



JÖNKÖPING INTERNATIONAL BUSINESS SCHOOL
JÖNKÖPING UNIVERSITY

From monopoly to private pharmacies

Buy-out and franchising: Finding the entrepreneur within the pharmacist

Bachelor Thesis within Entrepreneurship

Authors: Jimmy Bergqvist

Gustav Stigson

Henrik Wolf

Tutor: Bengt Johannisson

Jönköping December 9, 2009

Acknowledgements

As it has finally reached conclusion, we realized that quite a few people made writing this thesis possible through great contributions of their time and knowledge. First, we would like to acknowledge our tutor, Bengt Johannisson, who with his expertise in entrepreneurship has guided us through the writing process. Second, we would like to state our gratitude to, although they are anonymous, the personnel at Apoteket AB who committed themselves and their time.

Gustav Stigson, Henrik Wolf, and Jimmy Bergqvist

Bachelor thesis within business administration: Entrepreneurship

Title:	From monopoly to private pharmacies - Buy-out and franchising: Finding the entrepreneur within the pharmacist
Authors:	Gustav Stigson, Henrik Wolf and Jimmy Bergqvist
Tutor:	Bengt Johannisson
Date:	2009-12-09
Subject terms:	Monopoly, franchising, management buy-out, entrepreneurship, pharmacy, re-regulation, de-regulation, small business, privatization, push and pull factors, public, governmental

Abstract

One of Sweden's most well known monopolies is approaching its end, Apoteket AB. A re-regulation of a state owned monopoly is nothing new but it happens within an interesting trade. Since the government is in total control of the whole re-regulation process, we found it interesting to see how they managed to include the potential individuals who want to take over a pharmacy. After all, many are the times the government has emphasized the importance of small firms.

Out of the approximately 900 pharmacies owned by Apoteket AB, 150 are going to be sold to individuals. This group is called "small enterprise cluster", and this cluster became the focus of our thesis. We wanted to get an insight into this group, since it is more complex and diverse compared to the large corporations entering the market.

Purpose

The purpose of this thesis is to measure the willingness to take over pharmacies among the employees of Apoteket AB, as well as to analyse how the government's support has affected the decisions of individuals.

Method

In order to get a good view of the re-regulation process we chose a qualitative approach, where we performed personal interviews with 6 respondents equally spread out on 3 pharmacies in a medium sized Swedish city and the surrounding area. The interviews were performed in a semi-structured manner.

Besides the primary data, secondary data was collected. It builds the foundation for the theoretical framework and the analysis of the interviews. Since the theoretical framework was created before the research was performed, the study used a deductive research approach.

Main results

We found some clear patterns in our results. It turned out that only one out of the six respondents had the intention to buy a pharmacy. Among the rest, two did not want to buy because of high age; they felt that it is for a task for the younger generations to be a part of the process of running their own pharmacy. To sum it up, the reasons for not wanting to buy a pharmacy, excluding the intervening variable of age, was that most respondents felt great uncertainty for the future; they could not predict how the market will develop, the information about the help available from the government is too scarce, they do not consider themselves to have the necessary skills needed to run a business and see it as an overwhelming task, and hence want to focus on their profession, that is, pharmacy.

Kandidatuppsats i Företagsekonomi: Entreprenörskap

Titel:	Från monopol till privata apotek - Uppköp och franchising: Att finna entreprenören i apotekaren
Författare:	Gustav Stigson, Henrik Wolf och Jimmy Bergqvist
Handledare:	Bengt Johannisson
Datum:	2009-12-09
Ämnes områden:	Monopol, franchising, management buy-out, entreprenörskap, apotek, omreglering, avreglering, småföretagare, privatisering, push och pull faktorer, offentlig, statlig

Sammanfattning

Ett av Sveriges mest kända monopol närmar sig slutet på sin era, Apoteket AB. En omreglering av ett statligt monopol är inte något nytt, men det sker inom en intressant bransch. Eftersom regeringen är i total kontroll över hela omregleringsprocessen, fann vi det intressant att se hur de lyckats att ta hand om potentiella privatpersoner som vill ta över ett apotek. Detta grundar sig i att regeringen flertalet gånger har understrukt vikten av små företag.

Av de cirka 900 apotek som idag ägs av Apoteket AB, kommer 150 att säljas till privatpersoner. Denna grupp är det så kallade småföretagarklustret, och denna grupp blev fokus i vår uppsats. Vi ville få en inblick i denna grupp, eftersom den är mer komplex och mångskiftande jämfört med de stora företag som kommer in på marknaden.

Syfte

Syftet med denna avhandling är att mäta viljan att ta över apotek bland de anställda hos Apoteket AB, samt analysera hur regeringens stöd har påverkat enskilda beslut.

Metod

För att få en verklig bild av omregleringsprocessen valde vi en kvalitativ metod, där vi utförde personliga intervjuer med sex respondenter jämnt fördelade över tre apotek i en medelstor svensk stad samt närliggande områden. Intervjuerna utfördes på ett semistrukturerat sätt.

Förutom primära data, samlades sekundära data in. Dessa utgör grunden för det teoretiska ramverket och analysen av intervjuerna. Eftersom det teoretiska ramverket skapades innan undersökningen genomfördes, är denna studie av deduktiv karaktär.

Resultat

Vi hittade tydliga mönster i våra resultat. Det visade sig att endast en av de sex respondenterna hade för avsikt att köpa ett apotek. Bland resterande respondenter ville två inte köpa på grund av hög ålder; de kände att driva apotek var en uppgift för de yngre generationerna. För att summera, skälen för att inte vilja köpa ett apotek, om man utesluter den påverkande variabeln ålder, var den stora osäkerheten inför framtiden; de kunde inte förutse hur marknaden kommer utvecklas, informationen om vilken hjälp som finns att få från regeringen var bristfällig, de anser att de inte själva besitter kunskaper nödvändiga för att driva ett företag och ser det som en överväldigande uppgift, och vill därmed fokusera på sitt yrke, farmaci.

Contents

1	Introduction	1
1.1.	Problem Discussion	2
1.2.	Purpose	3
1.3.	Delimitations	3
1.4.	Definitions	3
1.5.	Disposition	4
2	Background	6
2.1	Monopoly	6
2.2	Privatization	6
2.3	The establishment of the Swedish pharmacy monopoly	6
2.4	The investigation and initiative to a re-regulation	7
2.5	Regulated pharmacy markets in other countries	7
2.6	The re-regulation of 2009	8
2.7	Apoteksgruppen and the support offer	10
2.7.1	Apoteksgruppen - structure	10
2.7.2	Support and services offered to buyers of pharmacies	10
2.7.3	The it-solution; a matter of discussion	11
3	Method	12
3.1	Research Perspective and Design	12
3.1.1	Positivism or Hermeneutics	12
3.1.2	Induction or Deduction	12
3.1.3	Exploratory, Descriptive or Explanatory	12
3.2	Research Methods	13
3.2.1	Qualitative methods	13
3.2.2	Primary Data - Interviews	13
3.2.2.1	Semi-structured Interviews	14
3.2.2.2	Question Design	14
3.2.2.3	Performing Interviews	17
3.2.2.4	Implementation of interviews	17
3.2.3	Sampling	18
3.2.4	Secondary data collection	19
3.3	Research Quality	19
3.3.1	Validity	19
3.3.2	Reliability	20
3.3.3	Generalizability	20
3.4	Analysis	20
3.4.1	Method of preparing the data for analysis	20
3.4.1.1	Transcription	20
3.4.1.2	Presenting results	21
3.4.2	Method of analysis	21
3.4.2.1	Framework based on theoretical approach	21

3.4.2.2	Unitizing the data	21
4	Theoretical Framework.....	22
4.1	Push and Pull factors.....	22
4.1.1	Pull factors:.....	22
4.1.2	Push factors:	23
4.2	Pull factors.....	23
4.2.1	Entrepreneurship	23
4.3	Push factors	24
4.3.1	Management and employee buy-outs	24
4.3.1.1	Management buy-out.....	24
4.3.1.2	Public to Private MBO's	24
4.3.1.3	Employee buy-outs	24
4.3.2	Franchising.....	25
4.3.2.1	Franchising, definition and previous research	25
4.3.2.2	Advantages with starting a franchise	26
4.3.2.3	Disadvantages with starting a franchise	27
5	Results.....	28
5.1	Pharmacy A, Respondent 1	28
5.2	Pharmacy A, Respondent 2.....	29
5.3	Pharmacy B, Respondent 3.....	31
5.4	Pharmacy B, Respondent 4.....	32
5.5	Pharmacy C, Respondent 5	33
5.6	Pharmacy C, Respondent 6	34
6	Analysis	36
6.1	Introduction.....	36
6.2	Willingness to buy.....	36
6.2.1	Respondent 2 as an entrepreneur.....	36
6.2.2	Respondent 2's purchase as management buy-out	38
6.2.3	Respondent 2 as a franchisee	39
6.3	Unwillingness to buy.....	40
6.3.1	Responsibility and complicated procedure	40
6.3.2	Employee specific skills not important	40
6.3.3	Lack of information creates insecurity	41
6.3.4	Soft values.....	41
6.3.5	Summary analysis of unwillingness to buy	42
6.4	What could have increased the willingness?	42
7	Discussion.....	44
7.1	Intervening variables	44
7.2	Suggestions for future research	46
8	Conclusion	47
	References	48

Appendix	53
Appendix 1 - Interview guide	53

Table of Figures

Figure 1. The sale process.....	8
Figure 2. The small business sales procedure	9
Figure 3. Theoretical framework.....	22
Figure 4. Gender distribution (Apoteket AB, <i>Annual Report</i> , 2008).....	44
Figure 5. Age distribution (Apoteket AB, <i>Annual Report</i> , 2008)	45

1 Introduction

In Sweden there are various companies partially or fully owned by the government; the exact number is 53. Out of these there are some that most Swedish people should be able to identify as governmentally owned, e.g. Posten AB, Systembolaget AB, Vattenfall AB, Apoteket AB (www.regeringen.se). Some governmental companies also constitute monopolies, whose existence is questioned (SIEPS, 2005:6).

Sweden entering the European Union and committing itself to a new set of laws, which take on a prioritized role over the existing national ones, meant trouble for the Swedish monopolies (EU-upplysningen, *Sverigeoch EU-rätten*). For areas covered by the law of the European Union, the national laws of the member country are considered secondary. A question that was brought up by the EU was if it is necessary for the state pharmacy to have sole rights to sell over-the-counter products (OTC), e.g. painkillers and nicotine patches. There are several arguments regarding this issue; one pro is that the profits from OTC products are needed to finance retailing of prescription drugs; one con is that if only Apoteket AB has the rights to sell OTC products the availability might be reduced, especially in the sparsely populated areas.

The issue with the Swedish monopolies, from an EU perspective, is the intrusion on the free movement of products within the union. After Sweden entered, several changes were made in the pharmaceutical, liquor, and gambling markets regarding the choice of products and brands to sell, in order to guarantee the freedom in the market, although the Swedish government argued that the retailing monopolies should remain in order to ensure the well-being and health of the citizens. The main argument by the Swedish government to retain these was the view that these three markets should be controlled, reasoning that the existence of the monopolies is not to make profit but only to secure the welfare of the public. All these three monopoly situations are supported by praxis from other cases handled by the EU court (EU-upplysningen, *Fri rörlighetförvaror*).

At present, it seems that the monopolies may soon come to road's end (DN, *EU hotar Svenska monopol*). According to the EU court, several of the governmentally owned monopolies have become cash cows for the Swedish government; since the corresponding companies are too profit oriented and need to be more transparent in order to ensure the control (SIEPS, 2005:6).

This thesis will focus on the pharmaceutical market, since it is the one going through the largest changes at the moment and is therefore more interesting to investigate. The current transformation of the market should be put in light of the Swedish government's policy on supporting the small businesses within the country and its claims that they are an important part of the development and economic growth (Regeringen.se. *Fler och växande företag*).

The current process will lead to that 150 pharmacies are sold to small business owners, in a trade where 89 % of the employees are women (*Apotekets Årsredovisning 2008*). The Swedish Minister for Enterprise and Energy, Maud Olofsson, has emphasized the importance of female entrepreneurs and small businesses in general for the growth of the country. Companies with less than ten employees make up for 96% of all the 900,000 companies within the country (FöretagarFörbundet, *Om oss*). Further, Camilla Littorin, reporter at FöretagarFörbundet, claims; “if the large companies would close for a day you would see a lot more people walking in the city, but if the small companies would close for a day the country would stop”(FöretagarFörbundet. *Om småföretagen stänger pajar Sverige*). It should stand clear to everyone that Sweden is very much dependent on small businesses. With this perception in mind, we chose to investigate the re-regulation of the pharmaceutical market from a small business perspective.

Our interest is in the field of entrepreneurship, and the actions the Swedish government takes to ensure that small entrepreneurs will have the chance to acquire pharmacies. This re-regulation is unique in the aspect that everyone is invited to acquire a small piece of this huge, former monopoly, company.

By studying the measures by which the government stimulates entrepreneurship and how these measures are welcomed by employees at the pharmacies we wish to gain an understanding of this way to dismantle a monopolized market.

1.1. Problem Discussion

As the future may bring more privatizations to the Swedish public sector, the re-regulation of the pharmacy market is an interesting case. Proposition 2008/09:145 from the Swedish government says: ”To subject a market to competition is according to the assessment of the government an effective means to achieve increased manifoldness, a more effective use of resources, a downwards pressure on costs and prices, as well as better quality of goods and services. The fundamental means of the pharmacy-reform is therefore to wind up the monopoly and to make the market subject to competition.”(pp.84). This policy by the present government, as well as previous privatizations throughout the 90’s and 00’s, induces one to believe that more is to come. The re-regulation of the pharmacy market is hence an interesting opportunity to study part of this trend.

The re-regulation of the pharmaceutical monopoly and the subsequent split-up of Apoteket AB is a unique event in the Swedish history, since it is the first retail monopoly to be abandoned. The market will see enormous changes as new actors emerge and enter, both big and small. The will and intention of the government to give entrepreneurs a fair chance to survive in competition with the large chains is a very interesting event, as the way it is carried out and its results may provide a good base of knowledge.

A point to be made, is that the people who usually take the step to own their own businesses are very entrepreneurial in their mindset; willing to take risks and with a strong drive to run a business of their own. Those are not the characteristics associated with the people working in governmental organization, is the notion of the authors.

1.2. Purpose

The purpose of this thesis is to measure the willingness to take over pharmacies among the employees of Apoteket AB, as well as to analyze how the government's support has affected the individuals' decision. Hence our research objectives will be;

- To identify the extent to which managers and/or employees of pharmacies in a medium-sized Swedish town with surroundings are willing to take-over and run their own pharmacy
- To determine and analyze the factors leading up to willingness or unwillingness to take over a pharmacy/-ies
- To analyze if the support from the government is sufficient to stimulate this form of entrepreneurship

1.3. Delimitations

The first limit set up for this study was to only research pharmacies that are to be turned into small businesses. Also, we have limited our study to a geographical area, covering a 100 km radius from a medium-sized Swedish town. In this area there are four pharmacies that will be sold to individuals/small entrepreneurs.

1.4. Definitions

Entrepreneurship

Entrepreneurship is the process of the creation of a new firm (Gartner, 1990)

Franchise

Purchasing or renting the right to use a brand name with well-developed relationship between the supplier and the retailer (Bradach, 1998 and Axberg, 1996)

Franchisee

The individual or business granted the right to operate in accordance with the chosen method to produce or sell the product or service (Justis and Judd, 1998, pp.1-3).

Franchisor

The individual or business granting the business rights to the franchisee (Justis and Judd, 1998, pp.1-3).

Management Buy-out – MBO

Management buy-out (MBO) is the process when managers of a firm become its owners or majority shareholders (Krieger, 1994).

Monopoly

A market with one single seller, can be natural or regulated (Andersson & Ohlsson, 1999).

