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Thought and action

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Chapter 1 Introduction

1.1. Introduction

The domain of this thesis is health care, and in particular, the manageability of the community pharmacy by the pharmacist in the Netherlands. In 1994, to serve the purpose of this thesis, a project was begun in which customer activities of Dutch community pharmacies would be studied. The project was named *APOM-project* referring to the Dutch abbreviation of pharmacy, organization and management. Within this project the Faculty of Management and Organization and the University Centre for Pharmacy, both at the University of Groningen, cooperated with stichting Verenigde Nederlandse Apotheken (stichting VNA) and Stichting Apothekers in Loondienst Apotheken (SAL Apotheken). These latter two organizations, active in the field of community pharmacy practice, financed this project mainly. Some additional financial support came from the Faculty of Management and Organization. Within the context of this cooperation, we believe that this project has been rather special in several ways.

First of all, we note that the cooperation between the Faculty of Management and Organization and the University Centre for Pharmacy has been special. Although managerial issues have become increasingly important for pharmacies over the last years, only a very few studies have described managerial issues within the individual community pharmacy practice. Consequently, this study offers a rather new perspective. Furthermore, it should be noted that the research tradition between both faculties is rather different. A main part of the studies at the Faculty of Management and Organization is out in the field; at the managerial actor. The focus is on gaining insight into managerial and organizational processes. At the University Centre for Pharmacy most of the work is different, although some of the work is also out in the field. For example, in pharmacy practice research compliance, pharmaceutical interventions, patient outcome etc. is described. Moreover, it could be argued that issues like 'drug resistance of the tubercle bacillus' (WHO 1997a), 'contaminating transforming proteins' (WHO 1987) and 'helminths coating themselves with host materials in order to hide their antigenic identity' (Lachmann 1998) do also suggest the presence of managerial actors in diseases. However, it seems evident that no one would suggest immediate field research in order to study the behaviour of proteins, bacilli, or helminths and their reaction to drugs. A laboratory would appear to be a more appropriate and safe environment to start such a study. As could be expected, a substantial part of the work at the University Centre for Pharmacy is performed in laboratories. This affects the style of performing research. Whereas a pharmacist would search for algorithms underneath chemical processes, many management scientists would doubt the existence of such algorithms within managerial and organizational processes. The specialty of this project lies in the fact that scientists from both these research traditions have been involved in this project.

Moreover, the cooperation between stichting VNA and SAL Apotheken has been rather special. Both organizations originated from different ideals and are separate market parties in the field. Stichting VNA started with the penetration of new pharmacies and concentrated on the financial survival of these pharmacies. The foundation works on the acquisition of pharmacies and their temporary operation. In doing so, they give young pharmacists an opportunity to start their own business and to promote the quality of professional standards. SAL Apotheken tried to eliminate some of the financial incentives for the pharmacist. It is a foundation which concentrates on the appointment of pharmacists on the basis of wage-earning and separates the amount of medicine sold from the personal income of the pharmacist. Such differences could have been problematic in the performance of this study, for example, with respect to secrecy of delicate organizational data. However, the cultural differences did not in any way affect the performance of this study.

Finally, an increasing number of studies at Dutch universities are financed via external parties, which, in return, hope to improve their knowledge of some specific matters. This so-called contract research comprised about 11% of the total revenue for research of the University of Groningen in 1997. Seen in this light, this project is not very special since many other projects are financed similarly. However, the nature of the cooperation between the two faculties of the university and these two sector organizations was rather special. A delicate balance between the independent position of the university and the involvement of the financiers had to be found. Therefore, we refused any influence of the financiers in terms of the results and conclusions of this thesis. They were, however, the first to receive the results and conclusions, in order to give them some time to respond to the material in terms of their own organization. Furthermore, there was no guarantee given for the usability of the outcome, not even if it were a positive outcome which might be useful in improving the manageability of the community pharmacy. There was a substantial risk for the financiers, as it were. In the most extreme case this could have meant: no cure, but still pay. Fortunately, it did not come to this. In fact, the results and conclusions of this thesis were used by the financiers. We believe that their influence on the design was a crucial factor here.

