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**IMPROVE COMPETITIVE COMPETENCY OF
VIETNAMESE PHARMACEUTICAL ENTERPRISES IN
THE CONTEXT OF INTERNATIONAL INTEGRATION**

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INTRODUCTION

1. Rationale

Vietnam has a population of 97 million, ranking 13th in the world. Per capita spending on drugs in Vietnam is from 22.2 USD in 2010 to 37.9 USD in 2015. It is forecasted that by 2025, the population size is about 100 million people, the average annual growth rate for drugs is at least 14%/year, reaching 163 USD/person/year, Vietnam is considered as a potential market. Vietnam's pharmaceutical industry has produced a number of drugs that require a high level of technology, which has initially established a solid reputation and brand in the domestic market and meets the standards for export to several countries around the world. The government has made efforts to develop domestically produced pharmaceuticals, but domestic production only meets about 50% of domestic demand and has to import most of the medicinal ingredients. Imported pharmaceutical products account for more than 50% from foreign countries such as France, India, Germany, Italy and South Korea (Central Economic Commission, 2017). Besides the fierce competition with imported pharmaceutical products, domestic enterprises have to compete with foreign enterprises entering the production stage in Vietnam. Stemming from these reasons, the research "*Improving the competitive competency of Vietnamese pharmaceutical enterprises (VPE) in the context of international integration*" is necessary and meaningful.

2. New contributions

2.1. Theoretical contributions: The thesis has (i) Systematized the basic theories on competitive competency, content and methods of enhancing competitive competency of pharmaceutical enterprises in the context of international integration, (ii) Clearly identified basic factors affect the competitive competency of pharmaceutical enterprises in terms of international integration.

2.2. Practical contributions: The thesis has (i) clearly analyzed the current situation of competitive competency of VPE, (ii) clearly analyzed the factors affecting the competitive competency of VPE, (iii) contributed some orientations and solutions to improve competitive competency for VPE in the context of international integration.

3. Thesis structure

In addition to the introduction and conclusion, the thesis consists of 4 chapters, Chapter 1. Literature review and research directions of the thesis. Chapter 2. Theoretical basis and international experience on improving the competitive competency of pharmaceutical enterprises in the context of international integration. Chapter 3. Situation of competitive competency of VPE in the context of international integration. Chapter 4. Solutions to improve competitive competency of VPE in the context of international integration

Chapter 1

LITERATURE REVIEW

AND RESEARCH DIRECTION OF THE THESIS

1.1. LITERATURE REVIEW OF COMPETITIVE COMPETENCY OF PHARMACEUTICAL ENTERPRISES

1.1.1. International researches

1.1.1.1. Research on competitive competency

1) *The theory of five forces in industry*: M. Porter (1980) argues that every business industry is affected by five competitive forces including: (i) current competitors, (ii) potential new competitors, (iii) substitute products, (iv) power of suppliers, (v) power of buyers will affect the profitability and competitive advantage of the business in the future. 2) *Theory of the value chain of the enterprise (Value Chain)*: Michael E. Porter (1985) in the book "*Competitive Advantage: Creating and Sustaining Superior Performance*" introduced the value chain model. The value chain consists of 3 components: main activities, supporting activities and profit. Main activities include: inbound logistics, product creation, output logistics, marketing & sales and service. Support activities include: purchasing, technology development, human resource management, enterprise infrastructure. Profit is the gap between revenue and expenses. 3) *Theory of enterprise resources*: Theory of enterprise resources proposed by Wernerfelt (1984); Barney (1991), is one of the approaches to study the competitive competency of enterprises. 4) *The theory of competitive competency* based on market orientation is developed on the basis that a business will achieve competitive competency by focusing on how to satisfy customer needs, create customer value outperform the competition and achieve business results. (Kohli, Jaworski and Narver & Slater, 1990). Cristina Simón and Gayle Allard (2008) in the work "Competitive competency and the employment relationship in Europe: Is there a global missing link in HRM?". The authors mention the link between competitive competency and the labor relationship, to optimize labor capacity, leading to more production and competition in the work environment. Mohd Rosli (2012) with the work "Competitive Strategy of Malaysian Small and Medium Enterprises" has analyzed and evaluated in detail the competitive strategies of Malaysian small and medium enterprises over the past time, pointing out the successes of Malaysian enterprises when dealing with global competition with appropriate competitive strategies, building linkage policies between enterprises, in order to reduce production costs and increase competitive competency of enterprises, especially apply the experiences of enterprises in maintaining existing markets and developing new ones; maintaining, stabilizing and promulgating a number of government policies to support businesses.

1.1.1.2. Studies on the role of the government and economic policies in supporting enterprises to improve their competitive competency

Adam Smith - British economist introduced the theory of "invisible hand" and "the principle that the State does not interfere in the operation of the economy". Adam Smith said that "the organization of the commodity economy should be according to the principle of freedom". The operation of the entire economy is governed by objective laws. The State should not interfere in the economy or in the operation of enterprises. J M Keynes proposed the theory that the state regulates the economy. According to the Keynesian school, the state intervenes in the economy at both the macro and micro level. According to William N. Dunn (1981) in "Public Policy Analysis" again: "Public policy is a complex set of interrelated choices, including decisions not to act, made by institutions State agencies or State officials". MacRae and Wildle (1985) proposed four groups of criteria for evaluating government policies: "Criteria for assessing political feasibility; group of criteria to evaluate the feasibility in terms of administrative operations; group of criteria for evaluating technical feasibility; Group of criteria to evaluate the feasibility in terms of economic and financial". H Chang Moon, Alan M Rugman and Alain Verbeke (1995) "The generalized double diamond approach to international competition" stated that the role of the state has a great influence on the competitive competency of enterprises. The state has many roles to improve the competitive competency of enterprises, but the best way is to control foreign investment and foreign investment. The Institute of International Relations (2004) in the "Economics of Paul A. Samuelson" textbook, the American economist said that running an economy must have both the government and the market. Both the market side and the government side are essential. The issue is not whether the State or the market is better, but how best to design the institution to ensure that the State and the market complement each other to achieve the Government's core goals in economic development quickly and sustainably, ensuring social justice and protecting the environment.

1.1.2. Researches in Vietnam

1.1.2.1. Researched related to competitive competency

Vu Trong Lam (2006), "Improving the competitive competency of enterprises in the process of international integration". The focus of the work is to assess the current state of competitive competency of enterprises in Hanoi, however, the object of research is the competitive competency of enterprises in Hanoi, so the generalizability is not high.

Nguyen The Nghia (2007) with the article "Improving the competitive competency of enterprises in international economic integration" refers to the general assessment of the competitive competency of Vietnamese enterprises, during the period of international economic integration. The article has highlighted the causes leading to the weak competitive competency of enterprises, and proposed solutions to improve the competitive competency of enterprises such as: improving the education and skills of the employees in the business. businesses, strengthen the management and administration capacity of business owners, improve business owners' understanding of the law, and strengthen the Government's support to reduce administrative procedures for businesses. Nguyen Huu Thang (2008) with the topic "Improving the competitive competency of Vietnamese enterprises in the current trend of international economic integration" shows

the general theories of competitive competency in the market economy and economic integration, and clarifies resources to ensure competitive competency, the author has systematized and classified the competitive competency studies into 3 categories: active competitive competency, competitive competency based on the exploitation and use of assets, and process-associated competitive competency. Nguyen Hoang (2009) with "Solutions to improve competitive competency exported to EU markets of Vietnamese textile and garment enterprises in the current period". Do Van Dung (2019), in the research of "*Improving the competitiveness of Traphaco Joint Stock Company in the process of international economic integration*", has analyzed and evaluated the overall competitive competency of Traphaco Pharmaceutical Company. The topic also mentioned the experience of some Chinese pharmaceutical enterprises and the policy of this country in improving competitive competency. The author proposed solutions: improving financial capacity, improving the quality of human resources, developing new products, developing distribution channels and strengthening communication to improve the competitiveness of Traphaco Company.

1.1.2.2. Studies on the role of the government and economic policies in supporting enterprises to improve their competitive competency in Vietnam

Le Xuan Ba (2003), "Economic integration - competitive pressure in the market and policy innovation of some countries", the author analyzed the investment environment, service selection and policies for the future. In the future, give specific solutions that Vietnam needs to implement to fully exploit the benefits brought by economic integration.

