The Status of Business Ethical and Social Responsibilities of Pharmaceutical Businesses

Author Details: Thi Hien Pham
Vietnam Medical Middle School

Abstract:
Business ethics is an indispensable part to create profits in a competitive environment, an indispensable rule for all businesses that need longevity and sustainable development. Meanwhile, social responsibility in Vietnam has been recognized and initially implemented. Along with the development of the country, that responsibility will be enhanced along with the perfection of the legal framework, state apparatus, and economic institutions. By improving their business ethics and social responsibility, Vietnamese enterprises will develop sustainably, with more and more products bearing Vietnamese brands, intelligence and people.

Keywords: Business Ethical, Social Responsibilities, Pharmaceutical Businesses

1. Introduction

Although over 30 years of implementing the economic innovation policy, many businesses have had miraculous success steps, pharmaceutical enterprises have gradually affirmed their important role in the economy, but every year, there are quite a lot of pharmaceutical enterprises fell into a state of illiquidity, bankruptcy and disappeared in the market. The reasons are many, but one of them is the lack of strategic thinking, which begins with the inability to plan a strategy that allows the search to grow the customer network and ends with the failure to develop the customer base. Develop a supply system to control to maintain business performance. Doing business in the pharmaceutical field requires managers to have both professional knowledge and understanding of business strategies to help businesses operate effectively.

Domestic pharmaceutical companies are used to building short-term solutions, but lack of fundamental and long-term strategic arrangements in the future. As a result, when joining WTO, the pharmaceutical sector was almost passive to all rapid market changes, foreign enterprises have been gradually occupying the "delicious pie" of the domestic pharmaceutical market. by establishing a supply network in various ways.

During the transition from a centrally planned economy to a socialist-oriented market economy, Vietnam is gradually forming civil society organizations. Social organizations, including the business community operating under the previously centralized and subsidized economic model, are gradually changing to operate more effectively in the market economy. Those organizations and enterprises have gradually switched to a self-responsibility mode of operation, responding promptly to fluctuations of the market economy, such as environmental pollution, strikes, etc.

Over the past time, many businesses have been active and proactive in fulfilling their tax obligations to the State and are honored annually by the tax authorities. Many large enterprises, with trademarks, registered trademarks, operating in the field of export, have achieved the level of social responsibility accepted by importers. These enterprises have had a long-term strategy to fulfill more and more fully their social responsibility in terms of environmental protection, limiting emissions into the environment... actively participating in charity activities, such as helping victims of storms, floods, natural disasters or accidents, contributing to the poverty alleviation fund of organizations.

Accompanying the development of enterprises, organizations of Vietnamese civil society have been formed and operated, making practical contributions, such as the Vietnam Chamber of Commerce and Industry, industry associations, such as Textile, garment, seafood export, Association of financial investors... Many organizations have organized training, guidance and advocacy for the implementation of standards and regulations of social responsibility, especially for people. workers and consumers. In response to the policy of extensive international economic integration, the associations themselves are aware of and constantly improve their professionalism and practical efficiency, meeting the expectations of enterprises.
Many businesses have been active and proactive in fulfilling their tax obligations to the State and are honored annually by the tax authorities. These enterprises have a long-term strategy to fulfill more and more fully their social responsibility in terms of environmental protection, emission reduction, etc., and actively participate in charity activities, such as helping the victims. Victims of storms, floods, natural disasters or accidents, contribute to the poverty reduction fund of organizations...

However, although the legal system of Vietnam has been extensively reformed and rebuilt, it is still lacking in synchronization. Among the laws prepared by different ministries, promulgated at different times, there are many overlaps and contradictions with each other. The law enforcement still has many problems to innovate, the gap between the law in writing and the law in practice is still large. The level of legal knowledge and compliance of small businesses is still limited. The social responsibility of large enterprises has been enhanced and there have been many advancements, but in small enterprises, households and farmers, compliance with labor laws and regulations on food safety and hygiene is still lacking. As a result, the effectiveness of the law and the responsibility of enterprises in law enforcement are not high.

In recent years, public opinion has repeatedly condemned business phenomena that violate ethics, run after profits, and ignore community interests. In our country, recently, there have been many pressing cases in public opinion such as: the case of Vedan Company polluting the Thi Vai River, the Formusa Ha Tinh case polluting the central sea... and a series of other incidents. Other food safety-related services show that the responsibilities of ministries and branches are still loose, legal regulations have not been timely adjusted to life...

In addition, there are a number of cases that can first lead to a violation of the law, then a violation of business ethics, and a lack of responsibility towards society. Typically, the situation of commercial fraud through forging Vietnamese origin, forging origin with imported goods from abroad to evade taxes, evade quality inspection, and evade specialized control of some domestic enterprises.

