

BUSINESS ETHICS IN VIETNAM – REALITY AND PERSPECTIVE

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1. An overview about Vietnam

For a long time Vietnam was very well known only for Vietnam War. Until now “war” issue is still very strongly connected with Vietnam. When we put Vietnam as a key work to search on Google, we get 211.000.000 results, but 18.800.000 results on those are about Vietnam War. Only 358.000 results are about Vietnam economics and 454.000 results about Vietnam business. Ten years ago, when we would go abroad and say that we were from Vietnam, everybody would ask about Vietnam War.

But, things have been changing rapidly from 1986, when the Sixth Party Congress introduced significant economic reforms with market economy elements as part of a broad economic reform package called “Đổi mới” (Renovation). Renovation process had really started in 1991, when COMECON, the Socialistic Economic Integration was dissolved. Private ownership was encouraged in industries, commerce and agriculture.

Nowadays, with a population of well over 85 million, Vietnam is the 13th most populous country in the world. The country is listed among the "next eleven" economies; Vietnam achieved around 8% annual GDP growth from 1990 to 1997 and continued at around 7% from 2000 to 2005, making it the world's second-fastest growing economyⁱ. In 2006, GDP growth was 8.17%, the second fastest growth rate among countries in East Asia and the fastest in Southeast Asiaⁱⁱ. Simultaneously, foreign investment grew threefold; as up to 1990, there was only one joint venture with the Soviet Union (VietsoPetro) in Vietnam, but by August

2007, there were 7825 investment projects from 79 countries and territories with registered capital up to 71.5 billion USDⁱⁱⁱ. Only in 2007, Vietnam has lured FDI of 16 billion USD^{iv}. Late 2007, the Ministry of Finance in Vietnam said the GDP growth was estimated to hit a ten-year high record at 8.44% in 2007^v. At the same time, international trade in Vietnam was growing rapidly. Throughout the 1990s, exports expanded significantly, growing by as much as 20%-30% in some years^{vi}. In 1990, export turnover in Vietnam was 2.404 billion USD, while the amount in 2006 was 39.605 billion USD^{vii}... As a result of several land reform measures, Vietnam is now the largest producer of cashew nuts with a one-third global share^{viii}, the largest pepper exporter and second largest rice and coffee exporter in the world^{ix}. Besides these productions, key exports are tea, rubber, garments, footwear and fisheries products. Agriculture's share of economic output has declined, falling as a share of GDP from 42% in 1989 to 20.4% in 2006, as production in other sectors of the economy has risen. Paralleling its efforts to increase agricultural output, Vietnam's industrial production has grown. Industry contributed 41.5% of GDP in 2006, up from 27.3% in 1985. Quality of life has improved remarkably. In 1990, GDP per capita per PPP of Vietnam was only 942 USD, belonged to the 20 countries with lowest GDP per capita^x; in 2005, the number was 3,393 USD, ranking 122nd out of 179 countries and territories. The nominal GDP per capita was 809 USD, ranking 141st on the list^{xi}.

Among other steps taken in the process of transitioning to a market economy, in July 2006 Vietnam updated its intellectual property legislation to comply with TRIP. Vietnam's accession to the World Trade Organization on November 7, 2006 has further integrated Vietnam into the global economy.

Based on these facts, Vietnam can expect sustainable growth in the future. In 2008, the IMF in its annual economic outlook for Vietnam forecast a growth rate between 8 percent and 8.25 percent, backed by strong demand, investment and private consumption. *"The near-term outlook remains broadly favorable, and Vietnam has good prospects for sustained growth and poverty reduction over the medium term, provided that the government can take timely action to rein in demand pressures,"* the IMF said.^{xii}

2. Business ethics in Vietnam

2.1. What is Business ethics:

The study of ethics is an ancient tradition, rooted in religious, cultural, and philosophical beliefs. Ethics is concerned with moral obligation, responsibility, and social justice. The word ethics comes from the Greek words "ethikos" and "ethos," meaning custom or usage. As employed by Aristoteles, the term included the idea of character and disposition. Thus, ethics reflects the character of the individual and more contemporarily perhaps, the character of the business firm, which is a collection of individuals.