Over The Counter – OTC

Over The Counter drugs are drugs that can be sold without a doctor's prescription (Apoteksgruppen, *Information till dig som vill äga och driva ett eget apotek*). A retailer of OTC drugs does not need an education within pharmacy, but applies for a permit from the Swedish Medical Products Agency (Läkemedelsverket, *Allmänhet – I butik*).

Pharmacist

In Sweden and the Scandinavian countries, people working as pharmacists can be called either pharmacists (=apotekare) or dispensers (=receptarie) (Apoteksgruppen, *Information till dig som vill äga och driva ett apotek*). The difference is in the education; pharmacists hold a Master of Science in Pharmacy (Uppsala Universitet, *Utbildningsplan för Apotekarprogrammet*) and dispensers hold a Bachelors of Science in Pharmacy (Uppsala Universitet, *Receptarieprogrammet*). Though there are differences in their qualifications, both are allowed to hand out prescriptions to customers.

Pharmacy

Shop for retailing of medicines, with pharmaceutical expertise within the staff present during opening hours (Prop. 2008/09:145).

Pharmacy technician

A pharmacy technician (=apotekstekniker) does not have the authorization to advice customers about prescription drugs, but deals with OTC-products only (Arbetsförmedlingen, *Apotekstekniker*).

Small business/enterprise

Involves 1-50 people and has the owner manage the business on a day-to-day basis (Katz and Green, 2009, pp.4).

Who can own and run a pharmacy?

Anyone who has been granted permission by the Swedish Medical Products Agency. The requirement on the pharmacies is that a pharmacist is present during opening hours. People who are already employed as doctors, or work for e.g. manufacturers of medicals will not be given such permission (Apoteksgruppen, *Information till dig som vill äga och driva ett apotek*).

1.5. Disposition

In this section we describe the disposition and the content of the different chapters in this thesis.

Background

The background provides the reader with an overview of the Swedish pharmacy monopoly; its establishment, and the governmentally initiated investigation which led up to the propo-

sition to re-regulate. There is also a section about regulated pharmacy markets in other Scandinavian countries. Further, it elaborates on the role of Apoteket Omstrukturering AB and Apoteksgruppen; what they do and how they are organized.

Method

The method section of the thesis will introduce the methods, which we use to fulfill our research objectives. We will also motivate why we have made these methodological choices. To discuss the validity and reliability of our research and the method chosen is also an important part of this section.

Theoretical Framework

The theoretical framework presents previous research within fields of importance for this study. These fields are entrepreneurship, MBO, and franchising. These have been separated into pull and push factors that affect the decision of pharmacists to apply to buy a pharmacy or not. This presentation is intended to provide the reader with a solid theoretical foundation, so that he/she can comprehend the author's analysis.

Results

This section consists of the results from the empirical study, and highlights the most important material from our interview transcripts. The results from the six interviews are presented separately.

Analysis

The analysis section is where the results from the empirical findings are interpreted. The most important parts are the ones where the factors affecting willingness and unwillingness to buy a pharmacy are analysed and understood, by using previous theories and research.

Discussion

A discussion chapter is included, to enable discussion and commenting on the analysis results. Hence, this chapter will provide the authors' remarks on some intervening variables in the study.

Conclusion

This is the section where the most important outcomes of the analysis are highlighted. It is the concluding part of the thesis, where the research objectives presented in the beginning are met.

2 Background

2.1 Monopoly

A market with one single vendor is a monopoly. Furthermore, there should not be an equivalent, substitute product, to the single vendor's products, for a monopoly to exist. For a company to be able to preserve a monopoly, there must exist barriers to entry for other actors. These barriers can be laws and regulations constructed by a government that wishes to maintain a monopoly, and therefore make it impossible for others to entry. (Andersson & Ohlsson, 1999) This has been the case in the Swedish pharmaceutical market. Monopolies can also be reached in a natural way, e.g. if one company can provide for the need of a whole market at a lower cost than if there were two competing companies. (Andersson & Ohlsson, 1999) One of the biggest concerns of monopolies is that, in lack of competition, the monopolistic companies are not interested in serving the market at the smallest possible cost for the customers. (Burda & Wyplosz, 2009)

2.2 Privatization

Privatization refers to a change in ownership for a company, from public to private. There are a number of different types of privatizations; from simple privatization, where there's a change in ownership, via liberalization, where the rules of market participation are changed, to re-regulation that involves changes in the public regulation for the market (Köthenbürger, 2006). The privatization of the Swedish pharmacies includes a little bit of all three of these different types, as the state is both selling part of their pharmacies and also liberalizes and changes the regulations.

2.3 The establishment of the Swedish pharmacy monopoly

From the 17th century until the early 1970's, Sweden had a free pharmaceutical market. With the proper permit from the Swedish government, any individual could run a pharmacy. The downside of this system was that the Swedish government felt a lack of control, e.g. regarding the geographical location of the pharmacies. It is necessary that everyone is able to obtain medicals, which cannot be guaranteed when every pharmacy chooses its own location (Apoteket AB, *Historiska nedslag*). For example, establishing a pharmacy in sparsely populated areas might not be profitable, but necessary for the distribution of medicals.

In 1971 the state-owned company Apoteksbolaget AB was formed, and all pharmacies became state-owned through this. This system stood unquestioned until the Swedish entrance into the European Union. In 2005 the EU investigated whether the monopoly was in conflict with the European competition laws. Though the investigation found that the monopoly did not contradict EU law, the question about a privatization was raised. In 2006, when the conservative alliance was elected, they decided to initiate an investigation on a re-regulation of the monopoly (Apoteket AB, *Historiska nedslag*).

2.4 The investigation and initiative to a re-regulation

December 21, 2006, the Swedish government decided to appoint Lars Reje as the person in charge of investigating ways of allowing other actors than Apoteket AB to sell medical drugs. The report was presented in January 2008 and was realized in cooperation with a reference group with representatives from various specialist organizations and private companies (The Swedish government, SOU 2008:4).

The report concluded that, for independent pharmacies to survive in a market where large chains are expected to dominate, it is important to develop a good position to negotiate with wholesalers in order to achieve better margins. The investigation also suggested that in an initial stage it is important that risk capital is available to make establishment of small-business pharmacies possible. The main conclusion from the investigation was that some of Apoteket AB's pharmacies were to become subject to sale (The Swedish government, SOU 2008:4). Drawing from the results of the investigation, the Swedish government presented to the parliament a proposition in February 2009. It emphasizes the importance of low entrance barriers, and states; "The sales process should allow for separate pharmacies or groups of a few pharmacies, on conditions adjusted to the market, to be acquired by personnel or other parties interested in separate units." (The Swedish government, Prop. 2008/09:145, pp.85).

Besides selling existing pharmacies, the proposition also opened up the market for OTC products. The decision was that some OTC products would be made available in conventional stores as well. The overhead goal of this reform is to give the consumers better accessibility to medical products, better service, and to create price competition on medicals. Another important goal is to preserve safety for the consumers, why substantial rules and regulations still will exist (Apoteket Omstrukturering AB, *Information till dig som vill äga och driva ett apotek*).

2.5 Regulated pharmacy markets in other countries

The re-regulation that is going on in Sweden at the moment is a turn towards the standard in the other Scandinavian countries, with a less controlled pharmacy market. Sweden is the last to enforce a de-/re-regulation, which has already occurred in Norway, Finland and Denmark (Gerne, *Norsket ägarmonopol upphävt*).

In comparison the Swedish pharmaceutical monopoly is, besides being regulated as such, also constituted by a single company owned by the government before the re-regulation, which clearly distinguishes it from the Norwegian system where governmentally owned pharmacies did not exist. In Norway, it was more a matter of strict governmental policies prohibiting other people than pharmacists from owning pharmacies (Gerne, *Norsket ägarmonopol upphävt*). Because the markets were very different before the re-regulation the authors do not consider a comparison to be useful, and will not make one.

2.6 The re-regulation of 2009

To control and perform the implementation of the re-regulation, a new company was formed in 2008; Apoteket Omstrukturering AB. This company is now the legal owner of the pharmacies, and will handle the sale (Apoteket Omstrukturering AB, *Om Apoteket Omstrukturering AB*). The selling will be conducted in many steps and to different segments of the market. Out of 946 pharmacies in Sweden will 465 be sold in eight clusters consisting of 10 to 199 pharmacies. In addition, Apoteksgruppen will sell 150 pharmacies, one-by-one, to entrepreneurs that fulfill a number of criterions. The remaining pharmacies will stay under state ownership for now (Apoteket Omstrukturering AB, *Apotek som säljs*). Below is a graphical presentation of the sales process, from Apoteket Omstrukturering AB (*Försäljningsprocessen*).

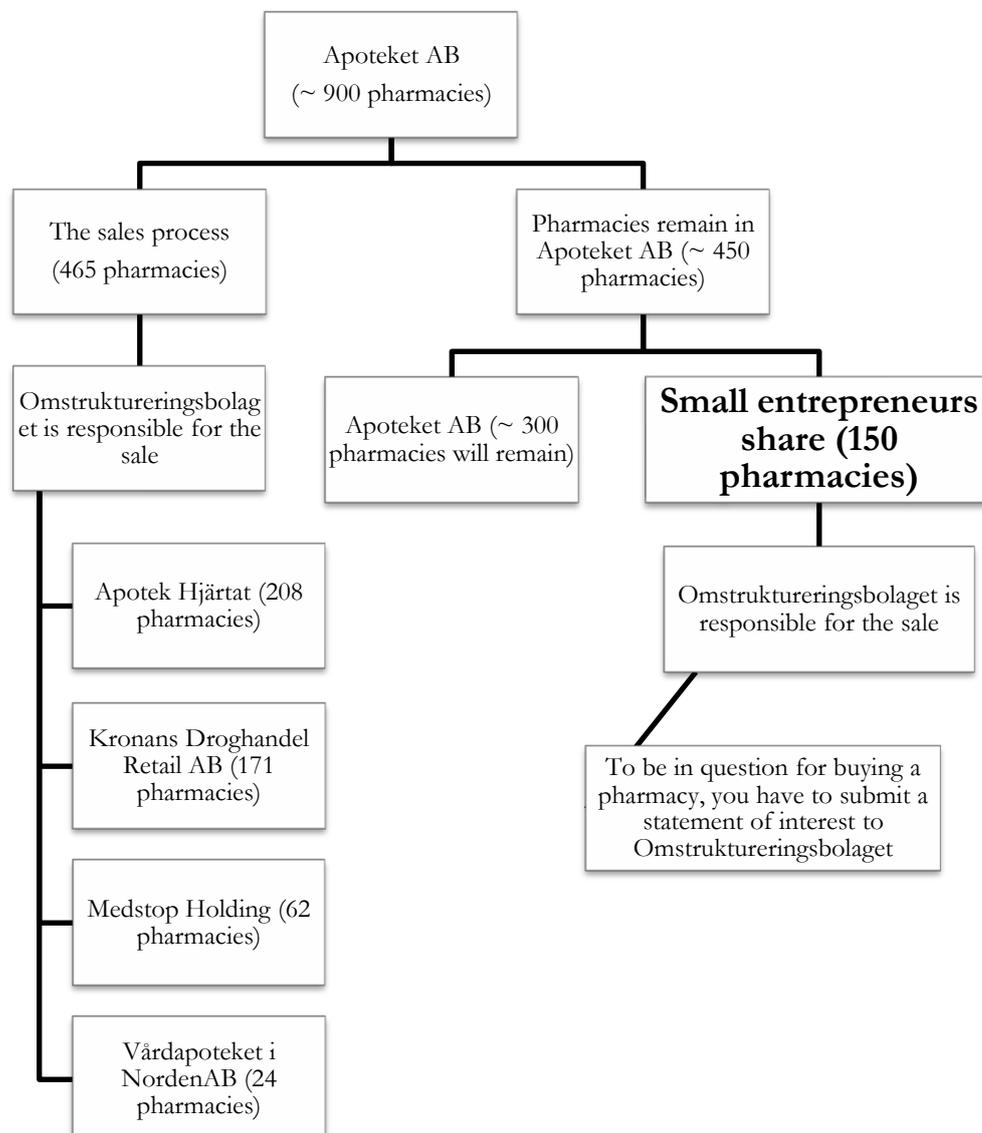


Figure 1. The sale process (Apoteket Omstrukturering AB, *Försäljningsprocessen*)

The process of selling the 150 pharmacies that will be sold to small entrepreneurs is currently (last quarter of 2009) under way now, and is set to be ready early 2010. The first step was to present the pharmacies to a new company group, “Apoteksgruppen”, which will have a supporting role for the entrepreneurs taking over pharmacies (Apoteket Omstrukturerer AB, *Omregleringen*). As the buying process proceeds, Apoteksgruppen will sell out more and more of its pharmacies to individuals, and eventually have no ownership. In its supporting role, Apoteksgruppen will develop and maintain services that the pharmacy owners will need, such as IT and logistics. Apoteksgruppen is described in closer detail below. Everyone is welcome to apply for buying a pharmacy, though one of the requirements to be allowed to keep it open is that a pharmacist is present during opening hours. Further, a permit from the Swedish Medical Products Agency is necessary (Apoteket Omstrukturerer AB, *Frågor och svar, För småföretagare*).

The 150 pharmacies that will be turned into small businesses vary greatly in size. The turnovers range from 10 million to 60 million SEK and the number of employees from 1 to 20. Geographically, there is also a wide spread of the pharmacies. If you find a pharmacy that you would like to own and run, you can make an application to Omstruktureringsbolaget to show your interest. Thereafter you must make another, formal, application where you in your business plan show how you will finance and run this specific pharmacy. If many entrepreneurs apply for the same pharmacy it is up to the restructuring company to decide which applicant that is best suited for running it, though bidding also has an impact (Apoteket Omstrukturerer AB, *Information till dig som vill äga och driva ett apotek*). The step-by-step process of acquiring a pharmacy is shown, the way Apoteksgruppen presents it, below (Apoteksgruppen, *Information till dig som vill äga och driva ett apotek*, pp.25).

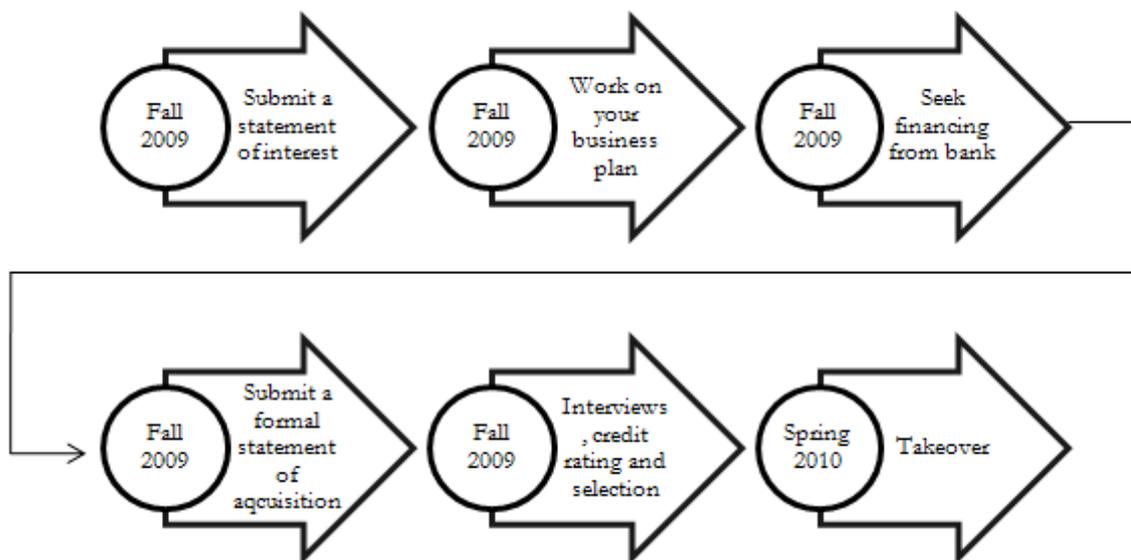


Figure 2. The small business sales procedure (Apoteksgruppen, *Information till dig som vill äga och driva ett apotek*)

2.7 Apoteksgruppen and the support offer

2.7.1 Apoteksgruppen - structure

Apoteksgruppen will in its planned form consist of three companies; Apoteksgruppen Holding, owned by the Swedish government and will function as the group's mother company, Apoteksgruppen i Sverige Förvaltning AB and Apoteksgruppen AB (Apoteksgruppen, Organisation).

