation questionnaire of pharmacists were presented in Chapter 4.
- To examine the current perceived success of retail pharmacies: the results of perceived success of retail pharmacies were presented in Chapter 4.
- To determine if a relationship exist between strong entrepreneurial orientation and perceived success retail pharmacies: a regression analysis was conducted to determine if a relationship existed among entrepreneurial orientation constructs and the perceived success of the retail pharmacy.
- To draw conclusions from the empirical study and offer practical recommendations for pharmacists operating in retail pharmacies to develop entrepreneurial orientation. Conclusions and practical recommendations were presented in chapter five.

## **5.5 SUGGESTIONS FOR FURTHER RESEARCH**

Only pharmacists operating in retail pharmacies have participated in the questionnaires and were interviewed as part of the research. The study was limited to Gauteng province only. The environment in which a pharmacy in Gauteng operates versus the pharmacy in a rural, less developed area might be completely different. The challenges the same business face in the different geographical locations might be completely different. Pharmacists have numerous careers to choose from; this study has only focussed on retail pharmacists in Gauteng and therefore cannot be generalized to all pharmacists in Gauteng.

A suggestion for further study would be to conduct similar studies among pharmacists in other provinces or in other industries. This would allow for comparisons between pharmacists operating in various industries.

## **5.6 SUMMARY**

This chapter provided the conclusions and recommendations of the empirical study for this research.

Conclusions were presented on the biographical profile of respondents, including their years of experience and position occupied in the pharmacy. The entrepreneurial orientation results and analysis of pharmacists in the retail industry have been interpreted and conclusions were made. The findings on the perceived success of the industry were presented and both the dependent variables – business growth and business development and improvement was interpreted.

Recommendations for pharmacists operating in retail pharmacy have been summarised and presented. The primary and secondary objectives of the study is revisited and evaluated to determine whether or not those objectives have been achieved. Recommendations for further research were also proposed.

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## APPENDIX A

## **Appendix A**

### **Entrepreneurial Orientation of Pharmacists - Questionnaire**

Dear Respondent,

Firstly, I would like to thank you for taking the time to complete this questionnaire.

The purpose of the questionnaire is to determine the Entrepreneurial Orientation of pharmacists and perceived success of the industries in which they operate, namely retailing.

This study will be limited to Pharmacists operating in retail environment and will be completed by Pharmacists working in corporate retail pharmacy or independent retail pharmacy environments.

The results and findings will contribute to the dissertation as a partial completion of my MBA studies at the North West University.

The questionnaire is divided into 4 sections:

Section A: Evaluation of Entrepreneurial Orientation of pharmacists

Section B: Evaluation of perceived success of industry in which they operate in

Section C: Business Information

Section D: Geographical & Educational background

The results of this study will be used for academic purposes only. If you prefer to receive a copy of a summary of the findings, please indicate. The results will be forwarded to you in due course.

The completed questionnaire can be faxed to 086 694 4642.

Thank you for participating!

Clarice de Nobrega

Instructions:

Please answer all questions by marking with an X.

## Section A: Evaluation of the Entrepreneurial Orientation of pharmacists

This section consists of 26 statements. Please indicate the extent to which you agree or disagree with each statement. Please mark the applicable block with an X.

Statement	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
A 1	1	2	3	4	5
A 2	1	2	3	4	5
A 3	1	2	3	4	5
A 4	1	2	3	4	5
A 5	1	2	3	4	5
A 6	1	2	3	4	5
A 7	1	2	3	4	5
A 8	1	2	3	4	5
A 9	1	2	3	4	5
A 10	1	2	3	4	5
A 11	1	2	3	4	5
A 12	1	2	3	4	5
A 13	1	2	3	4	5
A 14	1	2	3	4	5

Statement	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
A 15	1	2	3	4	5
A 16	1	2	3	4	5
A 17	1	2	3	4	5
A 18	1	2	3	4	5
A 19	1	2	3	4	5
A 20	1	2	3	4	5
A 21	1	2	3	4	5
A 22	1	2	3	4	5
A 23	1	2	3	4	5
A 24	1	2	3	4	5
A 25	1	2	3	4	5
A 26	1	2	3	4	5

**Section B: Evaluation of perceived success of industry in which pharmacies operate in.**

This section consists of 11 statements related to the perceived success of retail pharmacies. Please indicated the extend to which you agree or disagree with each statement. Please mark with an X.

Statement	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
B 1	1	2	3	4	5
B 2	1	2	3	4	5
B 3	1	2	3	4	5
B 4	1	2	3	4	5
B 5	1	2	3	4	5
B 6	1	2	3	4	5
B 7	1	2	3	4	5
B 8	1	2	3	4	5
B 9	1	2	3	4	5
B 10	1	2	3	4	5
B 11	1	2	3	4	5

### Section C: Business Information & Retailing

C1	How many permanent employees are employed by your pharmacy?	5-10	11-25	26-50	51-100	100+
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C2	Indicate the turnover (monthly sales) pharmacy generates?	
	Less than R500 000	
	R500 000 - R1 000 000	
	R1 000 000 - R2 000 000	
	More than R2 000 000	

**C3** Retail Business  
Please indicate to what extent you agree or disagree with each statement. Mark answer with X.

	Statement	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
C4.1	The pharmacy in which you operate consistently provides the best value for money to consumers.	1	2	3	4	5
C4.2	The Pharmacy does have advertised sales and specials.	1	2	3	4	5
C4.3	Maintains the best everyday price for most products.	1	2	3	4	5
C4.4	The pharmacy offers the best service to customers and patients.	1	2	3	4	5
C4.5	The pharmacy participates in training & development initiatives for employees	1	2	3	4	5
C4.6	The pharmacy does have a loyalty program or other benefits offered to its customers.	1	2	3	4	5
C4.7	The layout of the pharmacy is the most convenient store layout for shopping.	1	2	3	4	5
C4.8	Other specialised service offerings (wellness testings, diet clinic and so forth) is present in our pharmacy.	1	2	3	4	5

## Section D: Geographical & Educational background

This section is required for statistical analysis and comparisons between various groups.  
Mark the applicable block with an X.

D1	Indicate your age	≤29	30-39	40-50	50-59	60+
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D2	Indicate your gender	Female	Male
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D3	Indicate your race	Black	Coloured	Indian	White
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D4	Indicate your years experience as a pharmacist	1-5	6-10	11-15	15+
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D5	What is your marital status?	Single	Married	Divorced	Widowed
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D6	Indicate your current position	
	Owner of independent pharmacy	
	Owner of franchise pharmacy	
	Pharmacist in independent community pharmacy	
	Pharmacist in corporate retail pharmacy	
	If employed in management capacity (mark with X additionally)	
	Other: Specify [ _____ ]	

D7	Indicate your qualification	
	1. Degree: B.Pharm or Equivalent	
	2. Other: Specify [ _____ ]	
	3. Post Graduate Degree: Specify [ _____ ]	

Indicate if you would like to obtain summary of results & findings of the study.	YES	NO
--	-----	----

Will you participate in a structured interview for further qualitative purposes of this study?	YES	NO
--	-----	----

Send sms with your name and number to 083 410 0353

Thank you for your time.