Tran Canh Toan and Tran Nguyen Nam (2006) with the project "Improving financial policies to improve the competitive competency of Vietnamese credit institutions", the work has shown the shortcomings and the financial policies are no longer suitable. In line with reality, this has weakened the competitive competency of Vietnamese credit institutions. Some solutions have been proposed to adjust financial policies to be appropriate to improve the competitive competency of Vietnamese credit institutions.

Le Xuan Ba (2013) with the topic "Scientific basis for policy orientation and solutions to improve the competitive competency of the Vietnamese economy in the process of international integration", the author emphasizes the policy towards ensuring the right to human rights, autonomy of producers and consumers, facilitating the movement of resources to places of highest efficiency, creating favorable conditions for businesses to respond flexibly to changes in the environment and scientific and technological progress, promoting innovation, ensuring sustainable competitive competency and being consistent with the actual situation of Vietnam and international commitments.

1.1.2.3. Researches related to the pharmaceutical industry and VPE

The Central Economic Commission (2017) in the "Proceedings of the Seminar on the Strategy for the Development of the Pharmaceutical Industry in Vietnam with a Vision to 2035" focused on research on the following contents: Analysis and clarification of conditions for development pharmaceutical industry in Vietnam, detailed assessment of the current situation of the pharmaceutical industry in

Vietnam, solutions to human resources, problems of attracting research and development facilities of multinational corporations to Vietnam in association with technology transfer for sustainable development of the pharmaceutical industry; Mechanisms and policies to attract Vietnam to become the center of pharmaceutical production in the region with a vision to 2035.

Nguyen Thi Bao Hien (2016) "Strengthening financial risk management of pharmaceutical enterprises in Vietnam" analyzed the current situation of financial risk management of SMEs in Vietnam. Duong Thi Thuy Ha (2016) with the topic "Capital structure of listed companies in the pharmaceutical industry in Vietnam". The author analyzed the impact of capital structure on return on equity of groups of enterprises with low, medium and high debt ratios; the impact of capital structure on financial risk; to the cost of capital; to the cash flow of the business. Bui Thu Hien (2017) in the thesis "Working capital management in the relationship with business performance of pharmaceutical companies listed on the Vietnamese stock market". Regression analysis results on the two-way relationship between working capital management and business performance show that inventory period, cash collection, payment and cash conversion cycle, a measure of management efficiency The value of working capital in the enterprise has a negative effect on business efficiency.

1.1.3. Research gap: Through the literature review, the author found that there is no specific research on competitive competency of VPE, there are some studies on VPE but only mentioned each issue separately. retail and usually only mentioned from enterprises, there has not been a comprehensive study on the competitive competency of pharmaceutical enterprises, mentioned from both sides, enterprises and government. Previous studies on competitive competency have not put in and mentioned the current integration context of Vietnam.

1.2. RESEARCH DIRECTION

1.2.1. Research objectives

(1) General objective: Assess the current situation of competitive competency of VPE, propose orientations and solutions to improve the competitive competency of VPE in the context of international integration.

(2) Specific objectives: (i) Systematize and clarify some theoretical issues about competitive competency of VPE in terms of international integration. (ii) Assessment of the current situation of competitive competency of VPE.

(iii) Evaluation of factors affecting competitive competency of VPE. (iv) Proposing some orientations and solutions to improve competitive competency of VPE in terms of international integration.

1.2.2. Research question:

(i) How is the competitive competency of pharmaceutical enterprises assessed? What content and methods should be implemented to improve the competitive competency of VPE in the context of international integration?

(ii) What is the current situation of competitive competency of VPE?

(iii) What factors are affecting the competitive competency of VPE in the past period?

(iv) What solutions should enterprises and the Government need to implement to improve the competitive competency of VPE in the coming period?

1.2.3. Object and scope of the research

(1) **Research object:** The object of the research is theoretical and practical issues on competitive competency of VPE.

(2) **Research scope:** (i) Content: are issues related to improving competitive competency of VPE in the context of international integration. Pharmaceutical enterprises mainly focus on enterprises engaged in the production of drugs and medicinal ingredients, following the principles of Good Manufacturing Practice (GMP). International integration is only considered within the scope of international economic integration. Competitors and competitive scope of VPE only focus on foreign pharmaceutical enterprises that manufacture and trade in the Vietnamese market. (ii) In terms of space: the thesis focuses on researching the competitive competency of VPE engaged in the production of drugs and medicinal ingredients on the Vietnamese market. (iii) About time: data and secondary data were collected in the period 2010 - 2020, primary survey data was collected in 2019. Proposed solutions to 2030.

1.2.4. Approaches and analytical framework

(1) **Approaches:** (i) Problem-based approach: Competitive competency of pharmaceutical enterprises is created from a harmonious combination of many issues, thereby supporting to study the current situation of competitive competency of VPE in the most detail, evaluate the objective and subjective reasons of competitive competency situation. (ii) Functional approach: it will help the research to clearly understand what enterprises must do, what the government must do to improve the competitive competency of VPE.

(2) Analytical framework:

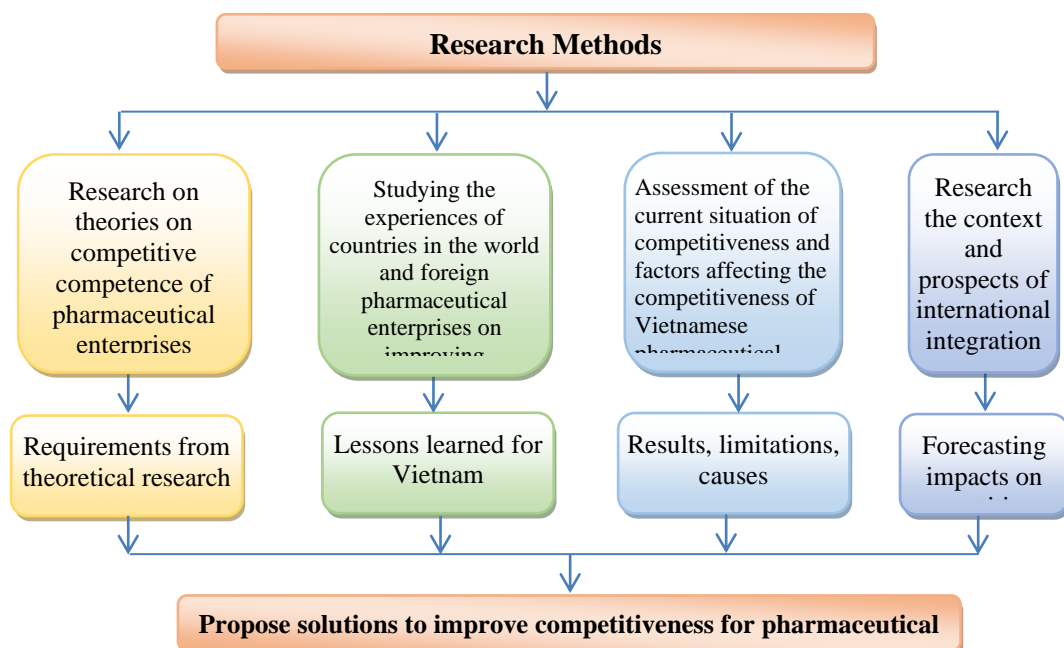


Figure 1.1: Competitive analysis framework of pharmaceutical enterprises

Source: Compiled by the author

1.2.5. Research Methodology

(1) Method of collecting secondary data: includes 3 main sources: (i) Sources from the published financial statements of 15 pharmaceutical companies representing a total of 172 pharmaceutical companies with GMP certification in the whole country. (ii) Sources from published analytical reports and scientific articles. (iii) Sources from reports and announcements of state management agencies. **(2) Methods of collecting primary data:** (i) Method and subjects of survey: the thesis used a random survey method using a questionnaire to survey 30 state managers, scientists and some managers of pharmaceutical enterprises. (ii) The content of the survey: Mainly to record the comments and assessments on issues related to improving the competitive competency of VPE such as their perception of the impact of integration on competitive competency of the enterprise; competitive strength of VPE in domestic and international markets; factors affecting competitive competency of VPE. (iii) Time of the survey: 2019. **(3) Method of analyzing information and data:** (i) Descriptive statistical method, used to clarify the characteristics of pharmaceutical enterprises, the manifestations of competitive competency of the pharmaceutical enterprises in Vietnam to see the competitive competency of enterprises based on qualitative comments. (ii) Comparative statistical method, used to analyze survey results according to statistical criteria; The data on production and business results helps to clearly identify the difference in competitive competency of enterprises based on quantitative data. (iii) SWOT analysis method, used to clarify strengths, weaknesses, opportunities and threats to choose orientations to improve competitive competency of VPE