Apoteksgruppen Förvaltning AB will be a service company for the small businesses, while Apoteksgruppen AB will be minority owner in all the pharmacies sold, holding less than 10% though an exact number has not yet been presented (Apoteksgruppen, *Organisation, and Information till dig som vill äga och driva ett apotek*). The separate pharmacies will become stock companies where the presumptive buyer acquires a majority of the stocks.

2.7.2 Support and services offered to buyers of pharmacies

After the sales phase, where help with financing is offered, Apoteksgruppen intends to provide its members with support services for most of the business functions. Some, such as IT solutions, will be used by all members when others, such as product assortment, will partially be subject to central demands on customer accessibility but allow room for individual entrepreneurs to pick and choose what they believe to be the best mix for their own, local, market as well as complement with products from other suppliers. Apoteksgruppen will also provide a number of business coaches to support the entrepreneurs in developing the separate stores, as well as perform follow-up and control to assure that goals are met. Apoteksgruppen aims at creating a cost-efficient organization which will allow the new pharmacies to have overhead costs lower than that of the today state-owned ones, that is, 4.5% (Apoteksgruppen, *Information till dig som vill äga och driva ett apotek*).

Below follows a brief guide of the business offer as it is presented on the site of Apoteksgruppen (*Produkter och tjänster*) and in the information brochure *Information till dig som vill äga och driva ett apotek* from Apoteket Omstrukturering AB.

Product range

- Develop new products and services
- National and local advertising campaigns
- Analysis of sales statistics and profitability of assortment

Product supply

- Central planning of purchases to achieve economies of scale
- Negotiates price and contracts with suppliers of products and logistics

IT-solutions

- Apoteksgruppen will determine specifications on, purchase and administer an application that will replace ATS, the current system of Apoteket AB, and secure integration with Apoteket Service AB
- Determine specifications on, purchase and administer applications critical to operations, infrastructure and helpdesk

Marketing

- Branding and visual profile.
- Help and support in reconstruction, relocation and start-ups.

Finance and accounts

- Managing customer and supplier accounts ledger, stock, plant register, liquidity and reporting.
- Managing value added tax, other taxes and income tax return.

Human Resource Management

- Managing human resource administration concerning reporting of hours worked, salaries and pensions.
- Supply catalogue of education within assortment and quality management and leadership.

Quality

- Help and support in contacting authorities when applying for licenses.
- Determines guidelines for quality, self-inspection, environmental- and IT-validations.

Staff

- Business coaches support the entrepreneur in developing the store and perform follow-ups to ensure that the goals of the board are reached.
- Business area "Law" provides help to the entrepreneur in questions concerning general business law and issues unique to the line of business.

2.7.3 The it-solution; a matter of discussion

Worth noting is after a transition period, where the current system of Apoteket AB will be used, Apoteksgruppen will purchase a new IT system that is to be used by all its pharmacies to ensure compatibility. Based on input from its members, other future systems will also be shared (Apoteksgruppen, *Information till dig som vill äga och driva ett apotek*). The license cost for using the old system of Apoteket AB will be approximately SEK200, 000/year, a major difference and advantage to other private entrepreneurs planning to open pharmacies of their own and not belong to Apoteksgruppen. They have to pay around 800, 000/year for the same software, which initially is the only available alternative (Dagens Apotek, *Billigare med IT för företagare i statlig entreprenörs lösning*). This major price difference has caused an outcry among some people planning to open pharmacies (ment.se, *Frustrerade småföretagare besvikna på Apoteket* and skånskan.se, *Att öppna apotek kan kosta över en miljon*).

This example serves as an indicator that reality did not turn out like the Swedish government intended before the re-regulation. In the proposition the following words can be found; "Infrastructure services should be provided to the pharmacies on equal and nondiscriminatory terms by Apotekens Service AB." (The Swedish government, Prop. 2008/09:145, pp.84). The idea that the new pharmacy market should be easily accessible for entrepreneurs did not in every aspect become realized as should stand clear by now.

3 Method

This chapter will present the research design and the methods used for primary and secondary data collection. Furthermore, the chapter will discuss the quality of the research.

3.1 Research Perspective and Design

3.1.1 Positivism or Hermeneutics

To put it simple, the two broad perspectives on knowledge in research are positivism and hermeneutics. Positivism tries to develop knowledge that is totally certain and very exact. By working positivistic one can get empirical data in two ways only; either through what our senses can tell us, or what we logically can calculate. Critics to positivism emphasize that you miss one very important aspect, namely understanding of other people. By taking a hermeneutic approach to your research, you can use the human ability to understand and interpret someone else's thoughts or believes (Thurén 2006).

Our research is of hermeneutic perspective, since our purpose is to understand and interpret rather than to quantify. By interviewing people that are in the middle of the phenomena we study, we can get a good picture of their feelings and thoughts regarding the privatization.

3.1.2 Induction or Deduction

There are two different approaches that one can use in research; the inductive or the deductive approach. A combination of these two are also possible. They differ in whether you try to build new theory or test an existing one. Deduction means that you, before you collect data, have a clear picture of what existing theories to test on your empirical findings. Induction means that the theory will follow from your research data, implying theory building. (Saunders, Lewis & Thornhill 2007)

As our research approach is to investigate how existing theories on entrepreneurship, management buy-out and franchising work in real life, we are testing theory. Thus, our research is deductive.

3.1.3 Exploratory, Descriptive or Explanatory

Depending on the research question you wish to answer, there are three different types of answers that you can arrive upon. These ways to answer a question are also called research designs, and the three types are

- Exploratory: Useful when you want to understand and clarify a problem.
- Descriptive: Useful when you want to describe and portray a phenomena, person or situation.
- Explanatory: Useful when you want to enlighten the relationships between different variables in your research field (Saunders, Lewis & Thornhill 2007)

Our research is both exploratory, since we want to clarify factors that might lead to pharmacy employees buying their pharmacies, and descriptive, since we want to describe the persons' thoughts and feelings regarding this.

3.2 Research Methods

3.2.1 Qualitative methods

Qualitative methods are the generic term for collecting data that are non-numerical, and hence cannot be quantified (Saunders, Lewis & Thornhill 2007). In the table below, one can see the differences between qualitative researches compared to quantitative.

Table 1: Claimed features of qualitative and quantitative methods

Qualitative	Quantitative
Soft	Hard
Flexible	Fixed
Subjective	Objective
Political	Value-free
Case study	Survey
Speculative	Hypothesis-testing
Grounded	Abstract

(Halfpenny, 1979:799)

Michael Sheppard (2004) states that interviewing is the core method in doing qualitative research. He also refers to this method by calling it a *"conversation with a purpose"* (Sheppard, 2004:138). The qualitative research method chosen for answering our research questions is personal interviews. Due to the nature of the research; that we would like to find out what a certain group of people think and feel about a phenomenon, it is necessary to talk and make conversation.

The geographical limitation in turn, comes as a consequence of the method chosen. Performing interviews is quite time consuming, therefore, interviewing the staff at 150 pharmacies nationwide that are about to be sold is out of question. So for practical reasons the focus is on the pharmacies in a medium-sized Swedish town and the surrounding area. This limitation of the sample, both size wise and with respect to geography, makes it both possible and feasible to get in personal contact.

3.2.2 Primary Data - Interviews

Keats (2000) describes a number of situations where the interview as research method is efficient, here are two examples;

- *"If you want to know what people are thinking*
 - *If you want to explore the reasons and motivations for the attitudes and opinions of people"*
- (Keats, 2000:72)

This is confirmed, in a methodology book written by Monica Dalen (2004). She states that it is in the interest of the interviewer to obtain rich and descriptive information about how people experience a certain situation. It is especially suitable to use qualitative interviews

when looking for peoples experiences, thoughts and ideas about a certain situation and subject.

Since our intent is to investigate the thoughts and reasons of some employees and managers of Apoteket AB, the interview is a suitable method. One advantage with the qualitative interview is that it allows the interviewer to be flexible. This means that the interviewer can ask the interviewee to elaborate and go deeper on the most interesting answers, as well as summarize the answers to ensure that they are interpreted correctly. (Saunders et al., 2007)

In the eyes of the authors of this thesis the flexibility of the interview, as scientific method, is one of its biggest advantages. We do not know exactly what to expect from our respondents, why we will use the flexibility to further investigate what is unique and unexpected.

3.2.2.1 Semi-structured Interviews

Weisner and Cronshaw (1988) claim that semi-structured interviews hold a much higher validity than unstructured. Validity is kept high since the interviews are more systematic and clear in their purpose and aim. One of the main reasons that semi-structured interviews are characterized by high validity and quality is the fact that you are interviewing someone in the environment of interest.

We will use semi-structured interviews, with the ability to ask new questions during the interview if we wish the respondent to further develop certain reasoning. All respondents will have the same set of questions asked to them, but besides that, the respondents may get different attendant questions depending on their previous answers.

3.2.2.2 Question Design

As has been mentioned before, this study utilized the so-called semi-structured form of interviews. This allowed the authors to change the order the questions were asked in the course of the different interviews, as a response to how it developed; which parts the respondents wanted to talk about and were knowledgeable in, and taking different directions depending on whether the respondent planned to bid on a pharmacy or not. During all of the interview, the authors refrained from using any of the terms the study investigates, such as buy-out, franchising, and entrepreneurship. This is done since "Questions should [...] avoid too many theoretical concepts or jargon since your understanding of such terms may vary from that of your interviewees." (Saunders et al. 2007, pp.324). E.g., the respondents themselves should not evaluate how much of an entrepreneur they are, that is the mission of the researcher.

The authors constructed an interview guide which consisted of four main parts;

Part 1: An introductory section that investigated control variables such as age and background; position, years in the trade, education and previous experience of running a business, if there is any.

Part 2: This part consists of general questions about the respondents view on the re-regulation and outlook for the future. The questions both took on a macro-perspective, dealing with the impact of the re-regulation on the market and the subsequent entry of pri-

vate chains and corporations, and the micro-perspective; the effect on the particular pharmacy at where the respondent works, as well as other separate pharmacies like it.

The authors chose to start of the interview by talking about more general subjects, as it is important to "establish your credibility and gain the interviewee's confidence." (Saunders et al. 2007, pp.322-323). Saunders also points out that, in order to demonstrate credibility, one should also try to display a high level of knowledge. The first two parts provided an good opportunity for the interviewers to show the interviewee's that "we know what we talk about".

After the two introductory sections, two dividing questions were asked; "Have you submitted a statement of interest to buy a pharmacy?", and "Are you willing to take over and run a pharmacy, with the associated risks?". Depending on whether the respondent was truly interested in acquiring a pharmacy or not, the interview could move into two different parts. Part 3 is made up of questions which were to be asked to respondents who were willing to buy, while Part 4 followed if the respondent was not willing to buy.

Part 3 consists of three different parts as well, which investigates the interviewee's interest in buying a pharmacy in light of the three push- and pull-factors identified in the literature; MBO, Franchising, and Entrepreneurship. This structure helped in determining the relative push and pull these concepts constituted on the respondents, which ultimately would provide the basis for answering the second and third research objectives: to determine and analyze the factors leading up to willingness or unwillingness to take over a pharmacy/-ies, and, to analyze if the support from the government is sufficient to stimulate this form of entrepreneurship

➤ A: MBO.

- Did he/she do it alone or with others; and is it a statement of interest in buying one or several pharmacies? MBO theory explains that it is common for a group of employees to do the buy-out.
- Does he/she know if anyone else at the workplace has submitted a statement of interest? And, if it is the case, is there internal competition, or have they closed a deal about the "losing" part staying at the pharmacy after the buy-out, to maintain the competence of the staff? One of the possible advantages of a buy-out is that the competence of the existing staff can be preserved.
- Does the respondent believe that he/she has an advantage of having worked at the pharmacy, in running it in the future? MBO research states that one of the advantages for the buyer is that he/she already possesses knowledge of the workplace/company-to-be. Related to this are also the next two questions; "What potential does this pharmacy have to become a profitable business?", and "What potential does this pharmacy have for improvements?".

- B: Franchising.
 - How well does the respondent know the offer of Apoteksgruppen? The respondents knowledgeability of what is offered as he/she needs information to be able to take a stand.
 - Do these offers make it more attractive to run your own pharmacy? This question is meant to allow an evaluation of the push that the franchising offer exercises on the pharmacist.
 - The questions "What offers are important to you?", and "Is there something missing in the offer?" are meant to evaluate the quality of the offer from Apoteksgruppen.

- C: Entrepreneurship. The questions in this section are constructed to evaluate the five dimension of entrepreneurship in the framework by Covin and Slevin, presented earlier in this thesis. Below are the five dimension presented and explained once again, followed by the question which is to investigate each dimension in the specific respondent. How well the respondent fits to these dimensions, will then help the authors to analyse the pull of the entrepreneurial drive of the respondent.
 - Autonomy: Independent actions by an individual or team to complete a business concept or vision. Question: Are you tempted or frightened of working independently, with the responsibilities it means to be self-employed?
 - Innovativeness: The willingness to introduce newness through experiments, and creativity in developing new products and services. Questions: Do you have an idea about a possible niche for your own pharmacy, or about any factor that distinguishes you from the competitors? Have you had any ideas that have not been possible to implement until now?
 - Proactiveness: The individual has a forward-looking perspective characteristic of a marketplace leader, and anticipation for future demand. Question: To what extent have you followed the political process leading up to the deregulation?
 - Competitive aggressiveness: Efforts to outperform rivals and to overcome threats within the industry. Question: What will be required for the independent pharmacies to survive on the new market?
 - Risk-taking: To take decisions and actions without the certain knowledge about the probable outcome. For this dimension, no specific question was formulated. The authors believes that, if a respondent chooses to go into the process of trying to acquire a pharmacy, he/she has already displayed himself/herself to be willing to take a great risks since the future of the market is hard to predict.

Part 4 explores the reasons the respondent has for not wanting to buy a pharmacy, in both the perspective of the market as a whole, and the personal plane, such as the great financial risk involved with taking a loan and the ability the respondent believes himself/herself to have. It continues by asking the respondent if anything could induce a different decision, such as a joint buy-out with colleagues, more support from the government, or external investors. As a finish, the question of where the respondent would like to work in the future is asked. This ends the interview in a nice way with a more general perspective, like the questions in the beginning of the interview.

3.2.2.3 Performing Interviews

The place for the interview is of importance for the results. In order to perform a successful interview, the place should be familiar to the respondent and somewhere where he/she feels secure. This minimizes the risk of external factors affecting the results. Furthermore, the interviewers should try to match the clothes that they expect the respondent to wear. This is important in order to gain the respondents confidence and receive as sincere answers as possible (Saunders, Lewis & Thornhill 2007).

There are some difficulties in both performing a good interview as well as to take notes at the same time. As a way around this problem, it is common that the researchers record the interviews as a complement to, or instead of, taking notes. It is considered unethical to record the interview without having the interviewee's permission, why you always should ask before you start recording. (Ryen, 2004)

3.2.2.4 Implementation of interviews

One hardship in coming into contact with the pharmacies was that it is impossible for people outside the organization to come in direct contact with a certain pharmacy via phone. The only way to, by phone, contact a specific pharmacy is to call Apoteket AB's customer center and try to convince the phone operator to put the call through to a pharmacy. This was how we made the initial contact with the pharmacies. We introduced ourselves as students from Jönköping International Business School writing a bachelor thesis and in most cases they put us through. If not, we just had to wait and call again, with the hopes to talk to a different phone operator. This was time consuming, but we managed to contact the four pharmacies that we had set out to contact.