Business ethics is either ancient or very new. Being considered as moral reflection on commerce, business ethics is probably as old as trade itself. In the Code of Hammurabi (1700s B.C.) was a prescription for prices and tariffs and laying down both rules of commerce and harsh penalties for noncompliance. It could be the evidence of civilization's earlier attempts to identify the moral contours of commercial activity. Aristotle's Politics (300s B.C.) addresses explicitly commercial relations in its discussion of household management. Judeo-Christian morality, as expressed in, e.g., the Talmud (200 A.D.) and the Ten Commandments

(Exodus 20:2-17; Deuteronomy 5:6-21), includes moral rules applicable to commercial conduct.

However, as a discrete, self-conscious academic discipline, business ethics is barely four decades old. Prominent business ethicist Norman Bowie dates its first academic conference to 1974^{xiii}. Since that time, business ethics has become a topic of popular discussion by American business executives, employees, shareholders, consumers, and college professors. After this, the study of business ethics has expanded widely to almost all countries in the world. Unfortunately, not all the instructors, writers, and speakers agree with one another about what business ethics is. Firstly, there is an inherent conflict between business and ethics. Although society wants companies to create many well-paying jobs, those same organizations want to limit compensation costs and raise productivity levels. Customers want to purchase goods and services at low prices, but businesses want to maximize profits. Society wants to reduce pollution levels, but businesses want to minimize the cost that environmental regulations add to their operations. Then, from that arising a natural, unavoidable tension in the term "business ethics" - a tension that stems from conflicts between the interests of companies and their employees, customers, and the greater society. Because these conflicts are fundamental to the nature of business, managers must continuously and consciously balance the needs of the organization and its stockholders with the needs of other stakeholders, including workers, customers, and the larger community^{xiv}.

The simplest definition is business ethics are considered as *Accepted principles of right or wrong, governing the conduct of businesspeople*.^{xv} The definition is rather general, lacking some essential issues, such as: which kind of conduct the

principles can govern? Or who are the businesspeople, and how should their conduct be governed?

Being aware of the complexity of the issue, Professor Phillip V. Lewis from Abilene Christian University, USA has collected and surveyed 185 definitions of business ethics, appeared in textbooks and articles from 1961 to 1981 to find out, how is 'business ethics' defined in the literature and by business people. After fixing the areas of agreement among those definitions, he synthesized a definition of "business ethics" as following:

"Business ethics is rules, standards, codes, or principles which provide guidelines for morally right behavior and truthfulness (of an organization) in specific situations"^{xvi}. According to the definition, business ethics can comprise those issues:

1. *Rules, standards, codes or principles as moral guidelines* that, if followed, will prevent unethical behavior. For instance: if the labour law prescribes that women have an equal right in working as men, it could prevent employers from gender discrimination in seeking employees.
2. *Morally right behavior — individual actions* that conform to justice, law, or another standard; individual actions in accord with fact, reason, or truth. A business person just constantly deals with the central issue of what consequences will result from his or her actions. That is, she or he must not engage in any practice that would tend to corrupt the integrity his or her position.
3. *Truthfulness* — statements and/or actions that conform to facts or that have the appearance of reality. For example, the Preamble of the Code of Ethics of the Society of Professional Journalists in USA states: "*We believe in public enlightenment as the forerunner of justice, and in our Constitutional role to seek the truth as part of the public's right to know the truth.*"

The most difficult part in studying ethics in general and business ethics in particular is to define, what is right or wrong, because what may be ethically right to one person, may be wrong to another; what today could be considered as right, tomorrow could be wrong. It's named by Lewis as "*Specific situation — occasions of personal moral dilemma calling for ethical decisions*". For example, the American Medical Association has adopted as its principle objective rendering "service to humanity with full respect for the dignity of man". The responsibility of the physician extends "not only to the individual but also to society". Thus, any participation in a situation that does not have "the purpose of improving both the health and the well-being of the individual and the community" would be the result of an unethical decision.

Ferrels and John Fraedrich have another idea for the definition of business ethics, herein stated: "*Business ethics comprises the principle and standards that guide behavior in the world of business. Whether a specific action is right or wrong, ethical or unethical, is often determined by investors, employees, customers, interest groups, the legal system and the community*"^{xvii}

Because the definition is overlapped with Lewis's definition in most of parts but it represents more clearly, who is involved in business ethics, it will be applied on that paper. In that way, business ethics in that mean have many common shares with law compliance, corporate social responsibility and issues regarding the moral rights and duties between a company and its shareholders: fiduciary responsibility, stakeholder concept v. shareholder concept, etc. It means that business ethics include not only obeying the rules but also protecting also protecting the benefits of people concerned with the activities of enterprises and benefits of the community.