Table 1.1. List of pharmaceutical enterprises selected to collect financial statements for research

No	Company's name	Average revenue (period 2010- 2020)
1	Binh Dinh Pharmaceutical and Medical Equipment JSC	1,344,854
2	Danapha Pharmaceutical Joint Stock Company	370,044
3	DHG Pharmaceutical Joint Stock Company	3,783,467
4	Lam Dong Pharmaceutical Joint Stock Company	419,516
5	Agimexpharm Pharmaceutical Joint Stock Company	339,649
6	Ben Tre Pharmaceutical Joint Stock Company	642,507
7	Cuu Long Pharmaceutical Joint Stock Company	706,705
8	Pharmedic Pharmaceutical Medicinal Joint Stock Company	375,136
9	Ha Tay Pharmaceutical Joint Stock Company	1,166,573
10	Imexpharm Corporation	1,044,551
11	OPC Pharmaceutical Joint Stock Company	712,123
12	Phong Phu Pharmaceutical Joint Stock Company	109,834
13	Central Phamaceutical Joint Stock Company No3	264,899
14	Traphaco Joint Stock Company	1,636,800
15	Domesco Medical Import Export Joint Stock Corporation	1,419,738

Source: Compiled by the author

Chapter 2

THEORETICAL BASIS AND INTERNATIONAL EXPERIENCE TO INCREASE THE COMPETITIVE COMPETENCY OF PHARMACEUTICAL ENTERPRISES IN THE CONTEXT OF INTERNATIONAL INTEGRATION

2.1. THEORETICAL BASIS OF PHARMACEUTICAL ENTERPRISES

2.1.1. The concept of pharmaceutical enterprises

Currently, the concept of pharmaceuticals is largely understood according to the Law on Pharmacy (National Assembly, 2016), pharmaceuticals are drugs and medicinal ingredients. Thus, in this study, it can be understood that *a pharmaceutical enterprise is an economic organization with its own name, assets, stable transaction office, registered business activities in the field of drugs and raw medicinal materials.*

2.1.2. Characteristics of pharmaceutical enterprises

(1) Conditional production and business activities: All countries regulate the production and trading of pharmaceuticals as a conditional production and business field with many specialized licenses. These characteristics make it difficult for pharmaceutical companies to enter and exit the market. (2) Production and business activities are both specialized and diversified: medicinal products produced from natural medicinal materials and prepared according to traditional technologies are called traditional medicinal products; Medicinal products that are produced from pharmaceutical and chemical raw materials, biotechnological raw materials and prepared according to modern technology are called western medicine products. (3) It is difficult to make a breakthrough in production and business in the short term: the process of researching and developing new drugs and new medicinal materials requires huge investment in both finance and resources. Not only that, human resources in this field also require a methodical, long-term and intensive investment to be able to meet development requirements.

2.2. THEORETICAL BASIS ON THE COMPETITIVE COMPETENCY OF PHARMACEUTICAL ENTERPRISES IN THE CONTEXT OF INTERNATIONAL INTEGRATION

2.2.1. The concept of competitive competency of pharmaceutical enterprises

Competitive competency of a pharmaceutical enterprise is understood as the ability of this Pharmaceutical Enterprise to do better than other pharmaceutical enterprises to achieve better market share, sales and profits. Thus, it can be seen that, improving the competitive competency of VPE is a way for VPE to have better market share, sales and profits in the development of foreign pharmaceutical enterprises.

2.2.2. Expression of competitive competency and methods of improving competitive competency of pharmaceutical enterprises

(1) *Capability to dominate and expand the market:* when an enterprise maintains and expands its market share, it shows that its competitive competency is being

maintained and enhanced. (Michael E. Porter, 1985; Tran Suu, 2006), therefore, the competitive method (competitive strategy) of enterprises at this time is to focus on creating and focusing on an advantageous market segment. (2) *The ability to optimize product characteristics*: is the way businesses focus on creating differences on their products compared to similar products of other enterprises (Michael E. Porter, 1985). In the pharmaceutical industry, this capacity is greatly influenced by two factors: R&D activities and technological equipment level. According to M. Porter (1985), product differentiation is one of the two most popular competitive strategies of enterprises. (3) *The ability to maintain and improve the efficiency of production and business*: the production and business efficiency of an enterprise is reflected in many factors and criteria. Commonly used criteria such as ROA, ROE, ROS. (Nguyen Thi Bao Hien, 2016). According to M. Porter (1985), in order to improve competitive competency, enterprises often focus on cost leadership, which is one of the two most popular strategies to improve competitive competency of enterprises.

2.2.3. Competitive competency of pharmaceutical enterprises in the context of international integration.

International economic integration, strictly understood, is the institutional binding of economies together (Béla Balassa, 1961). International economic integration always brings opportunities and challenges and has a great influence on the competitive capacity of the enterprise. (i) The opportunity to improve competitive competency is more favorable in accessing commodity markets in many countries with reduced import and export tax rates; a complete legal system on the economy according to the market mechanism; have many opportunities to access science, technology, investment capital and high-quality labor to build a new development platform and competitive competency. (ii) Challenges in competition, that is, the entry of stronger competitors into the market, problems of intellectual property and copyright, the risk of unemployment, the risk of bankruptcy in the industry will increase because of this challenge, therefore, enterprises are required to have breakthrough innovation to face these challenges, thereby maintaining and enhancing competitive competency.

2.3. FACTORS AFFECTING COMPETITIVE COMPETENCY OF PHARMACEUTICAL ENTERPRISES

2.3.1. Internal factors

(1) *Corporate governance* is demonstrated through (i) Enterprise organizational model, (ii) Effective corporate governance capacity can help improve and enhance business performance. (2) *The financial resources of the enterprise* are reflected in the ability to ensure the capital that the pharmaceutical enterprise is able to mobilize to meet the capital needs for the activities of the enterprise; reflected in the capital scale, the ability to mobilize and use capital effectively in the pharmaceutical enterprise. (3) *The ability to access and innovate technology of the enterprise* is a very important factor that greatly affects the competitive competency, which creates

important advantages for products, affects the production organization of pharmaceutical enterprises. (4) *Human resources of enterprises* are a decisive factor of production forces. The decisive competitive weapon in pharmaceutical enterprises is the qualifications and skills of employees, especially the workforce in the R&D stage.

2.3.2. External factors

(1) *Competitors* of VPE are foreign pharmaceutical enterprises having production and business activities in the same market as VPE. In the context of international integration, barriers are increasingly reduced, creating conditions for potential competitors willing to enter the market. In the pharmaceutical field, Vietnamese pharmaceutical products not only have to compete with each other but also with foreign companies through imported pharmaceutical products. (2) *Government's support*: The competitive competency of pharmaceutical enterprises depends a lot on the support of the Government through the creation of a legal, regulatory and development-oriented corridor, creating a premise for development, encourage development. (3) *International economic* integration is the process of linking the economies of each country with the regional and world economies through efforts to liberalize and open up the economy in different forms. The integration process has a great impact on pharmaceutical enterprises on both opportunities and challenges.