Although the financiers did not have any influence in terms of results and conclusions, they did however formulate some problematic situations which were actually adopted in the design of this study. Stichting VNA and SAL Apotheken intended changing their pharmacies. They wished to improve the customer orientation. Their main interest was to provide help for individual pharmacists. A study was welcome in order to analyze such a process of change. In connection with this issue, they were interested in managerial problems and the role of their support structure. We argued that, in order to provide a sketch of problems in organizational

change, it would be helpful to define some solid point of departure, which also might be useful for the debate in the field. It was decided that both a theoretical study and an empirical study would be used for this purpose. For the theoretical study, issues from management science and pharmacy practice research would be used. For the empirical study, a broad survey was intended in the Netherlands. Moreover, it should be stressed that for me, the learning experience of performing such a survey was of major influence on this decision also. Within this approach the pharmacies would be described on a more general level; the meso level. Based on these results, we would continue our study on the micro level. This part of the study was initiated by stichting VNA and SAL Apotheken. Their main interest was to improve their knowledge of managerial problems in organizational change to the customer orientation, and, in addition, to improve their knowledge of the role of their support structure in such a process of change. Consequently, the study was designed in such a way that these results could be expected.

1.2. Aim of the thesis

A basic aim of this thesis is to improve knowledge about organizational change within community pharmacy practice. Or, to be more specific, we would like to make it easier for pharmacists to get a grip on such a process of change. In this context, it should be noted that the role of the pharmacist is changing in the Netherlands. Where the pharmacist concentrated on the dispensing of medicine some years ago, the pharmacist now concentrates on the customer, or at least does the utmost to improve the customer orientation of the pharmacy. It appears evident that, in this context, the pharmacist needs managerial qualities. Therefore, in this thesis, we preferred the term 'pharmacy manager' to 'pharmacist'. The pharmacy manager works on pharmaceutical tasks, and, in addition, on managerial tasks. A pharmacy organization, for example, provides care as an aspect of its role within the pharmaceutical business chain. The pharmacy manager then selects activities related to care of the patient. In addition to this, the pharmacy organization, as well as any other organization, needs turnover in order to sustain its activity. The pharmacy manager accordingly selects activities related to the economic sustainability of the pharmacy organization. It is assumed that the pharmacy manager prefers certain activities, according to his or her personal preference. Each preferred combination results in a mix of activities. In this thesis, three of such mixes were defined analytically, and related to both the care orientation and to the economic orientation: the *product mix*, the *process mix*, and the *customer mix*. It is assumed that in the *product mix*, the pharmacy manager emphasizes activities linked to pharmaceutical quality, in the *process mix*, the pharmacy manager emphasizes activities linked to financial quality, and in the *customer mix*, the pharmacy manager emphasizes activities linked to the experienced quality of the customer. In the context of these various mixes of activities, it is important to keep in mind that, there is a nuance in the use of the

terms ‘activity’ and ‘action’. In this thesis, the term ‘activity’ relates to the modelled world or is the neutral term for the carrying out of an act. For example, activities may consist of a modelled description of the activities in the pharmaceutical sector or the modelled intentions of the pharmacy manager. The term ‘action’ does relate to the observed real-world action. For example, actions may consist of empirical observations in a survey or control action of the pharmacy manager in response to an evaluation of the modelled activities. It was noted above that in the pharmaceutical sector there is a general tendency to change the pharmacy organization in the direction of the customer mix. In this study, we will try to provide some grip for this manager if he/she intends changing the pharmacy organization. The main focus has been to visualize managerial problems in an organizational change to the customer mix. It seems evident that these problems need to be described before working on a solution. So whatever description may follow, it should always be remembered that, in the end, this thesis is dealing with managerial problems in relation to organizational change in the community pharmacy. The consequences of how to deal with these problems, in this specific setting, will not be described here, but could be described in another study.

Next, some preliminary research questions will be distilled. The study consisted of two phases: *phase one* related to the point of departure, and *phase two* related to managerial problems in organizational change. Firstly, in *phase one*, it is our intention to visualize an empirical point of departure, and preferably, a solid one in which the Dutch community pharmacy sector is involved. It was assumed above that a point of departure could be helpful. It was decided that this point of departure, or sketch of the pharmaceutical field in the Netherlands, would be made with respect to the three modelled mixes of activities mentioned above. In other words, a related empirical question would be: ‘What mixes of actions are used by the Dutch community pharmacy manager?’. We will analyze whether the selected pharmacy mix forms a consistent set of actions. The methods involved would be quantitative and ‘hard’, since we would like to provide a ‘broad’ picture of the Dutch community pharmacy sector. The results ought to be applicable for the meso level and generalizable to the population of Dutch community pharmacies. In addition, a gap between intention and realization was expected, and, in addition, it was also anticipated that people would *say* that they were acting in one way while they acted in another way. Consequently, different methods for intention and realization, respectively labelled *thought* and *action* in this study, were introduced. Whereas in *thought* we studied what actions the pharmacy managers perceived as important, the performance of the actions were studied in *action*. We focused on consistency between *thought* and *action* of the pharmacy manager. The determination of this empirical point of departure should enable us to study the process of change.