2.2. Research methodology and questions:

The specific research questions addressed in this article are (1) What is business ethics definition in compare with “business ethics” understanding in Vietnam? (2) How is business ethics application in Vietnam nowadays; and (3) How is the perspective of business ethics application in Vietnam in coming period? Previous research on these questions has been lacking. Even though recently there are many research and articles about Vietnam, but most business writers and professionals concentrated in analyzing its economic successes. Some articles mentioned business ethics but none of them provided a broad view of business ethics application in Vietnam.

Data for this study were gathered from both primary and secondary sources. Selected textbooks and articles in the management area were reviewed. Textbooks were selected from four areas of management: business, business ethics, marketing and international business. Articles were selected from Business Premier Source, database, mainly from 2000 up to now. A brief questionnaire was distributed to a random sample of businessmen and students, studying in Foreign Trade University in Hanoi, Vietnam. There were about more than 10 questions in the questionnaire, asking from: “*Have you ever heard of business ethics?*”, “*What is your business ethics in your opinion?*” to respondents opinion about some special situations. After excluding some unsuitable answer sheet, finally we’ve got 100 answers, including 80 businessmen and 20 students, who were studying from 1st to 3rd year in Foreign Trade University in Hanoi. Some of them also had experience in working as part-time employee. The ratio method in description methodology was taken to analyze data in three stages. In the 1st one the answers/content of all respondents has been analyzed to provide an overview of business ethics in Vietnam. In the 2nd stage, only answers from students have been analyzed and in

the 3rd one the findings earned in the two stages have been compared with each other to make a conclusion.

2.3 An overview of business ethics in Vietnam

Business ethics is a relatively new issue in Vietnam. Such issues as business ethics, business culture, corporate culture, etc., began emerging after the market economy reforms were made in 1991, when Vietnam started to join in the internationalization and globalization process. Previously, in the centralized planned economy, the issues were never mentioned in Vietnam. In a command economy, all business activities were conducted by government orders. Through such orders, ethical conduct was considered as completely obeying the higher authorities' instructions. There was a shortage of almost all kinds of goods, those being successful in buying goods were really lucky, thus nobody could afford to complain about the goods' quality. Because supply exceeded demand, service quality in the distribution network was quite poor; customers had little chance to complain about it. At that time, industry in Vietnam was underdeveloped, there were limited numbers of manufacturers, and furthermore nearly all of them were state owned, thus, there was no need to consider such issues as trademarks or intellectual property rights. Most employees were working for the state, where the discipline and bonus system were unified and simple. There were not any strikes or labor conflicts to deal with. But since Vietnam has joined in internationalization from 1991, there were new issues coming up such as: intellectual property rights, food safety regulations, strikes, stock market, etc.,...and thus the issue of business ethics became more popular to society. In this paper, author would like to present some preliminary findings of business ethics in Vietnam. These findings are based on information, collected from Vietnam as well as foreign literatures, and a mini –

survey, which has been done in Hanoi, the capital of Vietnam from November 2007 to January 2008.

2.3.1. Vietnamese awareness of business ethics issue

As above mention, business ethics is still relatively new issue in Vietnam, not only for businessmen but also for intellectual people. Till now, there were very rarely books about business ethics, most of them were translated from American books. Maybe the 1st academic book of this topic in Vietnam was “WHAT'S ETHICAL IN BUSINESS ?” by Verne E. Henderson, published by McGraw-Hill Ryerson, Limited in January 5, 1992; the book was translated into Vietnamese by Ho Kim Chung, published in Vietnam in November 1996 by Nha Xuat ban Van hoa, but it's content and translation weren't adequate and didn't bring about many attentions even between intellectual people in Vietnam. Recently, there were more articles on this topic, especially in Chungta magazine (an internal magazine of FPT group, a leading group of IT in Vietnam, www.chungta.com) or Diendandoanhnghiep newspaper (a newspaper for businessmen, issued by Vietnam Commercial and Industrial Chamber – VCCI, www.dddn.com.vn) and some other magazine or newspapers, such as Saigon Times, Laodong, etc. But the articles mostly discussed about some recent events in Vietnam, relevant to business ethics or provided some cases, taken from foreign newspapers/magazines, without any deeper research of business ethics or business ethics definition.