2.4. INTERNATIONAL EXPERIENCE ON IMPROVING COMPETITIVE COMPETENCY FOR PHARMACEUTICAL ENTERPRISES AND LESSONS FOR VIETNAM

2.4.1. Experiences of some countries on improving competitive competency for pharmaceutical enterprises

(1) *China's experience*: China has taken a number of measures to improve production and business efficiency, such as encouraging traditional medicine manufacturing facilities to merge into large companies, and encouraging Research activities to introduce new oriental medicine products, improve the quality of existing products and standardize the production of traditional medicines, attract many young scientists to participate in R&D in the field of traditional medicine, planning large-scale medicinal plant growing area and development of supporting industries for the pharmaceutical industry. (2) *India's experience*: India is one of the leading countries in the production and export of pharmaceuticals due to the free drug production regime that it applied before 2005. India is aiming for two the development strategy is (i) phasing out unsuitable products and increasing access to new treatments; (ii) expanding the market through distribution channels, especially the rural market. India's new investment attraction policy is also attracting many international pharmaceutical manufacturers, especially the market for modern medicines serving the high-income class of this country. (3) *France's experience*: France is the largest pharmaceutical producer in the EU with about 340 pharmaceutical companies. France has introduced policies to attract foreign investment in the pharmaceutical industry to increase its production capacity and conduct exports with the establishment of the strictest drug pricing system in Europe, maintaining low prices, 15% more than made in UK and Germany. The French government identifies pharmaceuticals as a key industry that needs investment and development.

2.4.2. Experiences of some pharmaceutical companies in the world on improving competitive competency

(1) *Experience from Shanghai Pharmaceutical Company* is to focus on R&D to create advantages in products and services, build strong brands, and focus on industry and finance. (2) *Experience from Aurobindo Pharmaceutical Company* as India's market leader for Raw Penicillin. The Company's competitive competency is reflected in activities such as focusing on improving corporate governance, increasing investment in R&D. (3) *Experience from Daiichi Sankyo Pharmaceutical Company* is one of Japan's pharmaceutical companies with high competitive competency. The company has implemented a number of factors to enhance competitive competency such as improving access to healthcare, promoting compliance management, employees and the company growing together, and enhancing communication with stakeholders.

2.4.3. Lessons for improving the competitive competency of VPE

(1) *The lesson for VPE* in improving competitive competency is to have a comprehensive and synchronous solution such as investing in R&D activities, perfecting the distribution system, developing human resources, building corporate culture, effective corporate governance. (2) *Lessons learned for the Government of Vietnam*: (i) The experience of France and India is to attract foreign investment to develop the domestic pharmaceutical market, to invest in scientific research, through which helping the two countries become the world's largest pharmaceutical exporters. (ii) China's experience is a development orientation in line with the country's potential, development of traditional medicine, policies to encourage enterprises to produce traditional medicines, and attract young scientist engaged in the field of traditional medicine.

Chapter 3

SITUATION OF COMPETITIVE COMPETENCY OF VIETNAM PHARMACEUTICAL ENTERPRISES IN THE CONTEXT OF INTERNATIONAL INTEGRATION

3.1. SITUATION OF DEVELOPMENT OF VIETNAM PHARMACEUTICAL ENTERPRISES

3.1.1. Brief history of establishment of Pharmaceutical enterprise in Vietnam

In the 14th century under the Tran Dynasty, our country's medicine and pharmacy developed strongly with the policy of "Vietnamese medicine for Vietnamese". During the French colonial period, the Hanoi School of Medicine and Pharmacy was established in 1902 to train doctors and pharmacists on the basis of Western medicine, the development of Oriental medicine was inhibited by the French through limiting the research and exploitation of traditional medicine. traditional medicinal herbs. During the resistance wars against France and the United States, the North reformed the state-owned pharmaceutical industry, formed a pharmaceutical production network from the central to local levels to be able to actively produce medicines to serve domestic demand, especially to supply the battlefield in the South. In the period 1975 - 1990, mainly state-owned enterprises, small-scale production. Drugs in this period were scarce, and drug quality standards were not focused. Period 1991 - 2006: Drug Administration and Law on Pharmacy was born, this period the pharmaceutical industry entered a period of innovation, equitization of

pharmaceutical enterprises, pharmaceutical products improved in quality and output. according to GMP standards. Period 2007 - present: Vietnam joins WTO, VPE switch to an equal competition mechanism.

3.1.2. Number of pharmaceutical enterprises in Vietnam

The General Statistics Office (2021) shows that in 2010 there were 289 enterprises engaged in the production of drugs, pharmaceutical chemicals and medicinal herbs. In 2015, there were 442 enterprises, in 2019 there were 599 enterprises. In the past 10 years, the average growth rate of the number of enterprises in the industry is about 12%. According to the Drug Administration (2021), the number of GMP-qualified enterprises in 2015 was 126 enterprises, in 2017 it was 142 enterprises, by July 13, 2021 it was 172 enterprises, an average annual increase of 6.5%. This growth rate is quite impressive compared to the general business sector of the country in the period 2015 - 2021 which is more than 3%/year. The more GMP-certified facilities an enterprise has, the larger it will be in pharmaceutical production and business activities, thereby having an advantage in improving competitive competency.

Table 3.1: Number of VPE are GMP certified (July 13, 2021)

No	Criteria	Quantity	(%)
1	Enterprise has 1 GPM factory	129	75.0
2	Enterprise has 2 GPM factories	31	18.0
3	Enterprise has 3 GPM factories	6	3.5
4	Enterprise has 4 GPM factories	3	1.7
5	Enterprise has 5 GPM factories	2	1.2
6	Enterprise has 6 GPM factories	1	0.6
7	Enterprise has more than 6 GPM factories	0	0
	Total	172	100

Source: Compiled from data of Drug Administration of Vietnam, Ministry of Health

3.1.3. Key products of VPE

Vietnamese pharmaceutical companies have quite similar product portfolios due to historical characteristics and limited production capacity, mainly producing simple dosage forms, penicillin and cephalosporin antibiotics, all kinds of drugs. pain relievers or anti-inflammatory drugs and generic drugs. Traditional medicine is now produced by traditional methods or in the form of capsules and tablets to increase its popularity and ease of use for users. The therapeutic effect of traditional medicine is slow, but some chronic diseases can be cured by traditional medicine on the mechanism of regulating the balance of the body which is relatively safe and sustainable.

3.2. SITUATION OF COMPETITION OF VIETNAMESE PHARMACEUTICAL ENTERPRISES IN THE CONTEXT OF INTERNATIONAL INTEGRATION

3.2.1. The ability to dominate and expand the market

The ability to dominate and expand the market shows the strong or weak competitive competency of pharmaceutical enterprises. The size of Vietnam's pharmaceutical market reached \$5.9 billion in 2018, and Vietnam is the second

largest pharmaceutical market in Southeast Asia. The net revenue of drug, chemical and pharmaceutical manufacturing enterprises in 2019 reached over VND 64 trillion. The growth rate of net revenue in the period (2015 – 2019) reached 14%. (1) **Domestic market:** domestic pharmaceutical production can only meet about 52.5% of domestic pharmaceutical demand, the rest must be imported by foreign companies (Vietnam Report, 2020). In 2011, the total import turnover of pharmaceuticals was about 1.6 billion USD, in 2015 it was 2.4 billion USD, by 2020 it is 3.5 billion USD, after 10 years, it has increased 2.2 times. (i) The procurement channel for drugs sold to hospitals (ETC channel) accounts for about 70% of the drug market, mainly concentrated in big cities such as Hanoi and Ho Chi Minh. The total value of drug bidding in 2020 is VND 5,670 billion, because Vietnamese production accounts for only 42.8%. (ii) Over-the-counter drug channel – distribution through pharmacies (OTC channel): accounts for about 30% of the drug market, equivalent to about \$1.6 billion divided by the number of drug stores of 57,000, the density of the number of houses. Medicines in Vietnam belong to one of the countries with the highest density of pharmacies in the world. (2) **Foreign market:** in the period 2011 - 2020, the growth rate of export turnover is quite high at about 23%/year, but the export turnover in absolute terms is still very small, in 2011 it was 67 million USD, in 2015 it was 114 million USD, in 2020 it will reach 206 million USD. The main pharmaceutical export markets of Vietnam are Japan, ASEAN countries, Russia and Africa (ITC, 2021). (3) **General assessment on both markets:** (i) Import turnover is still very high and increasing day by day (about 52.5%, increasing 2.2 times after 10 years) showing competitive competency and development. The development of VPE is not strong. Survey results only 13.3% said that the competitive competency of VPE in the domestic market is strong and very strong compared to foreign enterprises, up to 36.7% said that the competitive competency of pharmaceutical enterprises in the domestic market. VN is weak and very weak (Figure 3.6). VPE tend to lose at home. (ii) The proportion of products exported to the international market is still very low (about 0.2 billion USD/year), showing that the competitive competency of VPE is not high compared to international enterprises. The survey results did not have any opinion that the competitive competency of VPE in foreign markets is strong and very strong, 90.0% of the respondents said that the competitive competency of VPE in foreign markets. is weak and very weak (Figure 3.6). Thus, VPE do not have an advantage in foreign markets. (iii) Competitive products of VPE are mainly with products of foreign enterprises on the domestic market, in rural areas with the popular segment. (iv) VPE compete directly with each other in the domestic market, causing difficulties for each other, thereby creating stronger competitive competency of foreign competitors.