The phone contacts ended up in six interviews distributed equally on three pharmacies, unfortunately the fourth pharmacy did not have resources to participate in the research. Together with the responsible person at each pharmacy, we booked dates and times as mentioned below.

Pharmacy A: 16th of November at 3pm

Pharmacy B: 17th of November at 8:30am

Pharmacy C: 18th of November at 11am

We wanted to perform all the interviews in a narrow time frame, to ensure that all interviews were conducted in the same way. The clothes worn for the interviews were neu-

tral, to avoid sending any messages that could be interpreted by the respondents. The respondents were dressed in their working clothes since they were on duty.

The interviews took place in private rooms inside the pharmacies, to not to be disturbed by noise, customers, or other employees. We began by introducing the thesis and ourselves, and then asked for permission to record the interviews. In order to make the respondents more secure about the recording, we explained that we intended to keep them anonymous. The introduction part was not recorded, but the interview only.

The unrecorded part of the interview was structured and mostly focused on the respondents' background. The subsequent interviews were conducted in a semi-structured manner; we changed the order of the questions depending on how the interview unfolded. The most important objective was to receive answers to all of our questions. We chose not to use the word entrepreneur in the course of the interview to avoid misinterpretation of the questions from the respondents. The word entrepreneur can take on a different meaning for different people. We ended the interviews when we were sure that all of our questions had been answered. Immediately after the first respondent we interviewed the next one, in order to make sure that they did not influence with each other.

The interview was performed in Swedish since it is the corporate language used at Apoteket AB as well as the respondents' mother tongue.

3.2.3 Sampling

When sampling for qualitative interviews, the first step is to set up the criteria for the subjects to be interviewed (Keats 2000). In our case, we wanted to interview people who work at pharmacies that were to be sold to small entrepreneurs. From the governmental information, we were able to obtain a list of all pharmacies that are to be sold in this segment. There are 150 pharmacies in Sweden in this group to be privatized. There are two in the municipality of Jönköping and a total of six in the county. Jönköping is, in the context of this study, seen as a representative medium-sized Swedish city and will be referred to as such from here on.

We chose to perform interviews on four pharmacies. These four pharmacies were part of the so-called "small enterprise" cluster, and within 100 km from the centre of the city. Unfortunately one of the pharmacies turned us down. This was because it is a small pharmacy placed in a scarcely populated area so they turned us down due to lack of resources.

The three pharmacies where we conducted interviews can be defined as:

Pharmacy A. Placed in a suburban area of the city, and has five employees. The people that may be the potential customers are a large group with different ethnic backgrounds and a larger group of elderly people.

Pharmacy B. Placed next to a district health care center with five employees. This pharmacy has a "secured" customer base since a lot of people visiting the health care center and the dentist in the building get prescriptions and naturally most of them buy their drugs on the way from the location. Otherwise people in most ages live in the area.

Pharmacy C. Placed in a small village covering a larger geographical area and has four employees. The customer base is widespread, with a lot of elderly people from the proximal areas and villages. The pharmacy seemed to be sure about them selves being the only pharmacy in the village in the future.

3.2.4 Secondary data collection

The secondary data used in this thesis has primarily been collected from four different types of sources. The books used as references has been found using e-Julia on the Jönköping University Library as well as books in the authors possession, e.g. course literature. Plentiful books have been scanned to select the theories referred in this thesis. If possible, we have tried to go the primary source in cases where books refer to other books.

The scientific articles and research papers that constitute the foundation for our research were found using various scientific databases. Some that have been frequently used are ABI Inform, Business Source Premier and DIVA.

The third part of the secondary data, is the information provided by the Swedish government and the many state-owned companies involved in the privatization. This secondary data has been collected from websites, where Apoteket Omstrukturering AB and Apotekens Service AB were the two most useful. This material is in general not yet available in print, why Internet sources have been used.

Furthermore, some secondary data has been collected from various newspapers and trade journals. This information was primarily obtained from respective source's website.

3.3 Research Quality

3.3.1 Validity

The concept of validity refers to whether the researchers are able to study what they sought to study. Research with high validity signals that the theories, models or results presented properly describes reality (Gummesson 2000). In other words, when we ask the respondents a set of questions, how can we be certain that we are really measuring the concepts we wish to measure (Sekaran 2003)?

To ensure that our research is as valid as possible, we have weighed every question asked during the interviews with our research purpose and questions. By doing this, we made sure that we did not ask for answers that are of no interest to our study, as well as ask the questions that will cover every aspect of the research area of our interest.

The weakness of the method chose, is that the people chosen for interviews were not randomly selected and the sample is small. To be able to generalize, a survey covering more pharmacies and a bigger geographical area would be preferable.

3.3.2 Reliability

Since there is a low grade of standardization in interviews, one could question the reliability of such research. Research with high reliability would mean that a different researcher, performing the same research would come up with the same or similar results (Saunders et al. 2007). Since qualitative research is about interpretations and subjectivity, this is not always the case, why one could argue that qualitative interviews possess only low reliability.

One response to this is that qualitative research not necessary is intended to be repeatable, since the results reflects the reality at a special time and setting, perhaps impossible to replicate. To keep the reliability as high as possible despite this, it is important to document your research process thoroughly. By doing this, other researcher can at least follow every aspect of your research if it is impossible to replicate (Saunders et al. 2007).

To ensure the reliability of our research, we have tried to be very open with the methods used and data that we have obtained. We understand that this is a one-time research that never will be replicated since the privatization process is happening right here and right now. Therefore, we try to describe our research as precisely as possible so that the reader finds our result reliable.

3.3.3 Generalizability

Since qualitative research uses a small number of cases and not necessarily representative cases, there are concerns regarding the generalizability of the results. To make qualitative research results somewhat generalizable, one should clearly demonstrate a connection between existing theories and the result that comes from the research. This will show that the results has a slightly broader significance, than just concerning the cases in the study (Saunders et al. 2007).

We have no intention to give general answers to our research questions. Instead, we want to answer how some specific individuals in a specific geographical setting and time thinks about our research topic, entrepreneurship in pharmacies. Hence, to make our result somewhat general, we have chosen to interview employees at three different work places. By interviewing persons from one single workplace, the persons would be much to influence by each other and therefore we would get similar answers from all of the interviewees. By interview employees at three different pharmacies, we make our results slightly more generalizable.

3.4 Analysis

3.4.1 Method of preparing the data for analysis

3.4.1.1 Transcription

As all the interviews were recorded in digital media, the need to make it more accessible for analysis was fulfilled by transcribing the conversation to text. Before the transcription, a choice was made to transcribe the interviews in full, in order to include all the data. As the total time of all the interviews did not exceed three hours, it was possible to write them all

out in full and none of the various ways of saving time when transcribing that exist (Saunders et al. 2007) were needed.

In transcribing the interview transcriptions a few notes were made about non-verbal communications, such as laughter, but due to the semi structured character of the interviews we did not assign great significance to that but rather focused on what was actually uttered.

3.4.1.2 Presenting results

Initially the analysis will focus on compiling what the interview respondents answered on the close-ended questions. For the answers to open-ended questions, which are of a more normative character, a more extensive presentation is provided. An example of such a question is "What do you think the future will be for this pharmacy?". The answers to such a question can simply not be summed up in yes or no's but rather need to be accounted for in greater detail, with even quotations or excerpts of the interviews included as well as notes about the specific emotional impression the respondents conveyed at the time of answering.

3.4.2 Method of analysis

3.4.2.1 Framework based on theoretical approach

The analysis will also be based on the categories in the theoretical framework, which in turn are derived from the research purpose. The categories are; management buy-out, entrepreneurship and franchising, with the re-regulation as the overarching event involving all of these.

This method of analysis, based on a theoretical framework created before the data collection, is unmistakably deductive (Saunders et al., 2007). It should be noted however, that during the course of analysis the existing theoretical framework may be altered or have pieces added as it was hard at the time of creation to include all the previous research and theories existing due to hardships in seeing beforehand what direction the interviews would take. Besides, as the interviews were semi structured and allowed for "free talking" the method of analysis will have to be less structured as well, forcing us to take an interpretive approach.

3.4.2.2 Unitizing the data

Next step is to 'unitize' the data, which is: to sort the results into the relevant categories. This is done by reading the results while making notes when a section appears that is relevant to the theoretical framework, e.g. if the respondent says "I've always wanted to start a business on my own.", then that section is sorted under "Willingness to buy". After this, the various pieces of information are summed up into the categories. This will make it easier to discover relationships and perhaps expand the framework if necessary, revealing new insights as we get nearer and nearer to answering the questions we set out to answer.

4 Theoretical Framework

This chapter primarily deals with three important concepts; entrepreneurship, management buy-out and franchising. How these are related to each other and to the events in the privatization process is presented in the figure below, constructed by the authors. First, various terms, important for this thesis, are explained, such as the framework of pull and push factors. After follows a presentation of theories and previous research regarding the three central concepts of entrepreneurship, management buy-out, and franchising, which constitute pull and push factors on pharmacists. The pull factor is entrepreneurship, while management buy-out and franchising are considered push factors.

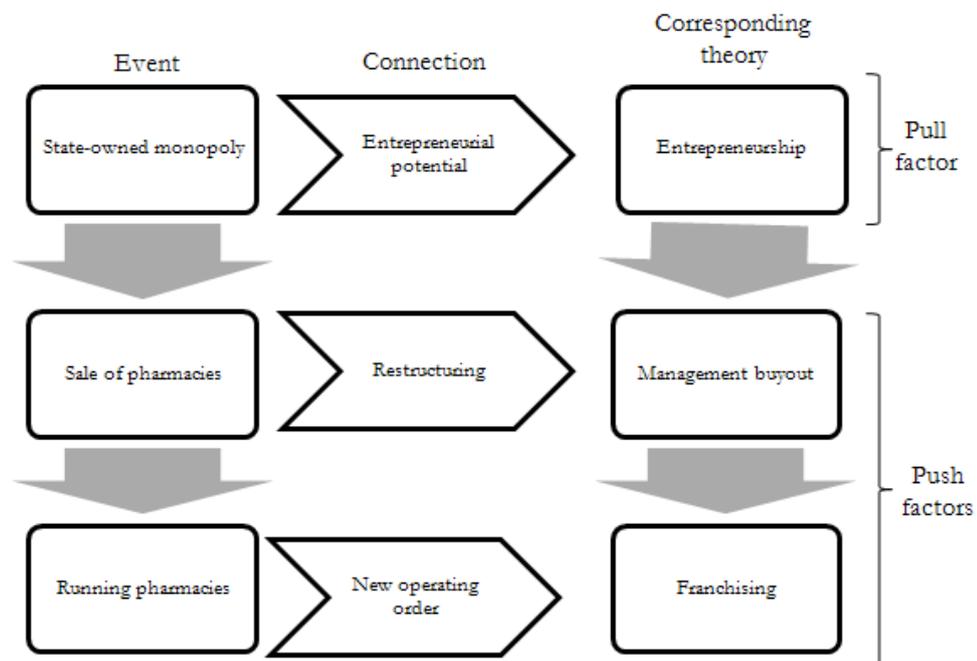


Figure 3. Theoretical framework

4.1 Push and Pull factors

Bhave's (1994) framework of pull and push factors is widely used when explaining entrepreneurship and what makes people start businesses, and defines two different entrepreneurial processes. The authors consider this framework to be suitable for analyzing the case of the pharmacy regulation, and the factors that influence pharmacists to want to do a buy-out, or not.

4.1.1 Pull factors:

The first step here is that there is a desire to start a business. The entrepreneur is actively searching for business opportunities, hence opportunity driven. Generally, several ideas come up and the entrepreneur evaluates them before one is chosen. Finally, the entrepreneur commits to the most feasible and achievable idea and "goes for it" (Bhave, 1994). We consider the entrepreneurial spirit to be a pull factor.

4.1.2 Push factors:

Push factors can be easily applied to the re-regulation process; since it takes into consideration the fact that an individual has no particular intention to start a business. Instead, the entrepreneurial process starts by experiencing a problem, related to e.g. work, hobbies, or in the role of the consumer, and the individual is willing to try to solve or knows a solution to a problem. The entrepreneur is necessity driven. Examples here, could be that one of the employees is aware of problems within the organization that they know can be fixed or done better, and when the re-regulation is a fact these ideas can be realised (Bhave, 1994). Management buy-out and franchising are considered push factors by the authors.

4.2 Pull factors

4.2.1 Entrepreneurship

There are many definitions of what signifies an entrepreneur. For example, Gartner (1990) argues that entrepreneurship is the process of the creation of a new firm. In that sense, anyone who will take over or start a pharmacy is an entrepreneur. Gartner (1990) says that entrepreneurship is the actual emergence of the firm, including organizing the needed external resources and creating a market niche. This definition fits well on the re-regulation situation, since most actors are going to sell similar products. Therefore, competition will either break or make the company, hence the importance of the niche. (Gartner, 1990)

There are far too many definitions made by researchers and managers to include here, but one thing is sure; most of them claim that entrepreneurship is a process of value creation-that brings the market towards equilibrium.

Covin and Slevin (1991) identified 5 dimensions of entrepreneurial orientation, summarized below.

1. **Autonomy:** Independent actions by an individual or team to complete a business concept or vision.
2. **Innovativeness:** The willingness to introduce newness through experiments, and creativity in developing new products and services.
3. **Proactiveness:** The individual has a forward-looking perspective characteristic of a marketplace leader, and anticipation for future demand.
4. **Competitive aggressiveness:** Efforts to outperform rivals and to overcome threats within the industry.
5. **Risk-taking:** To take decisions and actions without the certain knowledge about the probable outcome. (Covin et al., 1991)

These dimensions will be used in order to analyse the entrepreneurial characteristics of the respondents interested in buying a pharmacy.

4.3 Push factors

4.3.1 Management and employee buy-outs

The field of management buy-out research is the most appropriate to turn to for theories applicable to the sale of separate pharmacies to individuals.

4.3.1.1 Management buy-out

Management Buy-Out (MBO) is the process when managers of a firm become its owners or majority shareholders (Krieger, 1994). Reasons from the vendors' part, to sell to the existing management of the firm, can be secrecy; no outsiders will come near your company and you are not risking selling to a competitor (Rickertsen, 2001). Rickertsen (2001) further suggests that continuity and the speed of the deal can be incentives for the vendor for an inside MBO. For the managers the incentives for MBO can be the strategic insight they have in the company; they know e.g. where to cut costs, what the risks are, and where the rewards can be found (Rickertsen, 2001).

In general, managers have insufficient funds to finance a buy-out themselves why a third party, an investor, is often needed (Krieger, 1994). Thus, there are often three actors in an MBO with different objectives. The managers want to maximize their ownership at a minimal personal investment. The vendor wants to get as much as possible for company in a smooth way, but still act moral to the buy-out team.

Investors want to minimize the financial risk, as well as achieve an as high rate of return as possible in comparison with alternative investments. The investor also has great interest ensuring that the company has a committed management team and enough working capital to survive after the MBO (Krieger, 1994).

Management Buy-outs also tend to be more likely in lines of business where employee-specific skills are required (Wright, 1994). This is obviously the case when the government is selling their pharmacies, since Apoteket AB today employs many of those with pharmaceutical skills. Pharmacy is not just a trade, it is a profession.

4.3.1.2 Public to Private MBO's

The majority of all MBO's are confined to the private sector, but a small constitutes Public to Private MBO's with the government as the seller. Through the years 1992 to 2001, less than two percent of the total number of European MBO's, were Public to Private (Burrows, 2002). The trend, however, is that Public to Private buy-outs are becoming more and more common. Variation in market conditions and domestic law makes the distribution of Public to Private buy-outs between the European countries uneven. E.g. the United Kingdom has a long tradition of choosing the management buy-out strategy in privatizations, instead of stock market floatation. (Wright, Thompson & Robbie, 1989)

4.3.1.3 Employee buy-outs

In some buy-out situations, all employees could be given the chance to purchase equity without obligations to invest. When many employees, not only top management, are in-

volved in a buy-out the term is employee buy-out. More common, though, is that a core team of the management, consisting of perhaps four to six persons, acquires the company. In cases where a wider spread of the employees is involved in the buy-out, employees often hold a minority share (Wright et. al., 1989). In recent years in Sweden, some welfare centers as well as hospitals have been sold out to the existing employees, e.g. Hantverksdoktorn AB and Vallentuna Doktorn AB in Stockholm (Stockholms Läns Landstings Årsredovisning 2008). There has been criticism to these employee buy-out, that the purchase-sum has been much too low. (Sveriges Television, *Avknoppningar lönsamt - för köparna*).