In most Vietnamese high schools and universities, business ethics isn't taught as a subject in their curriculum or only as an elective subject. Business ethics is not even mentioned in the texts of other related subjects, such as international business or business management. However, sometimes it is mentioned, but done so very sparingly. The most common thinking about business ethics is that it's compliance

with the rules! In most Vietnamese high schools and universities, business ethics isn't taught as a subject in their curriculum or only as an elective subject. Business ethics is not even mentioned in the texts of other related subjects, such as international business or business management. However, sometimes it is mentioned, but done so very sparingly, as business ethics is to comply with the rules! This misconception and very short idea on what business ethics are leads to a narrow and underdeveloped idea of what business ethics should be concerned with.

Recently, under pressure of globalization, Vietnamese mass media mentions business ethics quite frequently, but it doesn't provide any official definition. As a result, even though people often hear about business ethics, their understanding of the issue is still very vague. The fact is shown quite clearly in the survey findings. 66/100 (66%) of those surveyed answered that they had heard regularly about business ethics, while 34/100 (34%) sometimes had heard about business ethics. We should note that the survey was conducted in Hanoi, the capital and the second largest city in Vietnam, where the percentages can't be considered very high. But to answer the question: "*What is business ethics in your opinion?*", 91/100 (91%) considered "business ethics is complying with the rules", only 9/100 (9%) said "*business ethics is protecting customers' right*"; none of them considered business ethics should be both: complying with the rules and protecting customers' rights. The vague understanding of business ethics is the main reason leading to the shortage of business ethics enforcement in practice.

2.3.2. Corporate social responsibility

To study the issue, we are focusing in two dimensions: Corporate responsibility of production quality and corporate responsibility in environment protection. The 1st question was set up as: "*What would you do, if your company gets the information*

that in one lot of company's production, some one has switched fault production, harmful for consumers, with true one but no one can recognize the fault production by outward aspect?" The question is based on a true story in Chicago in 1981. Someone put poison in some bottles of Tylenol pain reliever produced by Johnson & Johnson (J & J) that were being sold in supermarkets in the Chicago area, causing the death of 7 people. Policeman never found the person responsible. Although this scandal happened only in Chicago and security authorities thought that the person only put poison in some Tylenol at those supermarkets, the managing board at J & J insisted on withdrawing all 31 million bottles of Tylenol bottles distributed not only in the US but also all over the world for verification. This decision cost USD \$100 million but the high social responsibility along with an effective PR campaign helped J&J earn back its' market share in 6 months. But in our survey, only 42 people, equal to 42%, chose the variant: *"To withdraw immediately the production, despite a finance loss"*, 50 people, equal to 50% selected the variant: *"Put a notice up in every selling place and let the customers make the decision to buy or not"*; and 8 people, (8%), decided on the variant: *"Do nothing, because it is not the company's fault!"*

The 2nd question is: *"What is your opinion, when a Vietnamese company exports soy bean sauce with a 3-MPCD rate that complies with Vietnamese regulations but exceeds EU permissible levels many times over?"* It is also based on a fact that in 2002, a Belgium newspaper warned its citizens against using Vietnamese-made Chinsu soy sauce, because of an analysis made by the Belgian Food Quality Agency indicated the soy sauce contained 3-MCPD – a chemical contaminant known to cause cancer in animals and kidney damage – at an unacceptably high level of 86 mg/kg, exceeding the EU permitted level of 0.05 mg/kg nearly 200

times over the limit. But Chinsu denied its responsibility because they said Chinsu didn't export soy sauce to Belgium. The soy sauce could have been re-exported to Belgium by another company or it could have been an imitation. Moreover, a 3-MCPD rate in Chinsu soy sauce exceeded the EU regulations but remained within Vietnamese regulations! This incident has alerted the appropriate Vietnamese authorities and consumers to the harmful effects of 3-MCPD in soy sauce. The production used to be considered very safe because of its natural origin. It is also a fact leading to a scandal in 2007, when 90% of the Vietnamese soy sauce producing enterprises was found guilty by the appropriate authorities for violating food safety regulations by exceeding the permitted 3-MCPD levels. This incident has almost ruined the industry in Vietnam. Since this time all soy sauce companies are required to put a statement on every product: "No 3-MCPD" in their product to ensure customers of the safety of the product. Perhaps due to this well known fact, the opinion of surveyed people for the question is more straightforward. 33/100 people considered it as "*Law breaking*", 25 people said: "*Business ethics violation*" and 42 people considered it: "*Violation in both!*" No one considered it a non-violation. But the findings also indicate a vague delimitation between regulation and business ethics, because in fact the company violated both, business law and ethics, due to fact that when a company exports goods to any country, they should obey the rules of that country.