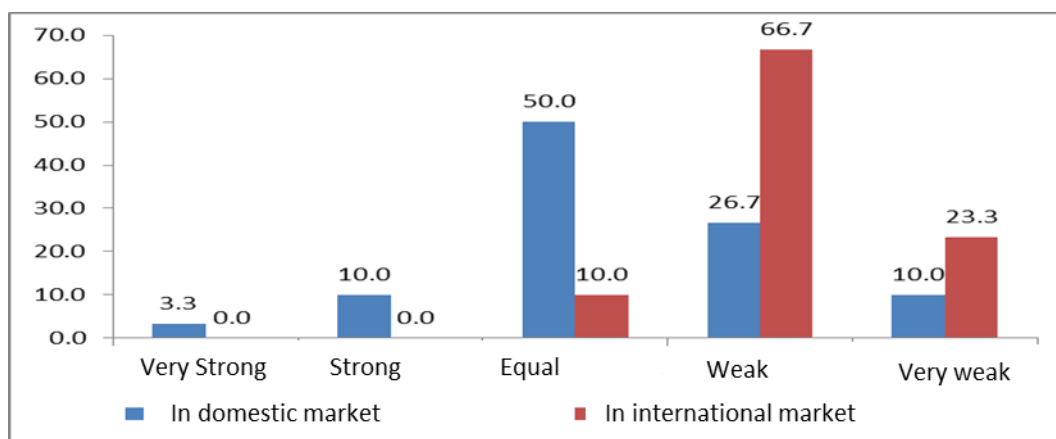


Figure 3.1: Opinions of officials, experts and enterprises on the competitive competency of Vietnamese enterprises

Source: Compiled from survey results in 2019

3.2.2. The ability to optimize product characteristics

This is one of the basic competitive strategies of enterprises and is called by M. Porter (1985) a competitive strategy by optimizing product differentiation (differentiation). Pharmaceutical enterprises are still researching and producing generic drugs as the mainstay, invented drugs are very rare, some enterprises have developed in the direction of investing heavily in the production and trading of traditional medicines such as Traphaco, OPC, Pharmaceutical. Lam Dong. VPE are focusing on 3 main production directions to create competitive competency such as (i) Producing specialized and high-quality pharmaceutical products according to modern standards. (ii) Producing generic drugs, generic drugs with basic international standards. (iii) Manufacture of simple pharmaceuticals and traditional medicines

3.2.3. Ability to maintain and improve production and business efficiency

This is one of the popular strategies of enterprises in improving competitive competency and is called by M. Porter (1985) a competitive strategy thanks to cost leadership. VPE achieved the highest revenue in 2017, with nearly 66 trillion VND, then decreased in 2018, slightly increased in 2019. The total profit before tax of pharmaceutical enterprises peaked at VND 6,425 billion in 2017 and then decreased to 4,096 in 2019. Considering the whole period (2010 - 2019), the revenue of VPE increased by nearly 125% , equivalent to 14%/year growth and an average annual increase in total profit of 4.6%/year. (i) Return on total assets (ROA): In 2010, enterprises in the industry reached 11.8%, then decreased to 4.8% in 2019 (except in 2017 which increased to 9.1%) , pharmaceutical businesses have ROA with an average of 7.9%. (ii) Return on sales (ROS) ratio of enterprises tends to decrease. In 2010 this index was 9.9% by 2019 to 6.4%, on average for the period (2010 - 2019), reaching about 8.1% (Table 3.8). The Ministry of Industry and Trade (2017) shows that Vietnam is a place to produce drugs according to EU-GMP standards with costs 30% cheaper than India, 40% compared to Japan and 20% cheaper than China. VPE can use the low cost strategy (cost leadership) to penetrate new markets with similar products of the same type (in terms of quality and brand), besides also with the low cost strategy to protect the market. defend the dominant market against the emergence of new competitors.

Table 3.8: Some financial criteria of pharmaceutical, chemical and herbal medicine manufacturing enterprises

Unit: billion VND

Criteria	2010	2015	2016	2017	2018	2019
Net Revenue	28.515	55.651	62.841	65.905	63.394	64.046
Capital for Production and Business	24.567	54.918	62.789	70.784	78.8130	86.012
Value of fixed assets and long-term investment	11.355	26.293	28.406	31.902	36.093	40.009
Profit before tax	2.888	4.418	4.768	6.425	4.654	4.096

Source: General Statistics Office (2021), author's calculation

3.3. FACTORS AFFECTING COMPETITIVE COMPETENCY OF VPE

3.3.1. Internal factors

(1) Corporate governance organization. The pharmaceutical enterprises have operated a consistent and transparent internal management system to control and monitor its operations. The majority of enterprises operate under the joint stock company model, most notably 15 enterprises representing the research sample, which the author considers a fairly methodical and professional management model. In general, the corporate governance capacity of most pharmaceutical enterprises in Vietnam is now quite good, contributing to improving competitive competency. Survey results with 63.3% of the respondents said that organizational factors of corporate governance are having a good and very good influence on the competitive competency of enterprises. much (Figure 3.10).

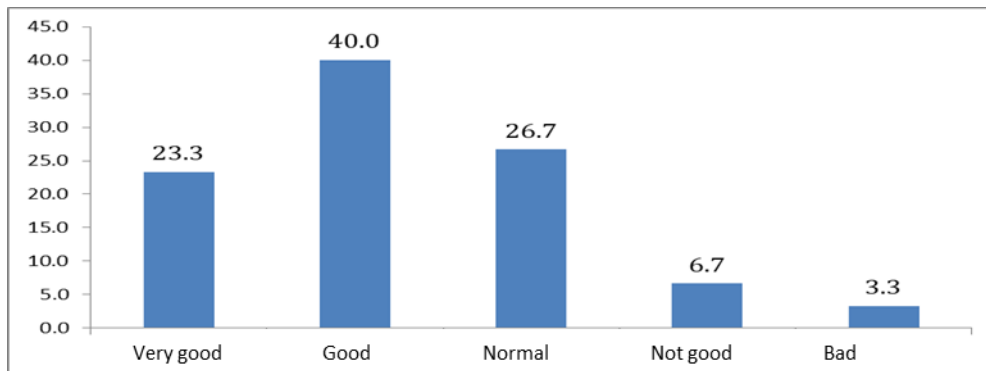


Figure 3.10: Opinions of respondents about the influence of corporate governance factors on the competitive competency of pharmaceutical enterprises

Source: Compiled from author's survey data in 2019

(2) Financial resources. The pharmaceutical industry requires a large capital scale to be able to develop products to improve competitive competency and create sustainable business advantages. The average size of capital in 2019, about 144 billion VND/enterprise (Figure 3.11). Some enterprises with large capital scale such as DHG Pharma (4.206 billion), Cuu Long Pharmaceutical (1,730 billion), Imexpharm (1,774 billion).