In a Polish study on employee buy-outs, managers of newly privatized companies were asked about the incentives for selling the companies to the employees. The answers primarily focused on the fear that the companies might not survive unless the employees bought it (Kazarzewski & Woodward, 2001). This is most likely not the incentive for the Swedish pharmacy monopoly, but the Polish study presented more incentives. Reasons mentioned, where that it was an easy way of privatization for small enterprises and that it eliminated the threat from outside actors. By selling to the employees you do not risk selling to your competitors (Kazarzewski & Woodward, 2001).

4.3.2 Franchising

As the list of products and services offered to the members of Apoteksgruppen extends into most areas of business, the picture of Apoteksgruppen as a franchise organisation emerges. As franchising often is defined simply as a franchisor selling or renting the right to use a brand name to a franchisee, it is necessary to take a broader perspective in order to understand the case of Apoteksgruppen AB.

4.3.2.1 Franchising, definition and previous research

A commonly used definition of franchising, that constantly reoccurs in the literature, is that of franchising as a franchisee purchasing or renting the right to use a brand name from a franchisor (Bradach, 1998, and Svenska Franchiseföreningen, *Vad är franchising*). The franchise is the technical term for the contract signed between the franchisor and the franchisee, but is often used interchangeably for the business itself (International Franchise Association), a practice used in this paper as well. Justis and Judd (1998) sums up the concept as “Buying a piece of a tested idea...” (pp.v). Braag (2003) introduces the idea of franchising as an innovation sold to the franchisee.

However, franchising can take on a deeper meaning than any of the above, and extend into a relationship and cooperation concerning most areas of business. Axberg (1996), points out franchising to be a development of something typical to many types of business, which is a well-developed relationship between a supplier and a retailer. Effectum Franchise Consulting, a Swedish company specializing in franchising suggests that franchising can be seen as cooperation within either or both areas of product distribution or brand name (Engström, Fernlund, Ottoson, Edvardsson, & Brodén, 2005). Titta källan, eller kolla på Effectums hemsida

4.3.2.2 Advantages with starting a franchise

Braag (2003) argues that both the franchisee and the individual who starts a business, without involvement of a franchisor, should be seen as entrepreneurs. The difference lies in the entrepreneur working with an idea of his/her own while the franchisee adopts the idea of someone else or some other company. In this paper the view of the franchisee is the same as that of the entrepreneur, but with the slight difference that a person entering a franchise relationship may choose to do so because of the smaller risk of failure; he or she is more risk-averse and likes the idea of having an organization supporting him/her. The Swedish Franchise Association's report about franchising in Sweden presents numbers encouraging the notion of franchising as less risky than running an independent business; of all the businesses in the Swedish economy, 0.7 percent went bankrupt in 2008. The number for franchises was 0.5 percent. When looking at retailing, the sector within which pharmacies operate, the total rate of bankruptcies was 1.3 percent, while only 0.4 percent of the retailing franchises had to close (Svenska Franchiseföreningen, *Franchising i Sverige 2008*). As has already been mentioned, one of the outcomes of this paper will be the determination of factors that make an employee of an existing pharmacy of Apoteket AB that is otherwise too risk-averse to take the step of starting a business of his/her own to do so.

Axberg (1992) suggests that franchising is an attractive alternative to starting your own business from scratch since it is less risky, as it is based on a concept already tested by others and that the franchisee can avoid much of the hassle surrounding a start-up and focus on sales. Axberg (1992) also warns that franchising should not be seen as a guarantee for success. The person that starts the franchise still has to put a great deal of work into it like any entrepreneur, but the risk of failure is smaller.

Mendelsohn (1999) presents an extensive list of advantages for the franchisee. Some, applicable to the case of Apoteksgruppen, have been summed up below.

1. Familiarity for the consumer

Operating under a brand name that already is, or will be, established with the consumer. Since the pharmacies being part of Apoteksgruppen are all already existing pharmacies just changing owner and name, the customer is still familiar with the location and may tend to keep using the same pharmacy as before (Mendelsohn, 1999).

2. Greater chance for profit

Some reasons for this are; initial capital demands may be smaller, thanks to franchisor advising on cost-effective use of resources; the franchisee can share costs in advertising with the other franchises as well as enjoy the advantage of economies of scale in purchasing through the franchise, as a business unit, is small.

In start-ups it is many times hard to know how much capital is needed to get the business up and going. For the entrepreneurs buying an already existing pharmacy the costs for running it are already made public. So once the loan agreements with the bank and Apoteksgruppen are clear, the future costs should roughly be known.

3. Services

Provided by the franchisor to improve chances of success for the new franchise unit, both in the start-up phase as well as in running the franchise. Initial services include, among others;

- Help in financing and obtaining financing from bank; having the support of a franchise organization oftentimes makes it easier to be granted loans from banks
- Procedures to get the business started quickly
- Training/education to overcome lack of experience and/or knowledge, in various fields, such as accounting, business control, marketing, promotion and merchandising.

Ongoing services can be;

- A ready-made store-concept
- Help in designing product mix
- Help in stock management
- Operational manual
- Purchase of equipment
- Marketing campaigns initiated by the franchisor
- Common purchasing to achieve economies of scale
- Continued training of the franchisee and employees, e.g. in relation to the introduction of new equipment (Mendelsohn 1999)

4.3.2.3 Disadvantages with starting a franchise

Katz and Green (2009) also list a few disadvantages to buying an existing business (pp.151):

- Finding a business suitable to your level of skills, experience and education is difficult.
- It is usually difficult to estimate the value of the business.
- There is a possibility that managers and employees of the business will resist change,
- The current reputation of the business may be a hindrance to future success. Reasons could be that the seller may not tell you everything about existing problems and disputes with e.g., suppliers.
- The business may be in a declining phase due to changes in technology. The authors of this paper would also like to add that changes in the market can be a big factor that causes the to business decline. The re-regulation will bring about changes in the market that will have effects on separate pharmacies that are at present not yet discernable.
- Large capital investments may be needed because equipment may be obsolete or need repairs.

5 Results

The following chapter is a summary of the interview results. The results are divided so that each respondent's answers are presented separately.

5.1 Pharmacy A, Respondent 1

Respondent 1 is a female pharmacist in her 30's, working at Pharmacy A. She has been in the trade for four years, employed at Pharmacy A for two years, and has been working as a manager for 1 year. She has no experience of running a business on her own.

Respondent 1's view on the re-regulation as a whole is both positive and negative. She states that the consequences for the pharmacies will be positive, but negative for the customers. By this, she means that the cooperation between pharmacies will decrease, which will have negative effects that will fall upon the customer. The case today is such that, if one pharmacy in Jönköping lacks a medical drug in their inventory, their IT-system allows them to check the stock balance at nearby pharmacies and order it from there. Without this ability, the pharmacies will provide the customer worse service, as it may take longer before the drug is available. She also predicts positive effects for the customer, e.g. more pharmacies and extended opening hours.

Regarding the four big enterprises that have acquired a total of 465 pharmacies, Respondent 1 thinks that they probably will have the advantage of sharing IT-systems and stock balances. The small entrepreneur pharmacies will not have this ability, due to not belonging to a chain.

As for the future of Pharmacy A, she is positive that it will remain in operation and that someone is willing to run it. Respondent 1, on the other hand, is not interested in buying and running the pharmacy. The reasons for this are a general lack of business mind and a fear for the responsibilities connected to being an entrepreneur. Moreover, she is of the opinion that a business owner really has to be committed to the business, a commitment that she does not see in herself. The fact that the pharmaceutical branch is full of complicated rules and regulations also comes into play. When answering the question "Can anything could make you change your opinion?", she made her view even more clear:

"No, it doesn't matter what it is. Own firm, I am a bit afraid of that. I am not that type of person I think, who has the ability."

Regarding the information from the government, Respondent 1 has received general information about the re-regulation. The information regarding the services that will be provided to the small pharmacy owners has not been as extensive as she had wished for, though she knows that services will be provided. In her opinion, the information might be sparse because they are developing these services as time goes by.

Respondent 1 is aware of the fact that one of the employees at Pharmacy 1 is interested in buying it. What the future will be for the pharmacy, with a small business owner as manager, is probably that the work force will be reduced, she believes. As OTC products will be

sold in grocery stores, the need for pharmacies might decrease and along with it the need for staff. This uncertainty for her professional future is tackled by her being prepared and having open eyes for other alternatives. Respondent 1 is indifferent on which pharmacy chain to work for, but she is certain that the future labor market for pharmacists is a bright one.

The reasoning behind the government's decision to sell 150 pharmacies to small business owners is in Respondent 1's opinion to give individuals the opportunity to run a pharmacy. Another reason is to increase the competition on the market. Respondent 1 believes that you do not need to have any experience from working in a pharmacy to be successful in running one. She states:

“You don't need medical knowledge; you need to be able to run a pharmacy. [...] Run it with profit.”

5.2 Pharmacy A, Respondent 2

Respondent 2 is a female pharmacist in her 40's, working at Pharmacy A. She has been in the trade for ten years and been employed at Pharmacy A during all of that time. She has no experience of running a business on her own.

Respondent 2's overall view of the re-regulation is entirely positive. She is no fan of governmentally controlled companies and she praises freedom on the pharmaceutical market. Yet she believes that the positive effects from the re-regulation will not be immediate, but come gradually. Her positive attitude towards the changes also shows in that she is interested in buying the pharmacy where she is employed. Regarding the four big enterprises that have acquired a total of 465 pharmacies, Respondent 2 sees them as a threat to her future business. She believes that, since these companies have a great deal of money and power, they will become big and mighty competitors to her.

Together with her husband, who is also a pharmacist, she has submitted a statement of interest in buying a pharmacy to Apoteket Omstrukturering AB. Besides applying for Pharmacy A, they have also applied for Pharmacy B as a second choice though none of them are employed there. The factor that could make Respondent 2 and her husband not buying a pharmacy is a too high price. As it is bidding that decides, the one with most money gets to buy the pharmacy she says.

The respondent and her husband have all the time been open with their hopes of buying a pharmacy. What is interesting is that she has not heard of any other person in Jönköping that is interested in doing the same. When talking about people employed at different pharmacies that she has discussed these matters with, she says that:

“... they have not submitted a statement of interest in buying a pharmacy. No one says anything, but we have told everyone. “

The fact that Respondent 2 has worked at Pharmacy A makes this the natural first choice for her. Advantages in acquiring Pharmacy A, that she mentions, are that she knows the people working at the nearby-located health centre as well as the local residents. The regu-

lar customers know her well, which also is important according to the respondent. She continues:

“Since I have immigrant background and many of the persons living here also are immigrants, it might be easier for them to come here (to Pharmacy A) considering the language”

The respondent is also open to the opportunity of buying a pharmacy in the big city regions, but realizes that it is easier to start your business where you already know the customers. Moreover, if she will not get any of the pharmacies that she has applied for, she and her husband are willing to open an entirely new one. On the questions concerning the potential for Pharmacy A to become a profitable company, she says that it is not very profitable today but that she believes they can change that. By reducing the staff and perhaps extend the opening hours, she thinks that they could make the pharmacy more profitable. She also thinks that the assortment should be better adapted to the customers. E.g. attention should be paid to the fact that more expensive products does not sell very good in this pharmacy, and that focusing on cheaper drugs may be better suited to the area.

The first information from the government came about a year ago, and the fact that Pharmacy A was one the pharmacies to be sold to small business owners was revealed about six months ago, the respondent says. Ever since this piece of happy news came, the respondent and her husband have thought about and planned for the possible takeover. Even though it is well planned it is impossible to think through all the possible outcomes of a takeover, Respondent 2 contemplates. Respondent 2 has read some of the material provided by the government and says that Apoteksgruppen will provide some mandatory services and some optional services. She would rather have no mandatory services, but since she probably will borrow money from Apoteksgruppen she thinks that she has to be a bit sensitive regarding this issue and, at least initially, accept it. At the same time as she thinks that belonging to an organization makes here feeling bound, it also gives a feeling of security. On the other hand, she emphasizes that she likes to work independently, and the independence that owning your own pharmacy would provide really attracts her. Freedom is important for both her and her husband.

On the subject of information, she also states that she recently has participated in courses on small business managing. Furthermore, she and her husband have met a person who she states is competent on the subject of small business management. This person has been of great use in writing their business plan, and is someone that she says she can get help from in the future as well. The pharmacists' union has also provided her with information and offerings to help.

Respondent 2 is of the opinion that the most important role of Apoteksgruppen is to negotiate for good terms and prices for medicals. She also points out that the shared IT system is an important function. What Apoteksgruppen yet has not done so well, is distributing information. She thinks that the information is too sparse, especially considering the assumed large amount of money needed to buy and run the pharmacy.

Regarding the future of Pharmacy A, she has some ideas on what she would like to change. The most important thing is to have bigger and fresher looking, premises. The respondent expresses what she believes will be success factors for the freestanding pharmacies. She thinks that low prices, unique services, e.g. home delivery or an Internet store, as well as good customer service are important.

“Good service is very important, to be as good as all the other pharmacies. “

5.3 Pharmacy B, Respondent 3

Respondent 3 is a female, approximately 60 years old, working at Pharmacy B. She has been in the trade for 36 years, and since six months she works as the manager of Pharmacy B. There are no traces of entrepreneurship in her background or within the family. Respondent 3's views on the re-regulation is that the customer will not notice any significant difference, although there will be a decline in the service quality.

The interviewee remarks that during the latter years, Apoteket AB has improved and created a well coordinated supply chain for both products and labour. There are no secrets within the organization, and trading staff between separate pharmacies is an asset. This is something that will probably not be feasible in the future, implying lost opportunities to share resources with other members of your own organization. Another threat is the fact that your local corner shop, gas station, or supermarket will be selling OTC products, according to Respondent 3. According to the respondent it does not seem like there has been any information flow from the government about the future more than what is available for the general public, an uncertainty not appreciated by the respondent.

Respondent 3 dislikes the fact that one actor can buy such large clusters of pharmacies. She believes there is a risk that there will be some kind of oligopoly resulting from this, although the competition can be something positive for the market and lead to declining prices. The interviewee is also worried about what the future will be for the sparsely populated areas, with decreased access to medicals.

Respondent 3 is certain that Pharmacy B will remain on the current location, although what will happen with the employees and so on is uncertain at the moment. A major reason that this pharmacy will remain here is that it is combined with a district health care center. She has not filled out any application forms in order to start or buy a pharmacy, and there are no intentions to ever do it. The reason not to buy a pharmacy is simple for Respondent 3; she has no entrepreneurial intention and she has chosen to remain as a pharmacist. The respondent does not want to be anything else but a pharmacist. Another factor that had a major impact, and was the basis for the respondent's decision, is the fact that she does not have that many years left until retirement. Though, she mentions that if the re-regulation had taken place 20 years ago, there is a possibility that she had maybe started a pharmacy. There is nothing really that will change her state of mind towards starting or running a pharmacy.

Respondent 3 would prefer to be employed at a staffing company in order to have the possibility to work at different pharmacies within the region instead of pursuing other options.

5.4 Pharmacy B, Respondent 4

Respondent 4 is a female in her 40's and has been in the pharmaceutical trade for 21 years. She does not have a management position at the pharmacy. Entrepreneurship is not totally unknown for the respondent since her father is a business owner, although she herself has never been personally involved in any business, other than being an employee.