The question of the responsibility of entrepreneurs on the environment can be found in the facts on numerous foreign companies investing in Vietnam taking advantage of the vague and loose regulations on environmental protection, using technologies that pollute the environment, affecting the health of workers and the community to reduce costs. There are innumerable examples of this problem:

textile mills without proper cleaning devices affecting workers and people in the surrounding communities, subsequently, suffering from lung diseases; footwear factories releasing waste water, polluting water sources; to name a few. Companies do not have enough protection equipment for its' workers, leading to a high rate of work related accidents. In these cases, although companies do not break the law, they violate business ethics intentionally as they are conscious of the consequences completely. However, the opinions of respondents are quite tolerant and moderate. Answering the question if a foreign company comes to Vietnam to establish a factory to take advantage on the vague and loose environmental laws of Vietnam, only 75 people, equivalent to 75%, considered it an unacceptable thing, a business ethics violation; 25 people thought: "*It's acceptable because in doing business people can seize an opportunity*". This result is caused by the fact that Vietnamese are not concerned with the environment that much, depending entirely on the law when assessing business ethics in companies.

2.3.3. The intellectual property issue in Vietnam:

It is such a hot problem, not only in Vietnam but also in most of developing countries. Violation of intellectual property in Vietnam has a variety of reasons: First, until the beginning of the twentieth century, Vietnam was a backward agricultural country, there were no achievements in products required to be protected like industrial designs, inventions, and therefore, there were no regulations on intellectual property rights. Moreover, as Vietnam is a country with a culture that values the community highly, Vietnamese did not have a tradition of protecting private property. In the feudal period and even the pre-integrated period, researchers and artists earned their livings by receiving a salary; the law did not refer to the intellectual property rights system, fees for an author were very low as

they were thought to serve the community. This issue was only taken seriously from 1991, when Vietnam signed the TRIPS agreement. However, as the time for implementing this has been very short, only a little more than 10 years in comparison to the hundreds years of intellectual property protection rights history in the European or American continents, the consciousness of the Vietnamese people about intellectual property rights is limited. One reason for this situation is economic. For example: Stories about young wizard Harry Potter of J.K. Rowling are very popular in Vietnam. In August 2007, as children over the world, Vietnamese children were eager to wait for the 7th volume - Harry Potter and the Deathly Hallows. But their parents could be in a big dilemma, if they wanted to respect intellectual properties. The cover price of an official copy of the J.K. Rowling book was \$38 in Vietnam, against an annual average salary of \$600, and illegal copies have been offered everywhere with about \$7!^{»xviii}.

One way of violating intellectual property, which is quite popular in Vietnam is that a company brands its product intentionally rather like one famous product brand to dodge law, making mistakes for consumers, for instance: a domestic company named their motors as Hongda to imitate Honda, the very famous brand name from Japan. The result in this question has confirmed this statement. Answering for the question: "*Give your opinion if a company brands its product like a famous one*", only 16 people considered it as breaking the law, 37 considered it as violating business ethics and 47 thought it was acceptable because they were not exactly similar absolutely. What's more, of the 47 people that considered it as breaking the law, there were 3 out of 20 students, who were educated about this issue. As a result, it can be seen that intellectual property rights will be an unresolved problem in Vietnam for a long time.

2.3.4. The relationship between employer and employee:

Recently, strikes are a serious problem in Vietnam. According to statistics, since 1995 up till now, there have been more than 1,000 strikes, from big to small. Only in the first quarter of 2007, there were 103 strikes in 14/64 provinces, cities with a population of 62,700 or more taking turns having strikes. Đồng Nai is the province that had the most with 35 strikes, followed by Bình Dương with 22 strikes, Ho Chi Minh City with 26 strikes. 98 out of the 103 strikes were for economic reasons. ^{xix}

The main reasons for the strikes can be listed per below:

- Unsatisfactory conditions in work environment, environmental pollution, unsafe and old equipment, lack of worker safety conditions, no periodical health checks for workers and occupational hazards and diseases are the main causes.