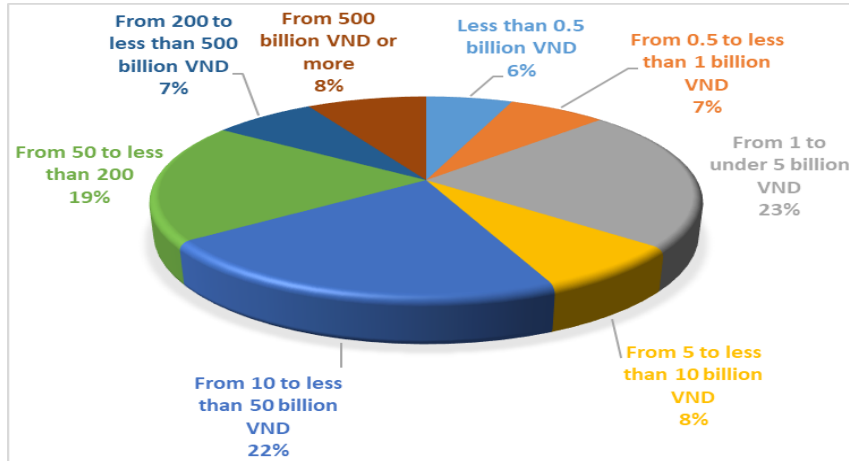


Figure 3.11: Enterprises producing drugs, pharmaceutical chemicals and herbal ingredients by capital scale as of December 31, 2019

Source: General Statistics Office (2020), author's calculation

The average capital growth rate of pharmaceutical enterprises is 28%/year, in 2010 the total production capital scale of pharmaceutical enterprises reached 24,567 billion VND by 2019 it reached 86,012 billion VND. The average capital size of pharmaceutical enterprises was 85 billion VND in 2010 and 144 billion VND in 2019, with an average growth rate of 7.7%/year. Realizing that the scale and capital growth rate of VPE are quite weak, affecting the competitive competency of enterprises. According to the survey results, 43.3% of respondents believe that financial resources are a factor that has a bad and very bad influence on the competitive competency of VPE. (Figure 3.13).

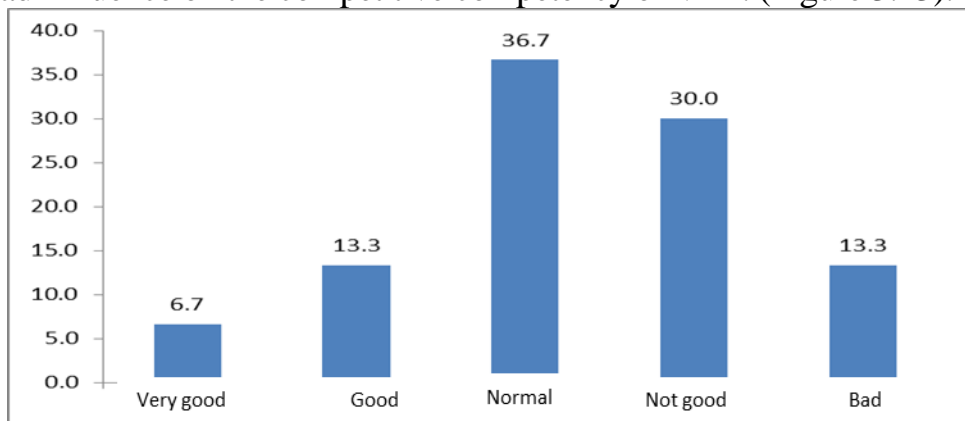


Figure 3.13: Opinions of respondents about the influence of financial resources on the competitive competency of pharmaceutical enterprises

Source: Compiled from survey data in 2019

(3) The ability to access and innovate technology. Pharmaceutical enterprises in Vietnam have limited capital, so investing in production machinery and equipment

is still facing many difficulties, greatly affecting competitive competency. The survey results show that up to 50% think that this capacity of VPE is a factor that has a bad influence on competitive competency. Currently, enterprises have actively cooperated with foreign partners to acquire new technology lines as well as upgrade and improve the existing production line system to improve productivity, thereby improving the quality of products, competency and position of enterprises.

(4) **Human resources.** Human resources in a pharmaceutical enterprise are divided into two levels (i) Enterprise executive team and (ii) Team directly involved in production and business. Enterprises with large scale of labor, over 500 people account for 4% of enterprises, over 1000 people account for about 1%. On average, each enterprise does not have more than 100 employees (Figure 3.15). According to the survey results, 60.0% of the respondents said that human resources are not a good and very bad influence on the competitive competency of pharmaceutical enterprises in Vietnam, while only 16.7% believe that human resources are not good factors. This has a good and very good influence on the competitive competency of VPE.

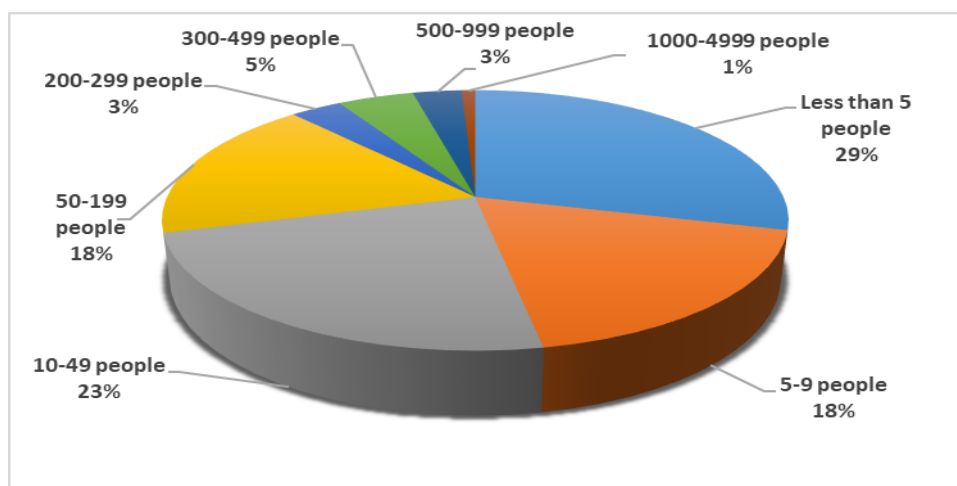


Figure 3.15: Size of pharmaceutical enterprises by employee in 2019

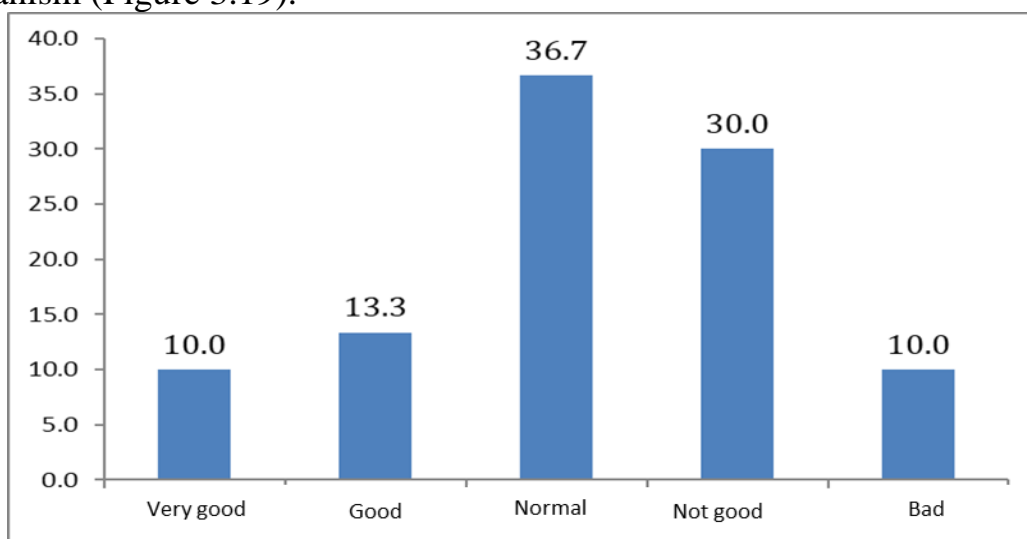
Source: General Statistics Office (2021), author's calculation

3.3.2. External factors

(1) **Competitors.** Currently, there are many foreign pharmaceutical enterprises importing pharmaceuticals into Vietnam, the most prominent in terms of winning value in 2020 are Roche, Sanofi, Novartis, AstraZenca and GSK. The average capital of these 5 enterprises in 2020 is 102.1 billion USD/enterprise, the average revenue is 43.3 billion USD/enterprise, while the average capital size of VPE in 2019 is 144 billion VND/enterprise (equivalent to 0.01 billion USD). The 2020 financial statements of the Top 5 enterprises, namely DHG Pharma, Traphaco, Pymepharco, Imexpharm, Domesco, the average capital is 0.1 billion USD/enterprise, the average revenue is 0.1 billion USD/enterprise. Foreign enterprises, on average, over 1,000 times in capital and 433 times in revenue. (Competitor strength seen from enterprise characteristics). Regarding the strength of the opponent from the national business environment, Vietnam does not have many advantages. Vietnam's business environment in 2020 ranked 70th in the world, while some countries with large pharmaceutical export enterprises to Vietnam ranked 5th (Korea), 6th (USA), 10th

(Switzerland) Switzerland), only a few countries ranked 40-50. Thereby showing that, the level of competition is unequal, it is quite difficult for VPE to improve their competitive competency.