She believes that the re-regulation of the market will result in far more pharmacies and that any other outcome would be total failure. The government had as one of the goals with the reform to increase the availability of the pharmacies, and that is something they will manage according to the respondent's beliefs. Although she is skeptic towards the decrease in product price, she admits that this remains to be seen. She has a hard time formulating what she thinks will be the future for Pharmacy B. Maybe they will get a good manager who continues in the same "spirit" but the might get a manager who just runs the business as a profit generator. Based on the location of Pharmacy B though, she seems eased at the future of the pharmacy since there is a certain clientele visiting and buying their drugs here.

One large benefit with the pharmaceutical trade, according to the respondent, was that when she started her career a good advice was as good as selling a product. That is one aspect that is going to change significantly after the re-regulation. Respondent 4 sees the pharmacy, and the pharmacy profession, as a form of information resource and not just being about sales. They work a lot with value adding and social responsibility, a practice for which the future is uncertain.

She has chosen not to apply to buy a pharmacy though the thought crossed her mind. And she does not think that anyone else among her colleagues has applied. Though she hopes that a pharmacist will buy pharmacy B, she is aware of the fact that they, generally, do not possess competency within finance and management. Skills needed in order to run a business. The main reasons for her not to run her own pharmacy were the many risks involved, and the fact that the government allowed for OTC products to be sold in at ordinary retailers. It is hard to estimate how much it affects the future market, she believes. The respondent also added the fact that she lacks the knowledge about running a business, as another deterring factor. Even though personally not interested in a takeover, Respondent 4 thinks that the small business owner can be important for the diversity on the market, but has a skeptic view on their survival. She supposes that if it works out the solution chosen by the government is a good one.

The respondent admits that if there would be more driving forces within the staff, they would maybe try to buy out this pharmacy together. Discussions on this topic occurred, but they were never on a serious level. At this point, at the time of the interview, she is sure that they made the right decision not to enter the buy out process. Respondent 4 believes that governmental subsidies and financial support could have an impact on the decision-making. But in the end of the day, this would not have changed the situation. It is the uncertainty that still remains as the large problem.

She explained that, at the moment, this pharmacy and its staff is a kind of package, so they are just waiting for a new owner to show up. Since she does not believe that the whole cur-

rent staff is going to remain, she would prefer to get employed by the remaining governmental organization. After that, a work placement at one of the large companies is the preferred choice, and the last option is to work for small private pharmacy. The reasoning behind this is the fact that larger companies provide security for the employees. Working for a small and newly established firm can be accompanied by greater uncertainty about the employment and so on. When talking about the small business cluster, she says:

“In a way it feels like we have ended up in the most uncertain group”

Or maybe she will change trade, she said in a humoristic way. The pharmacy works as it is for the moment, but the fact that its productivity ratios are not particularly good is a source for uneasiness and a cause of the respondent’s large uncertainty about the future. She does not think that pharmacy B will be run in the way it is today; the current staff will see some cutbacks.

5.5 Pharmacy C, Respondent 5

The respondent in interview five is a woman in her 30’s who has worked four years at the pharmacy in question. Her position is as a manager. She has no previous experience of running a business herself, but her father owns and runs a farm.

After the re-regulation Respondent 5 believes there will be more pharmacies in the big cities, though it is hard for her to make guesses about the future of Pharmacy C. She believes there is not room for more than one pharmacy in the geographical proximity of Pharmacy C. She believes that the customers will make routine, OTC, purchases together with the groceries at the local supermarkets but hopes that the residents of the village will go to Pharmacy C for everything that is outside the normal routines and benefit from the greater knowledge of the pharmacy employees. Respondent 5 believes that service and being liked by the customers is very important in ensuring survival in the future.

“...it is going to be apparent where the customers want to go.[...] Where they are the most satisfied.”

Respondent 5 hopes that the platform that is currently being built up by Apoteksgruppen will allow the small, private, actors to compete with the big chains under formation. Her hopes regarding Pharmacy C is that someone who has ambitions to keep running and improving it will be the buyer, as well as let the employees take a great deal of responsibility in running it. Respondent 5 wants to focus on what she thinks is the fun part about being a pharmacy employee; meeting the customers. The role she has at present is a good one and she can imagine doing the same work as now even after a privatization, that is, to have some, limited, responsibilities for budgeting, besides serving customers.

Respondent 5 has submitted a statement of interest in buying a pharmacy to Apoteket Omstrukturerer AB, but chose not to continue with the process. The reason for submitting was that she wanted as much information as possible to be able to make a thought-through decision that she was not going to regret, but she felt that buying a pharmacy was too overwhelming. Dealing with the paperwork, acquiring financing from the bank without knowing how much the pharmacy was going to cost, as well as to rationalize the staff were

all tasks that felt too difficult. Respondent C also described herself as a person that places a lot of responsibility on herself, which would increase even more if she was to become an around-the-clock entrepreneur.

”Do I want to be an entrepreneur, day and night, and all the time think about that it has to be a plus under the line, or do I want to help the customers and run the pharmacy? I chose to think that I was more interested in working.”

Respondent 5 thinks that she would have made a similar decision, even if the circumstances were different, e.g. the financing was guaranteed. What could have induced a different way of action is that all the information from Apoteksgruppen, and a ready-made support solution, was available at an earlier stage in the privatization process. At the time of the interview, in November 2009, she feels that it would be too stressful to do all the work related to a serious attempt at buying a pharmacy and at the same time her ordinary full-time job. If the corporate platform of Apoteksgruppen had been presented in a ready form earlier she may have considered trying to buy the pharmacy after all, knowing for sure that there was going to be help available. Though the respondent is aware that the final price of the pharmacy is going to be decided through a process of bidding, she still wishes that there would have been some kind of hint about the amount.

The shortcomings of Apoteksgruppen can be summed up in the information being too late, and initially, maybe not enough. At the same time, with all the other changes occurring in the market such as OTC products sold in ordinary stores and large chains capturing strong positions in the market, the situation is hard to overview.

5.6 Pharmacy C, Respondent 6

Respondent 6 is a woman in her 60's. She has worked in the pharmaceutical industry for 45 years as a dispenser, although she is educated as a pharmaceutical technician. The respondent has no experience of running a business on her own.

Concerning the re-regulation, Respondent 6 says that a lot of older customers have asked about whether there will be a pharmacy or not in the village in the future. She still believes that this pharmacy will remain at this location since they cover such a large geographical area. The respondent is not worried that a chain will open and create competition in the village, but she expresses concern that not all of the private actors are serious (presumably regarding ethics of the trade. Author's remark.). She is quite certain though, that the pharmacy will survive thanks to it being the only one within a big radius and, as such, enjoys extensive coverage.

Respondent 6 does not want to buy or start a pharmacy, the main reason being that she is close to retirement. She hopes that if the pharmacy is sold, she will be offered retirement. Her personal view on the re-regulation is that it is not entirely a positive thing. Though there may be improvements in availability for the customer and pressures on the pharmacy actors to become more efficient, the respondent's opinion is that the pharmacies are already efficient. She thinks that, in general, having a pharmacy monopoly is a good thing. She liked the security that the governmental employment offered.

"People used to say that the governmental pie was guaranteed." ("Statens kaka är säker brukade man säga förr.")

The respondent's final remarks were that it would have been a good thing if more information were given to the pharmacy staff before the changes were going to take place. The way it worked out instead was that they got to read about it in the newspaper before their employer informed them.

6 Analysis

6.1 Introduction

Before the interviews were conducted, the authors' beliefs were that a majority of the respondents we were going to interview would show active interest in acquiring a pharmacy. At an earlier stage in the process, when all the information was not known to the respondents, a previous study showed that there was great interest among pharmacists to take over a pharmacy (*Läkemedelsvärlden, Stortintresse bland farmaceuterblüentreprenörer*) We chose to focus on whether the person had actually filed a statement of interest, and was not just superficially thinking about doing it.

After the interviews were conducted, a different image of the real situation emerged; out of 3 interviewed pharmacy managers only one had showed interest and filed a statement to OAB, but had chosen not to pursue it, while the other two were not interested at all. In our interview sample three other employees were included. Of these, one was very interested and said that she was going to go through with it; one had a mild interest but not enough to buy a pharmacy at the moment, while the third was not interested at all. One should be aware though, that among the three people not interested in acquiring a pharmacy, two were very close to retirement. Their high age is an intervening variable, which we had not accounted for before the interviews. Thus, their answers are not very representative; though they themselves may not have any incentives to start, high age being a deterring factor; it is still possible that other pharmacy employees will be attracted by the offer.

The structure of the following analysis is divided according to what the respondents answered on the dividing question; whether they are willing to buy and run a pharmacy or not. Since only a single respondent was completely positive to doing so, the analysis of this person's pull and push factors are most certainly not representative for everyone willing to do so.

6.2 Willingness to buy

Since only one of the respondents was willing to buy a pharmacy, this analysis is solely based on the answers provided by Respondent 2.

6.2.1 Respondent 2 as an entrepreneur

In the theory section, Covin and Slevin's five dimensions of entrepreneurship was introduced. The five dimensions were; autonomy, innovativeness, pro-activeness, competitive aggressiveness, and risk-taking. This analysis is based upon the assumption that these five factors are what distinguishes an entrepreneur, and will be analyzed one-by-one in the following section.

An aspect one should pay attention to is that Respondent 2 is in a planning stage of her entrepreneurial career, and this will be a mere reflection of how she plans to run her business. In order to actually measure how innovative and entrepreneurial she is, a new study will have to be made when the business is realized. Although, we believe dimensions such as

the respondents willingness to take risks her degree of pro-activeness can be estimated already at this stage.

Respondent 2 is clearly stating that she does not like monopolies and values entrepreneurial freedom to a great extent. Both she and her co-applier (her husband) think that the freedom provided by being a small business owner is very attractive. Further, she considers the services and security provided by Apoteksgruppen as good to some extent, but the overall view is that it is more of a burden than an advantage since she believes that it will make her feel restricted. The support she is in need of comes to a high price in regulation and commitment to Apoteksgruppen. This shows that Respondent 2 in all aspects concerning entrepreneurship strives towards becoming autonomous.

Innovativeness concerns the entrepreneur's creativity and willingness to develop the business. Respondent 2 mentions that she would like to improve and expand the facilities now used by Pharmacy A. Having visited the premises in Pharmacy A's possession, this cannot be interpreted as innovativeness since the premises are small and quite worn out. On the other hand, she brings up home delivery and a web-based store as possible future developments of the business. In an area like the one where Pharmacy A is located, with a large group of elderly inhabitants, home-delivery can be viewed as an innovative idea. Since Respondent 2 is already thinking outside the box, she possesses the innovative mindset needed to be a successful entrepreneur. Since the ideas are already in creation, Respondent 2 will soon after the start-up have a couple of innovations up her sleeve ready to implement in order to distinguish them from the other actors and new competitors on the market.

In many ways, Respondent 2 shows that she has been and still is pro-active, regarding the privatization process. Ever since it was official that Pharmacy A would be sold to a small business owner, she and her husband have been preparing for a possible take-over and consider themselves to have planned well. She has also participated in courses on small business management, to be prepared to run a one despite that it is not in any way certain that she will. Moreover, she maintains contact with a person who she believes can be of great help during the take-over and running of the pharmacy. All these factors speak for Respondent 2 as a pro-active individual. Nevertheless, part of her reasoning indicates a lack of pro-activeness; she and her husband have been open with the fact that they want to buy Pharmacy A. Though not stated explicitly, her answers indicate that others also have submitted a statement of interest, but chosen to keep it secret. Since the sale of pharmacies will be conducted through bidding, it is a disadvantage that everyone knows that you will bid on the pharmacy but you do not know whom you're bidding against. Accordingly, a more pro-active action would be to keep your intentions of buying a pharmacy secret. The question remains if it is a tactic to scare of other interested persons or colleagues to go into the bidding process, or just ignorance to the effects it may incur. It can also be that this location is not as attractive as the pharmacies in more densely populated areas or in connection with hospitals and, by openly showing interest, it deters outside buyers even more. Yet, our conclusion is that Respondent 2 is sufficiently pro-active.

Our conclusion is that Respondent 2 is not competitively aggressive to the extent that one can expect from a new firm owner, though this judgment is only based on one statement

from the respondent. Speaking about the level of service, she states that it is important to give equally good service as other pharmacy. Our opinion is that a competitively aggressive person would rather speak in terms of *better* rather than equally good service compared to the competitors. Therefore, we do not consider the respondent to possess competitive aggressiveness to any higher degree, as we might have expected. But, it is not completely absent, since she is not willing to be worse than here upcoming competitors.

The fact that Respondent 2 is willing to give up the security of a job provided by an employer, and instead become the employer herself, to the uncertainty of being as a small business owner is proof that she is risk-taking. Further, she states that Pharmacy A, as of today, is not very profitable, but she believes that with some improvement and development it could become. This also speaks in favor of the respondent as a risk-taker. Since she is taking the step into an unknown not even determined environment she can be seen as a real risk taker in comparison with the other respondents who claim that the uncertainty is a great factor not to buy their own pharmacy.

To give a final answer, of whether Respondent 2 has the characteristics of an entrepreneur or not, our apprehension is that she has. Most start-ups or buy-outs are considered to be entrepreneurial, but only time will tell if she is going to stay entrepreneurial. She has proven to some extent have all the characteristics except being competitively aggressive. Therefore, our perception is that Respondent 2 is an entrepreneur. Yet, worth noting, is that she is going through this process together with her husband. To share the thoughts and feelings with someone must give safety and make this decision easier. In our opinion is it doubtful if she would have taken it this far if she was on her own.

6.2.2 Respondent 2's purchase as management buy-out

The potential takeover of Pharmacy A of Respondent 2 and her husband has features of both management and employee buy-out. Since the respondent is not a manager of the pharmacy in question, it is not a pure management buy-out. On the other hand, the theories on MBO's introduced in the theory chapter seem to be better applicable on large companies. Since they are two non-managers, the process resembles an employee buy-out. Still, in an employee buy-out it is usual that all employees have the chance to be joint owner. Therefore, since they go have chosen to go through with it themselves, the takeover has characteristics of a management buy-out, where it is common that a small group is joint owners. Even though one can argue on to what extent this process is a management or employee buy-out, it is in the eyes of the authors an example of a purchasing process where these theories are applicable.

The most distinct advantage of an MBO is the strategic insight that the employee/manager is assumed to have in the company that is to be sold, according to Rickertsen. This shows in many aspects in the results from Respondent 2. She states that it is an advantage to know the people working in the nearby health centre as well as the customers. This is a unique insight into which the customers are, and as that is not enough, she also has a relation to some of them. She also has a good picture of what products the customer base in

interested in, as she says that expensive products do not sell very good in Pharmacy A. Besides, she has insight in where to cut cost, as she states is plausible by reducing the staff.

Three different factors is stated in the theory section regarding the purchase sum in MBO's, being; that the buyer often needs a third-party investor, that the buyer wants to maximize ownership and minimize costs, and the purchase sum tends to be low in Swedish public-to-private buy-outs. Concerning Respondent 2, she has all intentions to bring in an outside investor. Part will be financed by loans from Apoteksgruppen, and also, even if not stated explicitly, she intends to borrow from a bank as well. The authors believe this financing strategy will most likely be the practice in most of the pharmacy MBO's, since Apoteksgruppen is willing to finance the purchase up to a predetermined percentage.

That the buyer wants to maximize ownership at minimal cost comes natural for everyone, so also for Respondent 2. As the only thing that could make her not buy Pharmacy A is a too high purchase sum, she has thought this through and has probably calculated the value of what she is buying. The tendency that the purchase sum will be low is not likely to occur in this case, provided that there is more than one interested party and the purchase sum will be determined through bidding.

Another factor mentioned in the theory section, is that MBO's are more likely to occur in trades and companies where employee-specific skills are needed. This was not brought up by Respondent 2, that a pharmacist should have advantages in running a pharmacy ahead of a non-pharmacist. This is somewhat confirmed by other respondents, since both Respondent 1 and 4 states that what is needed in from the purchaser is rather someone who knows how to run a business than someone who can prescribe recipes. Therefore, our interpretation is that a random entrepreneur is better suited to buy and run a pharmacy than a pharmacist.