- Despite obeying rules of the law, the salary system is still low compared to the average level of the labor's life. Therefore, workers feel dissatisfied with the work place and disloyal to enterprises.

- Inadequate knowledge of workers about the Labor Law

It was surprising that this situation happened not only in domestic private companies, which were regarded to have small capital and little knowledge about the law, but also in foreign invested companies, especially those from Taiwan and Korea. According to the Institute of Workers' and Trade Union, over the last 10 years, 878 strikes have been staged in FDI enterprises, accounting for 70.7% of the total strikes in Vietnam.

A typical case is a strike that happened on the morning of July 25th 2007, at Linh Trung I export processing zone (Thu Duc district, Ho Chi Minh City), by

1,300 workers of Danu Vina company (a Korean wholly owned company) due to the company's unreasonable policy. From July 2007, the company gave a salary increase of VND 50,000, (about USD 3) for 1 to 5 year workers and VND 70,000, (less than USD 4) for 5 to 7 year workers. However, this policy was granted only for workers having contracts before July of the previous year. In addition, a monthly bonus for hard working workers of only VND 25,000 (equal to USD 1.5) was given; much too low as the average meal cost VND 4,000 (equal to 25 US cent) and was of very bad quality. Thievery, cause by unsecured locks, and bad sanitation conditions in the company made workers feel more concerned, upset and angry.

To solve the problem, in 2007 the Workers' and Trade Union Institute under the Viet Nam Confederation of Labor conducted a survey in localities that are home to many FDI enterprises, including Ha Noi, HCM City, and the provinces of Dong Nai, Binh Duong, Ba Ria-Vung Tau, Vinh Phuc, Bac Ninh and Hai Duong. The findings have shown that: in many foreign direct investment (FDI) companies', workers still face low wages, long extra working hours and a hard life. Up to 45 per cent of FDI companies, workers have complained about low wages; in nearly 16 per cent of the companies, workers were dissatisfied about their extra working hours. Long working hours and low wages, sometimes even lower than in private and state owned companies, are the main part of the problem. Most FDI workers receive a low salary from VND 800,000 (USD 50) to VND1,000,000 (USD 62) a month. Thus, only 30 per cent of the workers in FDI companies can have enough money to offset their daily living costs. To increase the monthly income for essential daily expenses, 42.5 per cent of the FDI workers have to work overtime, especially those working in garment and leather enterprises. In several garment

enterprises, the rate of women laborers working extra hours has reached 55%, many of them have to work 16 hours/day, till falling down unconscious.

To solve the problem, the Institute has proposed intensifying inspections and imposing stiff penalties on companies' violations of the labor code, including failure to provide social and health insurance. The Institute also has called for amendments to laws on settlements of labor disputes and strikes to ensure that the strikes are legal and protect the interests of both employees and their employers.^{xx} This problem must be solved soon to protect the benefits of workers, enhance the investing environment in Vietnam and attract more foreign investors.

As the relationship between employers and employees has been mentioned in the mass media in Vietnam, the answers on this topic in our survey are quite positive. Vietnamese law prohibits employers from refusing to employ female workers that have children. Also, female workers that have children less than 3 years of age have the right to go to work 1 hour later than other employees and are not required to work overtime. However, in fact, this law is only obeyed in state-owned companies while it is ignored in private and FDI companies. When being asked for the opinion when "*A company refused to recruit a female employee because she had children and/or had a child under the age of 3 but forced her to work overtime*", 25% of the respondents considered it as breaking the law, 67% of the respondents considered it as violating business ethics, but 8% considered it all right because all workers have to work equally and that no one should be given preferential treatment. Thus, it can be understood here that despite some limitations in knowledge, most respondents have the correct view on this problem.

2.3.5. The moral rights and duties between a company and its shareholders

This is a new matter in Vietnam as the Vietnamese stock market is still in its' infancy (less than 10 years old) so that the regulations on the accuracy of financial reports and disclosed information of enterprises aren't strictly controlled. Thus, recently, many enterprises have disclosed inaccurate information to gain profit and cause harm to investors.