(2) Role of the Government. (i) The role of creating a legal corridor: many legal documents related to the pharmaceutical industry and pharmaceutical enterprises have been issued, most notably the Law on Pharmacy 105/2016/QH13 dated April 6 2016 of the National Assembly. In the past period, this role has had many innovations, having a good and very good influence on the competitive competency of VPE. However, still up to 40% of respondents said that this role of the government is having negative effects on the competitive competency of enterprises, because within the legal framework there are still shortcomings and limitations. mechanism (Figure 3.19).



Source: Compiled from survey data in 2019

Figure 3.19: Opinions of the respondents on the influence of the role of legal framework building on the competitive competency of pharmaceutical enterprises

(ii) Regulatory role, development orientation. Decision No. 68/QD-TTg dated January 10, 2014 on "National strategy for developing Vietnam's pharmaceutical industry to 2020 with a vision to 2030" and 376/QD-TTg dated March 17, 2021 of the Prime Minister. The Prime Minister approved the "Program to develop the pharmaceutical industry, domestically produced medicinal herbs until 2030, with a vision to 2045". The strategic directions for development of the pharmaceutical industry are mentioned in terms of preferential mechanisms and policies, planning and investment. (iii) The role of creating a premise for development by organizing scientific research and training human resources in the pharmaceutical industry has been widely deployed. In general, this role has had many positive changes, contributing to improving the competitive competency of VPE. The survey results have 26.7% of the opinions that the State performs this role very well and 33.3% think that it is good; only 13.3% think that the implementation of the State is not good (Figure 3.20). (iv) The role of promoting development. In general, the State has implemented many specific policies and measures to create a healthy, open and equal

business environment, thereby encouraging investors (directly, indirectly, in countries, foreign countries) into the production and trading of pharmaceutical products, thereby directly affecting the competitive competency of the pharmaceutical industry and pharmaceutical enterprises in Vietnam.

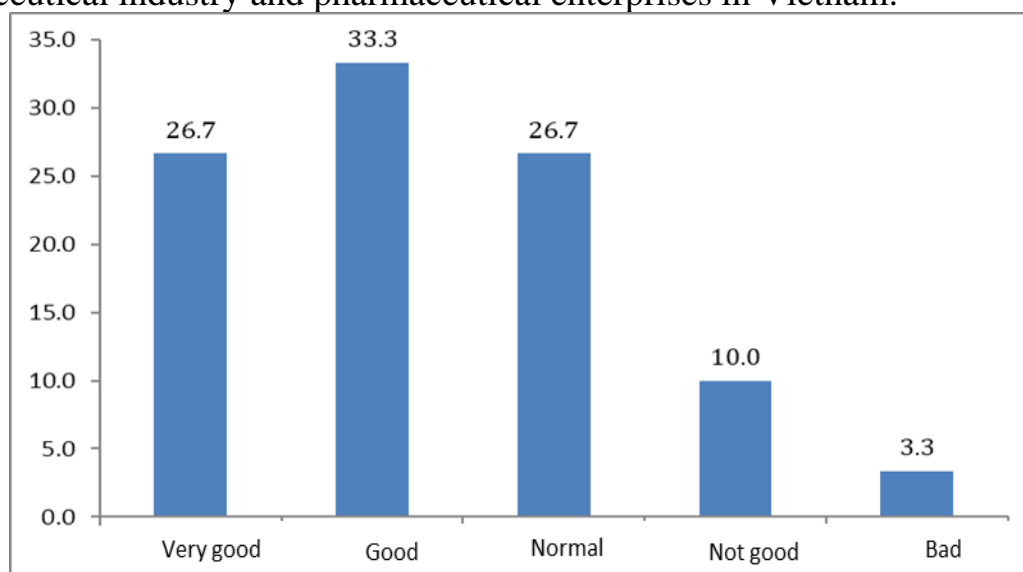


Figure 3.20: Respondents' opinions on the influence of the role of creating a premise for development on the competitive competency of pharmaceutical enterprises

Source: Compiled from survey data in 2019

(3) *International integration.* Since joining the WTO, our country has expanded trade relations, exported goods to over 230 markets of countries and territories, signed over 90 bilateral trade agreements, nearly 60 agreements on promotion of goods and services, and investment protection. Vietnam has made international commitments to many pharmaceutical-related contents. According to the assessment of state management officials, experts and surveyed pharmaceutical enterprises, the majority of commitments tend to have and will create favorable conditions for VPE in increasing high competitive competency (Table 3.15).

Table 3.15: Comments on the direction of influence of international commitments on competitive competency of VPE (%)

No	Commitments	Direction of influence				
		Very convenient	Convenient	Normal	Difficult	Very difficult
1	Tax commitment	0,0	0,0	26,7	60,0	13,3
2	Non-tariff commitment	6,7	36,7	40,0	6,7	10,0
3	Commitment on circulation and distribution	10,0	30,0	43,3	10,0	6,7
4	Commitment to intellectual property	16,7	20,0	16,7	36,7	10,0

Source: Compiled from survey data in 2019

3.4. GENERAL ASSESSMENT OF THE COMPETITIVE COMPETENCY OF VIETNAMESE PHARMACEUTICAL ENTERPRISES IN THE CONTEXT OF INTERNATIONAL INTEGRATION

3.4.1. Achievement.

3.4.1. Achievement. In general, in the past time, the Government and VPE have achieved results, which are (i) Promoting a nationwide drug supply system, contributing to ensuring health security and protect and care for people's health. (ii) VPE have gradually affirmed their competitive competency, especially in the domestic market. (iii) VPE have adapted and gradually selected an advantageous path. (iv) Vietnam's pharmaceutical enterprises have gradually grown by investing in the production of high-tech drugs. (v) State support for the pharmaceutical sector has been clearly formed and developed.

3.4.2. Weaknesses and limitations. Besides the achieved results, there are still many limitations and weaknesses that the Government and VPE have not been able to limit, specifically as follows: (i) Competitive competency of VPE low in the market of big cities and international market. (ii) The phenomenon of competition within the sector of pharmaceutical enterprises in Vietnam is quite strong. (iii) Competitive competency of VPE is based on an uncertain foundation. (iv) The available natural conditions have not been taken advantage of to improve competitive competency, especially pharmaceutical raw materials. (v) The integration and cooperation of VPE in the value chain is still low

3.4.3. Causes of limitations and weaknesses

It can be seen that the limitations and weaknesses in improving the competitive competency of VPE have the following main reasons: (i) The starting point of VPE is low, (ii) VPE are still confused in the strategy of in-depth development, (iii) The corporate governance capacity is still limited, (iv) The scale of small businesses, (v) The development planning of the pharmaceutical industry is still inadequate, not yet meet development needs, (vi) State management of pharmaceuticals is still limited.

Chapter 4

SOLUTIONS TO IMPROVE COMPETITIVE COMPETENCY OF VPE IN THE CONTEXT OF INTERNATIONAL INTEGRATION

4.1. CONTEXT AND DIRECTIONS FOR IMPROVING COMPETITIVE COMPETENCY OF VPE

4.1.1. Context related to improving the competitive competency of VPE in the context of international integration

(1) *International context.* The international context is undergoing drastic changes, which has a significant impact on improving the competitive competency of VPE in both favorable and unfavorable directions, with specific manifestations as follows: (i) The process of globalization is and will be stronger. (ii) Increased demand and spending for global pharmaceutical use. (iii) The trend of formation and operation of multinational pharmaceutical companies is increasingly dominant. (iv)

Industry 4.0 and information technology will be the driving force and factor for the development and competition of pharmaceutical enterprises. **(2) *Domestic context.*** Competitive competency of VPE is strongly influenced by domestic changes, having two-way impacts that are both favorable and difficult for improving competitive competency of VPE in the present and in the future through the following contents: (i) Vietnam continues to integrate deeply and widely with other countries in the world. (ii) Vietnam's economy continues to grow at a high and stable rate. (iii) The legal framework and business environment related to the pharmaceutical industry are increasingly improved. (iv) People's demand for medicine is increasing day by day.