6.2.3 Respondent 2 as a franchisee

Axberg, as referred to in the theory section, states that one of the biggest advantages with being a franchisee is that you lower your risk. Further, according to Braag, the franchisee generally is more risk-averse than the ordinary entrepreneur. In the case of Respondent 2, risk-aversion seems in no way to be the reasoning behind her applying for buying Pharmacy A. She states that opening a brand new pharmacy is an option as well, for her and her husband. Our interpretation is that she sees potential in the pharmacy why she wants to buy it, but the franchise-like services that are mandatory is a necessary evil for her. Therefore, in this sense she is not a typical franchisee in the opinion of the authors.

Another advantage mentioned earlier, is the familiarity to the customers that a franchise concept provides. Respondent 2 touches this subject, but more in the sense that she personally is familiar with the customers, rather than the pharmacy chain per se. As taking over the existing pharmacy is higher prioritized than starting a new one, implies that she values the advantages with belonging to a chain of pharmacies. Accordingly, she is somewhat a franchisee in this respect.

Mendelsohn puts emphasis on the advantage of cost-effective use of resources in the franchise organization. Respondent 2 agrees with this since her opinion is that to negotiate for prices and good terms is the most important task for Apoteksgruppen as considered as franchisor. To share IT-systems inside the organization is also seen as an important task by the respondent. A remark to be made, is that through subsidies the franchisees get away with a yearly cost of only approximately 200,000SEK for the IT-system, and save more than 600,000SEK by not having to pay the plus 800,000SEK price charged to completely independent pharmacy actors. The franchisor often provides financial aid or loans to the franchisee. This is most certainly the case in the relation between the franchisee, Respondent 2, and the franchisor, Apoteksgruppen. Respondent 2 states that she probably will borrow money from Apoteksgruppen.

Some clarifying thoughts on the potential relation between Respondent 2 and Apoteksgruppen are that it has many of the characteristics of a franchise relation. Nevertheless, Respondent 2 is not a typical franchisee, since she rather would be on her own. In this sense, Apoteksgruppen forces the relation into franchising.

6.3 Unwillingness to buy

Out of the reduced sample (respondents 3 and 6 left out due to age as an intervening variable) three did not want to start a pharmacy. When taking a closer look at their separate reasons for not starting, one realizes that many of the reasons are the same, or at least very similar. The authors believe that the following factors increased the respondent's unwillingness to buy.

6.3.1 Responsibility and complicated procedure

Two out of three respondents experienced what appear to be barriers to take over a pharmacy. Respondent 1 thought that the laws and regulations that surround running a pharmacy were too complicated. In line with this opinion is the statement by Respondent 5 that the procedure was simply too overwhelming. Connected to this, is the shared notion of Respondent 1 and Respondent 5 that running a pharmacy is a too big responsibility.

As Apoteksgruppen was created to ease a buy-out for the pharmacists, among others, and provide them with the help and guidance needed to go through with the process, it appears that the assistance has not worked out according to the plans. One of the advantages about MBO's is the relative speed with which the deal can proceed, as both parties concerned already know each other. Regarding the present buy-out process, one cannot say that speed has been one of its most striking characteristics. The belief of the authors is that a group such as pharmacists, that has never before had great opportunities to employ themselves in Sweden, need more support, to overcome barriers such as the one mentioned above.

6.3.2 Employee specific skills not important

One persistent idea in Management Buy-Out literature is that MBO is most likely in lines of business where employee specific skills are needed. This is related to the business being of a specialized type, with its own, unique, opportunities and traps. Managers and em-

ployees at the business are then considered especially well suited to take over and keep running the business, as they already possess the particular expertise needed. This can be of a professional nature.

Pharmacy is one such business where that is true; to be allowed to hand out and give advice to customers applying to prescription drugs, a lengthy education is required by law. In light of this, it is very surprising to see that the pharmacy employees do not consider professional pharmacy skills as an important asset needed to run a pharmacy, claimed by both Respondent 1 and Respondent 4. Both propose that business skills and experience of running an independent firm is what is needed, and that a future pharmacy owner could take care of that and let the employed pharmacists do their job. Neither Respondent 1 nor Respondent 4 holds these skills, they claim.

Could it be so, that since pharmacists in Sweden have not before had the possibility to become self-employed or dealt with management and administrative tasks, that they become frightened by it?

6.3.3 Lack of information creates insecurity

The opinion of almost all the people interviewed is that the information flow about the re-regulation has been poor in many ways; it has been too sparse, and too late, and the same to the pharmacy employees as to the general public. Which have made the employees unhappy since they believed that in some way they should be getting information from their employer and not their neighbor or the newspaper.

One respondent, who for some time considered buying a pharmacy, believes that a better way of managing the sales process would have been to build up the service platform of Apoteksgruppen and present it earlier. As it turned out instead, the information has come piece-meal over a period of many months. Some kind of hint about the price of the pharmacies would also have been a good thing. The uncertainty regarding how much money is needed to do the buy-out worked as a deterrent factor.

What the lack of information created, is great uncertainty for the future as well as the present; if a more clear offer, with what help is going to be available, details on financing and the like, had been presented earlier there is possibility that more pharmacy employees had caught on to the idea.

6.3.4 Soft values

Among the people interviewed, there seems to be a strong preference for the "soft" aspects of the job; providing service to the customers, and giving advice. One respondent even expressed it as the governmental pharmacies standing for social responsibility service, which she believes will change after the privatization. The lack of interest in handling administrative and managerial tasks almost transitions into dislike, especially when talking about the issue of redundant personnel after the re-regulation. This will be a hard case to crack, and a responsibility that some respondents make it straight that they would like to eschew.

6.3.5 Summary analysis of unwillingness to buy

When summing up the findings, it stands clear that most of the respondents are happy with the way they work today and would probably not mind if there were no changes regarding pharmacies at all. We found a strong preference for handling the "soft" tasks, such as providing service and advice to customers; things pharmacists are trained for and usually do. There is no, or almost no, experience of dealing with administrative and managerial tasks, and "paper-work" and staff issues are best avoided in the mind of many. What could have made a few people take the step anyway, are more information, earlier information, and more extensive help, as well as a higher certainty in knowing that this will be provided. The structure and role of Apoteksgruppen not yet being completed, contributes to the high degree of uncertainty the respondents experience about the possibility to run a pharmacy in such a way that it survives.

6.4 What could have increased the willingness?

Out of the six respondents, three stated that there is really nothing that could make them change their mind. Respondent 1 said that she is not the type of person, who has the ability, while both Respondent 3 and 6 considered themselves to be too old. Respondent 3 made one interesting remark though; had she been 20 years younger she would have considered buying a pharmacy.

Respondent 4 says that if there would have been more driving forces within the staff, there's a possibility that she would have bought-out the pharmacy together with someone. She also hints that more extensive financial support and governmental subsidies could have lead to a different decision. (Also, if pharmacies still had sole rights to OTC-products, there would have been a greater chance of opening.)

For Respondent 5, who had a possibly more genuine interest, more information and a ready support solution from Apoteksgruppen presented earlier on in the process could have made the difference. Indications about price were also desired, as she does not want to go to a bank and try to acquire financing without knowing how much she really needs.

What appears to be the case is that quite a few of the respondents actually had considered buying a pharmacy. Besides respondents 3 and 6, which are left out of much of the analysis due to their age being an intervening variable, only one had no interest at all. This person preferred being employed and working in a group, and simply did not have the desire to run a business.

Concerning respondents 4 and 5, which both expressed interest, and/or had filed a statement of interest in acquiring a pharmacy, the idea of running a business was something that they had considered a possibility, At least at some point in time. The inner will needed to start/buy and run a firm thus existed to some extent; they felt a certain pull towards becoming entrepreneurs, but not a strong enough one to take the step.

For respondents 4 and 5, the factors that could have influenced them to start were quite different; Respondent 4 wanted more support and would have wanted to do the buy-out

together with someone; Respondent 5 felt that the lack of information early on in the process had deterred her.

Interesting is to see that these answers are in line with what previous research suggests; MBO's and EBO's usually involve more than one buyer. It then seems perfectly plausible that a group of employees would have made the buy-out, but one and one they would not. Also, in all business ventures there is a certain degree of risk involved. The concepts of offering management buy-out and building a franchise organization can be seen as attempts at reducing the risks involved, but in the case of respondents 4 and 5, the present offer is not enough.

With more support and a better way of handling the MBO-process by Omstruktureringsbolaget and Apoteksgruppen, maybe respondents 5 and 6 would have done a buy-out.

7 Discussion

7.1 Intervening variables

Our results show that there is a lack of willingness among pharmacy employees to take over their pharmacies. Why this is the case, was the question that came up in our minds and we felt that it would be appropriate to discuss these matters. The answer was found in the gender and age distribution of the employees at Apoteket AB.

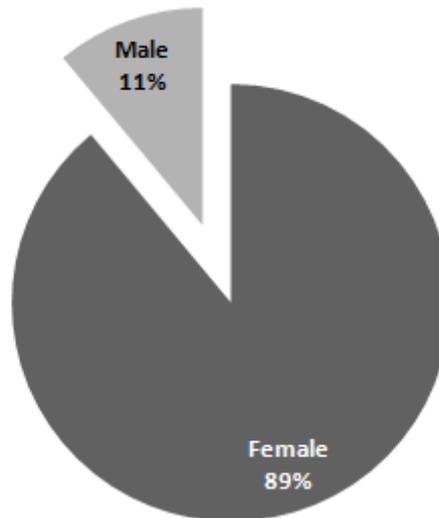


Figure 4. Gender distribution (Apoteket AB, *Annual Report*, 2008)

In view of the fact that our sample resulted in only female respondents, it is important to at least take the gender variable into consideration. We have chosen to focus on some hard facts that can be retrieved from Statistics Sweden (Statistiska Centralbyrån) in order to support some of the reasons why women do not start companies (SCB, 2008).

In the year 2007 400 000 people had business enterprise as their main occupation. Out of them, 28% were women, and out of the 65000 newly established firms the ratio was 33% female owners. The government has a goal that 40% of the new establishments should be with women as initiators. Although it has been around one third so far, there has been an increase since 2003 discerning a positive trend (SCB, 2008).

It is more common in Sweden that males have more previous experience of managerial work than women. This is important to take into consideration, as experience is a common factor for people to start their own business. The statistics show that approximately twice as much men as women start their own businesses without any previous experience. And since there is a deficit of women with experience, it seems only natural that males stand for the majority of newly started enterprises (SCB, 2008).

As we found out in the analysis, the lack of experience is very large among the pharmacists. It is not that strange that running their own businesses does not seem attractive to them

since they chose a professional life without managerial roles, and safety as ground for the future.

Two of the respondents stated as their main reason that their age and short time to retirement is a crucial factor not to attempt running their own business. Since they are so concerned with the age factor, they have not even been thinking in the area of running their own pharmacy. Although Respondent 3 mentioned in the interview that if this situation occurred 20 years ago she might have paid it more thought. It seems that, since they are old, they just leave their destiny to the unknown. They have a great amount of trust towards the government, and believe that they still will be taken care of until they receive their retirement plans.

Worth noting is that within the state-owned company Apoteket AB, out of a staff of ca 7200, a majority is of very high age (Apoteket AB, *Annual Report*, 2008). See the graph for age distribution at Apoteket AB. It is generally known, that running a new business takes years of development and hard work in order to achieve a stable income and a well functioning organization. Respondent 3 and 6 do not seem to believe that they have the time left, and therefore choose to pass on this opportunity. As one of them mentioned, there is a difference when you need to secure income for your whole life instead of just for 4-6 years.

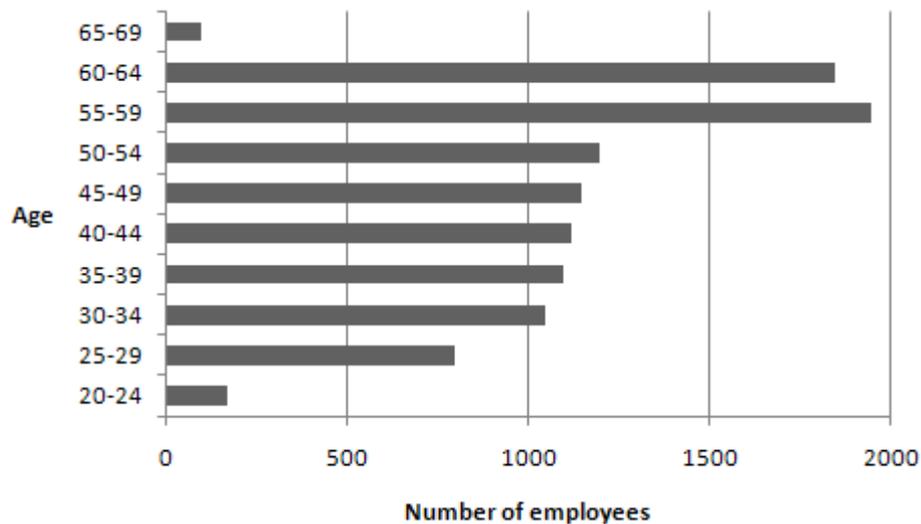


Figure 5. Age distribution (Apoteket AB, *Annual Report*, 2008)

After deeper research into this matter, we found that Apoteket AB has prepared a restructuring program, ApoNova, for staff that is to become redundant in the privatization process (Apoteket AB, *Annual report*, 2008). This offer removes the pushing factor that would force these people to be more proactive, or search for new employment opportunities, and instead provides an alternative way of securing their future. For these reasons we will not pay much attention to these two interviews in the remaining analysis.

7.2 Suggestions for future research

Since the re-regulation of the monopoly is a unique process, much more research can be done in this matter. Depending on the time of writing, the results may be different. The following is a couple of suggestions for future research:

- How did the different types (chains, small businesses, and governmental) of pharmacy clusters survive on the market, in comparison to each other?

We have discussed the importance of small entrepreneurs and the large corporations entering the pharmaceutical market. Which cluster managed the best, and did the small ones have any chance to compete? It is generally known that competing with large corporations is difficult, based on differences in e.g. resources.

- What impact did allowing OTC products to be sold in stores have on the market?

This was a large concern from the respondents and also a cause of great uncertainty regarding the future of the market. Which effects on pharmacies do the changes in the the OTC market have? Sales turnover of OTC-products is in the range of billions of SEK every year, and suddenly this previously pharmacy-exclusive trade has been let free.

- Who were the buyers of the pharmacies in the small business cluster?
 - Who performed better? The pharmacists, or the businessmen?

Many of the respondents stated that, to be able to run a pharmacy, it is more important to possess business skills than to be a pharmacist. It would be interesting to compare the difference in performance among the pharmacies owned and ran by pharmacists and those who are owned and ran by people without pharmacy specific skills.

8 Conclusion

The first research objective we set up to fulfill, was to identify the extent to which employees of pharmacies are willing to take over. In our study only one out of six respondents is interested in buying and running a pharmacy. Yet, it should be noted that two other respondents in some way had considered a take-over, but had arrived at the conclusion that the task was too overwhelming. Three of the respondents had not, in any way, interest in buying their own pharmacy while two are soon to be retired as a reason not to buy. These results came as a surprise to us since we, as outside observers, have seen this process as a once in a lifetime opportunity for the pharmacy employees to become small business owners. To a great extent, the potential take-over is served on a silver plate. As far as we have penetrated the prospects, the terms are good and the barriers are minimal. Therefore we see the unwillingness to take over as surprising.