The first serious case was the false financial report on the joint stock report of Bien Hoa Confectionary Company (Bibica) in 2002 and the first 6 months of 2003. As Bibica was one of the first 21 listed companies and the first listed company in the confectionary industry on the stock market, based on those false figures, Bibica's stock price rose very quickly. But in fact, in an effort to improve its competitiveness on the market, Bibica simultaneously launched a range of investment projects to expand production, launching new products (moon cake, layer cake, and built a second confectionary plant, etc.). As a result, the company's debt to the bank increased. In addition, the rise of input materials' price, new staff in finance - accounting department drove the company into more difficulties. In an effort to lure more investors to acquire new capital, the company issued an inaccurate financial report. When the fraud was discovered, shareholders found out that Bibica has suffered a VND 10.086 billion loss in 2002 (equivalent to USD 7,500,000), nearly double the number of VND 5.4 billion that the company executives had disclosed publicly. Indispensably, the share price of Bibica fell drastically, leading shareholders to suffer dramatic losses. In addition, Bibica faced penalties for breaching securities administration laws by the State Securities Commission (SCC) and nearly went bankrupt.

However, as profits in the stock market were so appealing, similar cases still occurred. Thien Viet was a securities company established in early 2007 but it drew

a lot of attention from investors as Mr. Nguyen Trung Ha, chairman of Thien Viet was a Deputy Director General of a top company in Vietnam and in its business registration license, Mr. Pham Kinh Luan, a prestigious expert in the finance field, was appointed Director General of Thien Viet. Consequently, though, Thien Viet's stocks even remained unlisted but were still sought after by investors. Interestingly, too, Thien Viet's board of directors disclosed that the company had signed a cooperation agreement with Goldman Sachs, a leading finance corporation in the USA (Thien Viet even showed the cooperation agreement with the signatures of Goldman Sachs' and Thien Viet's Presidents to reporters), the price of Thien Viet's stocks soared upwards, increasing much more than the listed price. However, a few days later, in the Thanhnien newspaper (a famous newspaper in Vietnam) an article appeared, saying that Goldman Sachs denies any formal association with Thien Viet: *“Edward Naylor, Corporate Communications Director of Goldman Sachs in Asia, in his e-mails to Vietnamese press agencies, stated that Goldman Sachs just established an informal exploratory dialogue with Thien Viet as we have done with other local securities companies and has no formal association with this company”*.

When asked about the cooperation agreement with the signatures of Goldman Sachs' and Thien Viet's Presidents that Thien Viet has shown to reporters, Mr. Naylor said that: “Goldman Sachs sometimes sign similar agreements with private securities companies when the group discusses opportunities with them and these agreements could not be seen as the proof on wide ranging partnership.”^{xxi}

In addition, Mr. Pham Kinh Luan said that he had not signed any working contract for Thien Viet. As a consequence, Thien Viet paid stiff penalties to the HCM City Securities Trading Centre (HSTC) and the State Securities Commission for being

dubious and deceitful. Those who suffered the most here were investors, who were enticed by the misleading information released by Thien Viet's board of directors.

However, these and other wrongdoings are likely to happen again as the law and the awareness of Vietnamese businessmen about the stock market isn't complete. Difficulties or risks are unavoidable in doing business. Under such conditions, prestigious companies have to call for collaboration from shareholders in an effort to overcome their arduous time. Although this could be risky, companies could gain confidence in their investors and lessen the risk of being abandoned, if false information was revealed. But in our survey, to respond to the question: "*When the production line of the company is damaged, causing productivity to decline, and after being revealed publicly, this information causes the company's stock price to fall, what should the company do?*", only 42% chose to inform all investors, 50% chose "*Keep the information undisclosed until the production line is repaired*" and 8% chose: "*Not giving any report or information except when forced to do so.*" Despite this result seeming optimistic because 92% of the respondents didn't intend to conceal information at least for a certain time, it should be considered as a shortcoming in the awareness of Vietnamese enterprises

3. Perspective of business ethics in Vietnam

Due to the limitation of time and information (because the author is currently in South Korea, not in Vietnam), this article certainly can't present all aspects of business ethics in Vietnam. However, based on the cases and findings mentioned herein above, we can make some initial assessments on the reality of business ethics in Vietnam:

- The knowledge of Vietnamese people in general and entrepreneurs in particular in business ethics is still incomplete, most equating business ethics

with obeying the law in business. The misunderstanding has led to a narrow application range of business ethics; moreover, it would be an obstacle to promote the ability of business ethics in a country which has not fully and completely developed a legislative system such as Vietnam.