2. Literature review

The concept of business ethics in enterprises has only existed for about 3 decades. Norman Bowie - Renowned business ethics researcher was the one who first introduced this concept at the Scientific Conference in 1974. Since then, business ethics has become a popular topic in debates. Debates of businessmen, analysts, employees, shareholders, consumers...

Not all researchers, authors, and speakers share the same views on business ethics. First of all, there is always a contradiction between business and ethics. On the one hand, society always wants businesses to create many high-wage jobs, but on the other hand, these businesses want to reduce costs and improve labor productivity.

Consumers always want to buy goods at the lowest price, while commercial establishments want the highest interest rates. Society wants to reduce environmental pollution, while businesses want to minimize the costs incurred when complying with regulations on environmental protection in their production activities. Since then, an inevitable conflict has arisen in the concept of business ethics, due to the difference in the interests of the company with the interests of employees, consumers and the whole society. Because all of the above contradictions are inevitable, managers are forced to study to balance the interests of the company with the interests of shareholders and stakeholders, including employees, customers and the entire community.

Business ethics are complex issues within a country, but they are even more complicated in a global context. To form an ethical business environment, certain conditions must be established including: Social sustainability, institutional legitimacy and Government accountability; legitimacy of private property and property, belief in the future of society and oneself, belief in one's ability to provide for one's family, and the knowledge that the system works and how to join that system.

Corporate social responsibility in the market economy
Sociology considers social responsibility as a spiritual, ethical, and cultural commitment to the family, local community and society as a whole, employees, and the environment. In a market economy, all individuals and businesses act in their best interests within the framework allowed by law. The market economy described by Marx in his writings has no social responsibility, where the capitalist owner is described as a brutal exploiter, dehumanizing, uncultured to the extreme. Labor force to maximize short-term profits. That description has helped the market economy to perfect itself in the process of people's struggle along with the progress in the awareness of economic science.

To form an ethical business environment, certain conditions must be established, including: Social sustainability, institutional legitimacy and government accountability; the legitimacy of private property and property, belief in the future of society and oneself, and knowledge of how the system works and how to participate in it.

Information economics also clearly shows that the nature of fraud is information asymmetry, so it is necessary to open, transparent, and monitor it, to reduce that information asymmetry, not to assign it. Fraud as a nature of the market economy. Today's market economy has formed a system of detailed legal regulations, in order to regulate the behavior of the parties involved and protect the interests of the community and society. Those regulations have significantly reduced the excessively irresponsible behavior of enterprises (Because once a businessman behaves in self-interest, irresponsibly, it will be replaced when the business loses or goes bankrupt).

In the current context, the current model of the market economy and the role of the State is not only imperfect but also has serious shortcomings that need to be discovered and corrected. The bundling of debt or mortgages into derivatives sold on the stock market, the loosening of credit ceilings to boost home building and consumption, the collusion between rating agencies and ratings with rated banks (such as Lehman Brothers), or concealing and deceiving customers, all need to be adjusted, considering the responsibilities of each party involved and have strict laws to overcome.

Corporate social responsibility is briefly defined as an enterprise's commitment to behave in accordance with the interests of society in activities related to the interests of customers, suppliers, employees, shareholders. Accordingly, social responsibility is considered a category of business ethics, related to all business activities of enterprises.

In the globalized economy, as people's awareness of risks to the living environment is increasing, the requirements for social responsibility are also increasing, such as the requirement to control emissions of vehicles, vapor circulating on the street, controlling the level of smoke and dust in residential areas... In which, there are at least 4 groups of subjects for which businesses must be responsible in their behavior towards the following subjects: Market and consumers (including investors, banks, suppliers and partners); Workers; Communities in the region and in domestic and international society; and living environment.

3. Current status of business ethics and social responsibility of pharmaceutical enterprises in Vietnam

Vietnamese pharmaceutical enterprises are quite young compared to the world and only really developed after 1990. Therefore, the influence from the prolonged war period and the difficult subsidy period are still present. The fact that each province and city has at least one state-owned (or state-owned) pharmaceutical enterprise in charge of both production and distribution of pharmaceuticals is one of the consequences left over from the subsidy period. There are about 178 drug manufacturing enterprises in the whole country (of which there are about 100 enterprises producing modern medicines, 80 enterprises producing traditional medicines, in addition, there are over 300 establishments producing traditional medicines). Most of these enterprises focus on the production of common and common drug lines, while specialized drugs, special treatments, requiring modern preparation techniques are not interested. As a result, there is a situation of overlapping production, competing...
for a small market segment among most domestic enterprises. The segment of specialized and specialized drugs with high value is completely dominated by foreign enterprises.