Secondly, in *phase two*, the analysis of the organizational change, it was supposed that services have become increasingly patient-oriented within health-care over the last years. The patient is treated as a customer, rather than as a patient. Starting from this position in general, and from community pharmacies in particular, we will study what happens if a pharmacy organization ‘travels’ to the customer mix. Within this context, the main question of this study will be ‘What problems does a pharmacy manager face if he/she ‘travels’ to the customer mix?’. In connection with this question, the role of the support structure of the financiers of this study, stichting VNA and SAL Apotheken, was studied also. Consequently, a related question is: ‘What is the role of the support structure in the organizational change to the customer mix?’. Most methods applied were qualitative and ‘soft’ since we wanted to get an impression of managerial problems at the level of the individual community pharmacy. The results should be applicable for the micro level.

1.3. This present thesis

It is argued that the theoretical basis of this study consists of three pharmacy mixes of activities; the product mix, the process mix, and the customer mix. The pharmacy manager stresses a set of activities which is related to one of these pharmacy mixes. In addition, the Dutch community pharmacy manager generally seeks to structure the organization in accordance with the customer mix. It was decided that, in order to make a broad sketch of the pharmaceutical field, we would perform a survey. In this survey the theoretical pharmacy mixes would be refined in community pharmacy practice. We also thought that before doing so, it would be wise to make a pilot study and test some questionnaires first. Subsequently, problems in organizational change would be studied. For the organizational process of change, Soft Systems Methodology (SSM) was used (Checkland 1981, Checkland and Scholes 1990, Checkland and Holwell 1998). SSM is a methodology which could enable us to unravel ‘knots’ related to subjectivity and complexity. With this first framework we can now present the content of the other chapters in further detail.

In chapter 2, the study is designed. The preliminary research questions, mentioned above, were used to refine the design of this thesis and to formulate the research questions more precisely. In addition, we illustrate what methodological choices were made. A discussion with respect to quantitative and qualitative research was used to position this study within these research approaches. Since a time series is involved in this study, the time frame and related research activities are given. Finally, the involvement of Dutch community pharmacy managers is described in terms of ‘How many pharmacy managers were involved?’ and ‘How were they selected?’.

In chapter 3, some issues from management science are introduced in order to describe the background of the differences between *thought* and *action*. The reasons

for the preference for SSM and some main issues of SSM are described. With the use of SSM and some related theories we try to describe some expected managerial problems in an organizational change. In addition, some issues from pharmacy practice research (Leufkens 1992, Mays 1994, Leufkens *et al.* 1996) are described. Some organizational terms are used in this context of community pharmacy. Via the formulation of purpose, mission and objectives, the activities of the pharmacy manager are described analytically. Consequently, three pharmacy mixes of activities are postulated: the product mix, the process mix, and the customer mix. Finally, the background of a general tendency, the change of the community pharmacy to the customer mix, is discussed.

In chapter 4, several methods are tested in the community pharmacy practice. Since no validated methods to collect data on the issue of this thesis were present, we had to formulate and test some methods ourselves. We started with four methods for *thought* and three methods for *action*. In addition, a method to describe the *profile* of the community pharmacy was formulated and tested in practice also. The main purpose of this chapter is method selection for a broad survey. In the end, an individual method for *thought*, *action* and *profile* was selected and made ready for use in the survey.

In chapter 5, the methods are applied to a large sample of community pharmacy managers. The expected differences between *thought* and *action* were present, but in a rather special way. The results were used for generalization to the population of Dutch community pharmacy managers. It was at that point that we finalized the description of the point of departure and were prepared to start analyzing the organizational change to the customer mix.

In chapter 6, the management of the organizational change to the customer mix is described. The customer activities of pharmacy managers were modelled and evaluated after some time. SSM was used as a framework to model these customer activities, and this enabled us to collect and analyze the data of this process of change. The focus here was on managerial problems in the change to the customer mix.

In chapter 7, an overview of the results is given. The meso and micro levels are described, which at this stage should not be surprising: in combining issues from management science and pharmacy practice. Issues of management science on both the meso and micro levels concentrated on *thought* and *action* as well as on managerial problems in this specific organizational change. Finally, some organizational news and pharmaceutical news is discussed.