- The awareness of Vietnamese people on such issues as: “The responsibilities of enterprises to society, relations between employer and employee, the moral rights and duties between a company and its shareholders” remains ambiguous, dependent on rules of the laws, instead of focusing on the entrepreneurs’ responsibility toward consumers. A significant rate of respondents seemed to be passive, only taking responsibility when being forced to do so instead of acting actively for the common benefits of society
- The weakest points in the knowledge of Vietnamese people can be seen in the awareness of protecting the environment and intellectual property rights. These findings are in line with the UN’s survey and other sources of information. In the long-term, shortcomings should be eliminated in order to promote sustainable development in Vietnam.

However, the findings have also shown some positive signs of the prospect of business ethics in Vietnam. Firstly, 100% of people questioned said that they had heard about business ethics. Though the concept of business ethics remained ambiguous, only the fact that a wide range of people had some knowledge of this issue was a good sign. Another good sign was that the answers from student groups, majority being freshmen and, thus, had not been trained much in the knowledge of business, was far more accurate than those from the enterprise sector. Most students often heard about business ethics (17/20 students), much higher than average (85% against 67%). The percentage of students who think that business

ethics protects consumers' rights also exceeds the average rate (35% against 8%). In situation 3, no student agreed with the variant: "Do nothing, because it is not the company's fault!" for in the case when the products of a company had been exchanged fraudulently in comparison with the average rate 8%. In situation 6, no student agreed with the solution "It's acceptable because in doing business people can seize an opportunity" for in the case when a foreign company sets up a plant in Vietnam aimed at taking advantage of the vague and loose regulations on protecting the environment. But in situation 7, "*When the production line of the company is damaged, causing productivity to decline, and after being revealed publicly, this information causes the company's stock price to fall, what should the company do?*" responses from students were separated. Though there were 65% students who agreed with the decision "*To inform completely the information to all shareholders and call for a collaboration from them to overcome the difficulty*" against an average rate of 42%, there were 3 students (accounting for 15% against the 8% average rate) who think: "*The company shouldn't disclose anything unless being forced to do so*". This result may be caused from the reason that the stock market is too much of a novelty itself to Vietnam; therefore, the knowledge of enterprises' responsibility in the stock market is not complete. Similarly, in situation 8, asking about their opinion when "*A company refused to recruit a female employee because she had children and/or had a child under the age of 3 but forced her to work overtime*", though 40% of the students considered it as breaking the law against an average rate of 24%, but there were also 15% of the students against the 8% of the total rate believed that: it's legal as all workers have to work equally and should not be given any preferential treatment. This result comes from the lack of labor law's knowledge and the misunderstanding of gender equality that has been widely propagandized in Vietnam. Though the findings on these two

aspects are not very satisfactory, in general we can say the awareness of students group on business ethics was at a higher level and they showed a better social responsibility than the businessmen group.

Despite the survey sample being small, the findings of the student group – forthcoming entrepreneurs – could be considered as a positive sign for the awareness improvement of Vietnamese businessmen on business ethics in the coming years. As has been widely known, after Vietnam joined the WTO in 2007, the Vietnamese government has a plan to widely propagandize the knowledge and issues of international integration and globalization to the public. The Ministry of Education and Training in Vietnam is also directing all domestic universities and colleges to renovate their curriculum to keep up with the global standards level. Furthermore, being aware of the need, some international organizations are starting to help in disseminating business ethics knowledge in Vietnam, e.g. in March, 2008, the book “*Business Ethics: A Manual For Managing A Responsible Business Enterprise In Emerging Market Economies*” by Igor Y. Abramov, Kenneth W. Johnson and Donald L. Evans, Publisher: Diane Pub Co (May 4, 2004) was translated into Vietnamese and published by Nha Xuat ban Tre (Youth Publisher) in Vietnam with an assistant of the Information Resource Center (IRC) of the US Embassy in Vietnam... Based on such incentives and the traditional fond of learning of the Vietnamese people, we can expect that in the coming years, the awareness of Vietnamese people in business ethics will be significantly improved to contribute to the sustainable development in Vietnam as well as to improving the living standards for the Vietnamese people.

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