In many countries around the world, there has been a process of building production and business in the market economy mechanism over hundreds of years, or at least 70-80 years such as Japan and Korea, in which the market mechanism and the legal system has been completed to a high degree, business ethics has become the norm and tradition in the society. Vietnam has only entered into the construction of a market economy since the beginning of the Doi Moi process with the 6th Party Congress in 1986, again coming from a centralized, bureaucratic and subsidized economy. Business culture, in which the most important is business ethics, so far the general public opinion in society is still considered "open". In production and business activities, there have been thousands of violations of the law and business ethics with many negative phenomena such as the use of unwarranted tricks, including illegal ones, to gain as much profit as possible. The more the better; manufacturing, importing or trading in fake, imitation, nationally banned, poor quality and toxic goods, even in the production and business of unsafe pharmaceuticals and foodstuffs; failure to implement or inadequately implement regimes and policies for employees such as salary, insurance, labor safety, retirement regime; disrespect for the interests of consumers, customers and partners; tax evasion, smuggling, commercial fraud; causing pollution to the natural environment and the social environment; failure to fulfill social responsibilities, etc.

4. Improving business ethics and corporate social responsibility in the market economy

Business ethics is an indispensable part to create profits in a competitive environment, an indispensable rule for all businesses that need longevity and sustainable development. Meanwhile, social responsibility in Vietnam has been recognized and initially implemented. Along with the development of the country, that responsibility will be enhanced along with the perfection of the legal framework, state apparatus, and economic institutions. In the coming time, in order to improve business ethics and social responsibility of enterprises, it is necessary to focus on the following issues:

On the management side

In order for business ethics and corporate culture to become a driving force for businesses, not only by propaganda and advocacy, but also need a strong enough and highly deterrent legal corridor. According to economic experts, it is very difficult to rely on the voluntariness of businesses because businesses always put profits first. Experience shows that profits can make entrepreneurs blind and irresponsible by hiding their illegal acts and the willingness of enterprises is very fragile. Therefore, it can be seen that the key role of the legal system, standards of business ethics are regulated into legal standards to implement social responsibility of individuals and businesses, to control the actions of individuals and businesses, unethical enrichment, causing harm to the community.

However, in addition to the role of the State, it is clear that there is a need for the role of civil society to promote the positive aspects of the State to monitor and limit self-seeking acts, abuse of power, government's. In fact, the lack of business ethics and social responsibility also has the help of many public officials through acts of embezzlement and extortion. Therefore, the management agency needs to have strict sanctions and regulations to limit this situation.

On the business side

- For the market and consumers, enterprises must ensure the word "credibility", ensure the quality of products and services, strictly comply with the quality standards of products and services, fulfill the service commitments. After-sales service as promised to customers, do not advertise too much truth. The law cannot regulate and regulate all activities of enterprises. Enterprises themselves must ensure their brand by maintaining quality, the stability of product and service quality does not go beyond the provisions of the law. In business,
enterprises have relationships not only with customers, but also with investors, banks, suppliers of supporting products and services, scientific institutes, universities that perform services, research, teaching, design...

In all those relationships, enterprises not only fulfill their commitments under the Civil Law and the Law on Contracts, but also have to give up the ambition to get rich quick illegally by defrauding customers and partner. The enrichment of enterprises must not only comply with the law, but also ensure and respect the legitimate and legitimate interests of customers and partners.

- For employees, enterprises must consider employees as their greatest assets, take care of the material and spiritual lives of employees, ensure that employees not only reproduce labor power, but also to improve professional qualifications, take care of health. As for the employees, they must respect the commitments in the labor contract and work at the enterprise in accordance with the commitments when being trained and improved. The law must ensure a balance of interests between the employer and the employee, between the two parties must regularly exchange information to understand each other, avoid unnecessary misunderstandings or excessive favoritism. for one side.

- Enterprises need to respect and protect the environment for the benefit of future generations. In the world today, there are many standards and norms that prescribe the regime of social accounting, social audit and reporting to society on implementation results. Importing countries require enterprises exporting from developing countries like Vietnam to comply with a series of regulations or standards, such as: SA 8000, AA1000, ISO 14000... For the sake of business, enterprises must ensure Ensuring compliance with regulations is required in order to maintain a business relationship.

References:

i. Bui Dinh Phong (2014), Power and Ethics, Labor Newspaper;
ii. Tran Phuong (2018), Thousands of Vietnamese die because of unscrupulous business, Vietnam Education Electronic Newspaper;
iii. Hansen – Mowen (2016), Managerial Accounting - International Student Edition;