The second research objective was, to determine and analyze the factors leading up to willingness or unwillingness to take over a pharmacy, can be expressed in a few, terms; they perceive it as a too complicated and demanding venture, there is too much uncertainty about what the future as a pharmacist owner, they hold themselves to not be competent in business matters, which is also related to the "soft" values held by many of the respondents. Besides the risk and uncertainty, they are afraid that operating a business would be too time-consuming, as well as force them to make decisions about decreasing the staff. Something they do not want to have to do. To dare take the step into working through the difficulties in acquiring a pharmacy and try to make a successful business out of it, we believe it to be crucial that the person has the characteristics of an entrepreneur. The single person we encountered that was truly eager to plunge into this venture fits in to the entrepreneur-profile by Covin and Slevin very well.

In the process, there are a few external factors encouraging someone to buy-out and not start an entirely new pharmacy; possession of insight about the specific workplace and the local market, help in acquiring external financing of the buy (provided by the seller/former employer), and help in learning and acquiring the skills necessary to run the pharmacy as an independent business. For the latter two, Apoteksgruppen is the provider. Though it may not be enough to induce pharmacists taking over pharmacies in larger numbers, the guidance and assistance provided by the governmental company is somewhat of a major factor in encouraging buy-outs.

The third research objective was to analyze if the support from the government is sufficient to stimulate entrepreneurship. As only one out of six is interested in the offer, the support does not widely stimulate entrepreneurship. More support from the government in finance and subsidies could be a positive factor in encouraging employees to take over their own or some other pharmacy, but decisively negative is the lack of information. It seems as the government creates great uncertainty by not covering up the deficits in the information flow to the pharmacy employees. They would have liked to see a support solution/package at an earlier stage in the process. The nature of the support provided, turning the pharmacists into franchisees, only encourages entrepreneurship of a limited character.

References

Books and articles

- Anderson et. al., 1999 Anderson, A. & Ohlsson, O. (1999) *Mikroekonomi*. Göteborg: Akademiförlaget Corona
- Axberg, 1992 Axberg, C. (1992). *Franchise management I teori och praktik, specialtryck för Temadag om franchising I Sverige 7 oktober 1992*. Stockholm: Effectum Franchise Management.
- Axberg, 1996 Axberg, C. (1996). *Franchising i Sverige 1995-96*. Stockholm: Effectum Franchise Consulting.
- Bhave, 1994 Bhave, M.P. (1994). *A process model of entrepreneurial venture creation*. Journal of Business Venturing, Volume 9
- Braag, 2003 Braag, K. (2003). *En kontrakterad karriär – en studie av manliga och kvinnliga franchisetagare*. Örebro: Forum för småföretagsforskning.
- Bradach, 1998 Bradach, J.L. (1998). *Franchise organizations*. Boston: Harvard Business School Press.
- Burda et. al, 2009 Burda, M. & Wyplosz, C. (2009). *Macroeconomics – A European Text*. Oxford: Oxford University Press
- Burrows, 2002 Burrows, A. (2002). *European Management Buy-outs 2002* University of Nottingham. Centre for Management Buy-out Research
- Covin et. al., 1991 Covin, J. G., and Slevin, D. P. (1991). *A conceptual model of entrepreneurship as firm behavior*. Entrepreneurship Theory and Practice, 16(1), 7-25
- Dalen, 2004 Dalen, M. (2004). *Intervju som forskningsmetode – en kvalitativ tillnärming*, Oslo: Universitetsforlaget AS
- Engström et al., 2005 Engström, A., Fernlund, A., Ottoson, M., Edvardsson, G. And Brodén, P. (2005) *Franchising i praktiken* (2nd ed.). Lund: Studentlitteratur.
- Garner, 1990 Gartner (1990). Journal of business venturing. New York : Elsevier, Vol.1(1985/86)-0883-9026
- Gummesson, 2000 Gummesson, E. (2000) *Qualitative Methods in Management Research*. Thousand Oaks, USA: Sage Publications
- Justis et. al., 1998 Justis, R.T., Judd, R.J. (1998). *Franchising*. Houston: Dame Publications.

- Katz et. al., 2009 Katz, J. A. and Green, R. P. (2009) *Entrepreneurial small business*(2nd ed.) New York : McGraw-Hill/Irwin
- Kazarzewski et. al., 2001 Kazarzewski, P. and Woodward, R. (2001) *Secondary Privatization in Poland (Part I): Evolution of Ownership Structure and Company Performance in Firms Privatized by Employee Buy-outs*. Center for Social and Economic Research. Warsaw, Poland
- Keats, 2000 Keats, D. & M. (2000) *Interviewing – a practical guide for students and professionals*. Buckingham, UK: Open University Press
- Krieger, 1994 Krieger, I. (1994) *Management Buy-outs* (2nd ed.) London, UK: Butterworths
- Köthenbürger, 2006 Köthenbürger, Marko (Editor); Sinn, Hans-Werner (Editor); Whalley, John (Editor). (2006) *Privatization Experiences in the European Union*. Cambridge, MA, USA: MIT Press
- Mendelsohn, 1999 Mendelsohn, M. (1999). *The guide to franchising* (6th ed.). London: Cassell.
- Miller et.al , 1997 Miller, G. and Dingwall, R. (1997) *Context & Method in Qualitative Research* Newbury Park: Sage Publications Ltd
- Rickertsen, 2001 Rickertsen, R. (2001) *Buy-out – the insider's guide to buying your own company*. New York, USA: Amacom
- Ryen, 2004 Ryen, A. (2004) *Kvalitativ intervju – från vetenskapsteori till fältstudier*. Malmö: Liber Ekonomi
- Saunders et al., 2007 Saunders, M., Lewis, P., Thornhill, A. (2007). *Research Methods for Business Students*. Harlow, England: Pearson Education.
- Sekaran, 2003 Sekaran, U. (2003) *Research Methods for Business – A skill building approach*. New York, USA: Wiley
- Sheppard, 2004 Sheppard, M. (2004) *Appraising and Using Social Research in the Human Services : An Introduction for Social Work and Health Professionals*, London: Jessica Kingsley Publishers
- Thurén, 2006 Thurén, T. (2006). *Vetenskapsteori för nybörjare*. Stockholm: Liber.
- Weisner et. al., 1988 Weisner, W. H. and Cronshaw (1988) *A meta-analytic investigation of the impact of interview format and degree of structure in the validity of the employment interview*, Journal of Occupational Psychology, vol 61, Pt 4.
- Wright, 1994 Wright, M. (1994) *Management Buy-outs*. Aldershot, UK: Dartmouth

Wright et. al., 1989 Wright, M., Thompson, S. & Robbie, K. (1989) *The Role of Management and Employee Buy-outs in Privatisation: An International Perspective*. University of Nottingham. Centre for Management Buy-out Research

Internet sources

Affärsdata. *Apoteksgruppen i Sverige AB*. Retrieved 2009-10-20 from http://www.ad.se.bibl.proxy.hj.se/ff/ff_rapport.php?orgnr_rapport=5567734156

Apoteket AB. *Historiska nedslag*. Retrieved 2009-09-30 from http://www.apoteket.se/privatpersoner/om/sidor/OmApoteketContents_Apoteksmarknadiforandring_Bakgrund_Historiskanedslag.aspx

Apoteket AB. *Årsredovisning 2008*. Retrieved 2009-11-29 from http://www.apoteket.se/privatpersoner/om/Documents/Apoteket_arsredovisning_2008.pdf

Apoteket Omstrukturering AB. *Apotek som säljs*. Retrieved 2009-09-30 from www.omstruktureringsbolaget.se

Apoteket Omstrukturering AB. *Frågor och svar, För småföretagare*. Retrieved 2009-09-30 from <http://www.omstruktureringsbolaget.se/sv/fragor-och-svar/foer-smafoeretagare>

Apoteket Omstrukturering AB. *Försäljningsprocessen*. Retrieved 2009-11-29 from <http://omstruktureringsbolaget.se/sv/omregleringen/foersaljningsprocessen>

Apoteket Omstrukturering AB. *Information om omregleringen av den svenska apoteksmarknaden och försäljningen av apotek*. Retrieved 2009-09-30 from http://www.omstruktureringsbolaget.se/images/stories/documents/Informationsmaterial/Information_om_omregleringen.pdf

Apoteket Omstrukturering AB. *Information till dig som vill äga och driva ett eget apotek*. Retrieved 2009-09-30 from http://www.omstruktureringsbolaget.se/images/stories/documents/Informationsmaterial/Information_till_dig_som_vill_aga_och_driva_ett_eget_apotek.pdf

Apoteket Omstrukturering AB. *Om Apoteket Omstrukturering AB*. Retrieved 2009-10-22 from <http://omstruktureringsbolaget.se/sv/om-oab/om-oab>

Apoteksgruppen. *Apoteksgruppen*. Retrieved 2009-10-20 from <http://apoteksgruppen.se/apoteksgruppen/apoteksgruppen>

Apoteksgruppen. *Organisation*. Retrieved 2009-10-20 from <http://apoteksgruppen.se/apoteksgruppen/apoteksgruppen>

Apoteksgruppen. *Produkter och tjänster*. Retrieved 2009-10-22 from <http://apoteksgruppen.se/erbjudande/produkter-och-tjanster>

Arbetsförmedlingen. *Apotekstekniker*. Retrieved 2009-11-29 from <http://www.arbetsformedlingen.se/yrken/YrkesBeskrivning.aspx?YrkeId=540>

Dagens Apotek. *Billigare med IT för företagare i statlig entreprenörlösning*. Retrieved 2009-10-20 from <http://www.dagensmedicin.se/dagensapotek/nyheter/2009/09/30/billigare-med-it-for-foret/index.xml>,

Dagens Industri. *Norge varnande Apoteksexempel*. Retrieved 2009-11-03 from <http://di.se/Avdelningar/Artikel.aspx?ArticleID=2007\10\12\252376§ionid=undefined>

DN.se. *EU hotar svenska monopol*. Retrieved 2009-11-29 from <http://www.dn.se/nyheter/sverige/eu-hotar-svenska-monopol-1.402236>

EU-upplysningen. *Fri rörlighet för varor*. Retrieved 2009-11-29 from <http://www.eu-upplysningen.se/Amnesomraden/Fri-rorlighet/Varor/>

EU-upplysningen. *Sverige och EG-rätten*. Retrieved 2009-11-29 from <http://www.eu-upplysningen.se/Lagar-och-regler/Sverige-och-EG-ratten/>

FöretagarFörbundet. *Om oss*. Retrieved 2009-11-03 from <http://www.ff.se/om-oss/>

FöretagarFörbundet. *Om småföretagen stänger pajar Sverige*. Retrieved 2009-11-29 from <http://www.ff.se/nyheter/2009-06-11/om-smaforetagen-stanger-pajar-sverige/>

Gerne, Birgitta. *Norsket ägarmonopol upphävt*. Retrieved 2009-11-03 from <http://www.lakemedelsvarlden.se/zino.aspx?articleID=799>

International Franchise association. *Frequently asked questions about franchising. Answers to the 19 most commonly asked questions about franchising*. Retrieved 2009-10-26 from <http://www.franchise.org/industrysecondary.aspx?id=10008>

Läkemedelsverket. *Allmänhet – I butik*. Retrieved 2009-12-26 from <http://www.lakemedelsverket.se/malgrupp/Allmanhet/Att-kopa-lakemedel/I-butik/>

Läkemedelsvärlden. *Apotekskedjor tar över helt i Norge*. Retrieved 2009-11-03 from <http://www.lakemedelsvarlden.se/zino.aspx?articleID=2486>

Läkemedelsvärlden. *Stort intresse bland farmaceuter bli entreprenörer*. Retrieved 2009-11-03 from <http://www.lakemedelsvarlden.se/zino.aspx?articleID=12426>

ment.se. *Frustrerade småföretagare besvikna på Apoteket*. Retrieved 2009-10-20 from <http://www.ment.se/naringsliv/20091007/frustrerade-smaforetagare-besvikna-pa-apoteket>,

Regeringen.se. *Fler och växande företag*. Retrieved 2009-11-29 from <http://www.regeringen.se/sb/d/5709>

Regeringen.se. *Subventioner för småföretag*. Retrieved 2009-11-29 from <http://www.regeringen.se/sb/d/5709/a/88123>

skånskan.se. *Att öppna apotek kan kosta över en miljon*. Retrieved 2009-10-20 from http://www.skd.se/article/20090930/NYHETER/660300397/1057/*/*/LODDEKOPI NGE/att-oppna-apotek-kan-kosta-en-miljon,

Stockholms Läns Landstings. *Årsredovisning 2008*. Retrieved 2009-11-19 from <http://www.sll.se/upload/Infomaterial/SLLÅrsred08.pdf>

Svenska Franchiseförningen. *Franchising i Sverige 2008*. Retrieved 2009-10-27 from [http://sff.chaininformation.com/DownloadArea/SFF_HUI_broschyr\(1\).pdf](http://sff.chaininformation.com/DownloadArea/SFF_HUI_broschyr(1).pdf)

Svenska Franchiseföreningen. *Vad är franchising*. Retrieved 2009-10-26 from <http://www.franchiseforeningen.se/>

Svt.se. *Avknoppningar lönsamt - för köparna*. Retrieved 2009-10-26 from http://svt.se/2.22620/1.1743974/avknoppningar_lonsamt_-_for_koparna

Uppsala Universitet, *Utbildningsplan för Apotekarprogrammet*. Retrieved 2009-11-29 from <http://www.uu.se/node700?pKod=FAP2Y&lasar=09%2F10>

Government statements, Government Official Reports and other official documents

Proposition 2008/09:145. Retrieved 2009-10-22 from <http://regeringen.se/sb/d/108/a/120969>

Statens Offentliga Utredningar. 2008:4. Retrieved 2009-10-22 from http://regeringen.se/download/2a0484f5.pdf?major=1&minor=95410&cn=attachmentPublicDuplicator_0_attachment

Svenska Institutet för Europapolitiska Studier. 2005:6. Retrieved 2009-11-29 from http://www.sieps.se/dokument_/download-document/47-20056.html

Statistiska Centralbyrån. *Företagande – Något för kvinnor*. Retrieved 2009-11-29 from http://www.scb.se/statistik/_publikationer/LE0001_2009K03_TI_09_A05TI0903.pdf

Appendix

Appendix 1 - Interview guide

English translation of a Swedish original

Part 1 – Control questions

Name:

Age:

Position / Job description:

Years in the trade:

Education:

Do you have any previous experience of running your own business?

Part 2

What impact do you think that the re-regulation will have on the pharmaceutical market?

What are your concerns regarding the large private enterprises and their effect on the market?

What do you think the future will be for this particular pharmacy?

What chances do you think that the small businesses have on the market?

Are they important for the market?

Have you submitted a statement of interest to buy a pharmacy?

Are you willing to take over and run a pharmacy, with the associated risks?

If yes:

Have you submitted a statement of interest by yourself or in cooperation with other employees?

Have you submitted a statement of interest in one or more pharmacy?

Do you know if there is someone else at your pharmacy that also has made an expressed interest in buying?

Do you think that your experience from working at this pharmacy is beneficial in the future operations?

What potential does this pharmacy have to become a profitable business?

What potential does this pharmacy have for improvements?

How well do you know Apoteksgruppens offer for small business pharmacies?

Do these offers make it more attractive to run your own pharmacy?

What offers are important to you?

Is there something missing in the offer?

Are you tempted or frightened of working independently, with the responsibilities it means to be self-employed?

Do you have an idea about a possible niche for your own pharmacy, or about any factor that distinguishes you from the competitors?

Have you had any ideas that have not been possible to implement until now?

To what extent have you followed the political process leading up to the deregulation?

What will be required for the independent pharmacies to survive on the new market?

If no:

Why?

(Too much uncertainty in the industry's future?)

(Too large financial risk?)

(Lack of potential in small business pharmacies?)

(Doubt in your own ability to succeed?)

(Too much existing competition?)

(Too regulated market?)

Is there anything that could change your mind?

(Taking over the pharmacy together with colleagues?)

(More support from the government?)

(Capital / Investors?)

Now that your pharmacy is facing a change, where would you like to work in the future?

For a small business?

For a chain?

For the state?

Remain at your current pharmacy?

At e.g. a pharmaceutical manufacturer, wholesaler, health care company?