4.1.2. Orientations to improve competitive competency of VPE in the context of international integration

(1) *The proposed basis for orientation to improve the competitive competency of VPE.* The proposed basis is determined based on the actual competitive competency of enterprises; internal characteristics of enterprises (internal influencing factors) and characteristics of competitors, the role of the Government, requirements of international economic integration (external influencing factors). Based on the analysis of strengths, weaknesses, opportunities and challenges to choose some key orientations to improve the competitive competency of pharmaceutical enterprises. **(2) *Orientation to improve competitive competency of VPE.*** The SWOT matrix analysis (Table 4.1) thereby proposes a number of orientations to improve the competitive competency of VPE to adapt to the conditions of international integration in the coming period as follows: (i) Focus on beneficial product lines to make a difference with other types of oriental medicine products. (ii) Focusing on applying science and technology to increase competitive competency (high quality Western medicine products). (iii) VPE prioritize investment in R&D in investment items. (iv) Strengthen management skills to replace capital power. (v) VPE need to link together to create common strengths.

Table 4.1. SWOT analysis matrix as a basis for selecting orientations to improve competitive competency of VPE

<p style="text-align: center;">External</p> <p style="text-align: center;">Internal</p>	<p style="text-align: center;">Opportunities (O)</p> <ul style="list-style-type: none"> - The world market is increasingly open (O1); - Many government support policies for domestic pharmaceuticals to come into play (O2); - Opportunity to access to high technology (O3). 	<p style="text-align: center;">Threats (T)</p> <ul style="list-style-type: none"> - Having to compete with many international enterprises with strong competitive competency (T1); - Easily acquired by foreign pharmaceutical corporations (T2); - Increased risk of litigation and international commercial disputes (T3). - Increasing demand for high-quality pharmaceutical products (T4)
<p style="text-align: center;">Strengths (S)</p> <ul style="list-style-type: none"> - VPE have a nationwide distribution system (S1); - Production cost of VPE is low (S2); - Located right in the heart of a large consumption market, which is the domestic market (S3); - Mastering the production process and the source of raw materials for traditional medicine (S4). 	<p style="text-align: center;">Combination of S - O</p> <ul style="list-style-type: none"> - Focus on product lines with advantages to make a difference (types of traditional medicine products) - Focusing on applying science and technology to increase competitive competency (focusing on high quality western medicine products) 	<p style="text-align: center;">Combination of S - T</p> <ul style="list-style-type: none"> - VPE should link together to create common strengths
<p style="text-align: center;">Weaknesses (W)</p> <ul style="list-style-type: none"> - There are too many pharmaceutical enterprises of the same type exploiting in the same market (W1); - The scale of pharmaceutical enterprises is still quite small (W2); - Most enterprises still produce according to outdated pharmaceutical standards (W3); - R&D capacity of most enterprises is weak (W4) 	<p style="text-align: center;">Combination of W - O</p> <ul style="list-style-type: none"> - Focus on investment strategy in R&D (taking science to make a difference to compete) 	<p style="text-align: center;">Combination of W - T</p> <ul style="list-style-type: none"> - Strengthening and improving corporate governance capacity, replacing capital power with skills - Focus on investment strategy in R&D (taking science to make a difference to compete)

Source: Author's compilation

4.2. SOLUTIONS TO ENHANCE THE COMPETITIVE COMPETENCY OF VIETNAMESE PHARMACEUTICAL ENTERPRISES IN THE CONTEXT OF INTERNATIONAL INTEGRATION

4.2.1. Group of solutions for Vietnamese pharmaceutical enterprise. In order to improve competitive competency in the context of international integration, VPE need to synchronously implement the following groups of solutions: (i) Focus on products with advantages of enterprises. (ii) Gradually shift the product structure towards increasing production of products with higher standards. (iii) Improve the efficiency of the research and development process. (iv) Improve corporate governance capacity. (v) Promote cooperation and investment linkages.

4.2.2. Group of solutions for the Government. In order to improve the competitive competency of VPE in the context of international integration, the Government needs to synchronously implement the following groups of solutions: (i) Strengthen the role of creating the legal framework and policies to support pharmaceutical enterprises. Complete the relevant legal systems: Law on Pharmacy, Law on Science and Technology, Law on Intellectual Property, continue to perfect development policies for the pharmaceutical industry, adjust domestic regulations to be in line with international commitments, in line with international commitments. compliance with international standards and regulations. (ii) Strengthen the role of development orientation through the development of a master plan for the development of Vietnam's pharmaceutical industry to 2030. (iii) Strengthen the supporting role by promoting high-quality human resources and creative capacity. (iv) Strengthen the role of creating premise, supporting development by promoting development along the pharmaceutical value chain of Vietnam. (v) Some other support for VPE such as providing information, protecting industrial property, supporting research and development activities, encouraging the establishment of pharmaceutical industry associations.

CONCLUSION AND RECOMMENDATION

1. Conclusion

The thesis has systematized the basic theories on competitive competency, contents and methods of improving competitive competency of pharmaceutical enterprises in the context of international integration, introduced concepts of pharmaceutical enterprises and competitive competency of pharmaceutical enterprises, has pointed out the basic factors that affect the competitive competency of pharmaceutical enterprises in the context of international integration. (ii) The thesis has analyzed the competitive competency of VPE and shows that the competitive competency of VPE already exists and is relatively strong in some fields. In terms of products, there is an advantage in the form of pharmaceuticals, which are traditional medicines and popular drugs. Regarding the consumption market, it is strong in the rural market segment. In terms of costs, it has low production costs, high profitability efficiency. Besides, the competitive competency of VPE has weaknesses. They are weak at western medicine with high quality and special treatment lines; weak in the big cities and urban markets; The foreign market is almost not reaching

many countries (export rate is very low). (iii) The thesis has pointed out the influencing factors, the causes leading to the low competitive competency of VPE, including internal factors such as corporate governance, financial resources. However, the capacity to access and innovate technology and human resources of enterprises is still limited; external factors such as competitors and government support. (iv) The thesis gives five orientations to improve the competitive competency of VPE in the coming period: (1) Focus on product lines with advantages to make a difference with other types of traditional herbal products. (2) Focus on applying science and technology to increase competitive competency with high quality western medicine products. (3) Pharmaceutical enterprises should prioritize investment in R&. (4) Strengthen management skills to replace power with capital. (5) Pharmaceutical enterprises need to link together to create common strengths. (v) The thesis proposes two groups of solutions to improve the competitive competency of VPE in the coming period: (1) Group of solutions for VPE, focusing in-depth on corporate products which have advantages, gradually shift the product structure in the direction of increasing production of products with higher standards, improving the efficiency of the R&D process, improving corporate governance capacity, promoting cooperation and investment linkages. (2) Group of solutions for the Government, focus on strengthening a number of weak roles of the Government such as perfecting institutions and policies to support the development of the pharmaceutical industry, strengthening regulation and creating a premise for the development of the pharmaceutical industry. development through supporting enterprises to innovate and create, improving the quality of human resources, and forming strong pharmaceutical value chains.

2. Limitation. Official statistical data on pharmaceutical enterprises both in Vietnam and abroad is not continuous and complete, so it is difficult to access information and select survey samples, mainly from secondary sources. Primary data is obtained mainly through survey methods, consulting with experts, but with a small survey scale, so the assessment of the current situation and factors affecting the competitive competency of VPE is not really deep, detailed and multidimensional. The thesis has not elucidated the difference in strategies to improve competitive competency of western medicine manufacturers and traditional medicine manufacturers.

3. Recommendations for further research

The research is limited in terms of time, resources and research conditions, so the author also wishes to recommend further studies that evaluate the factors affecting the competitive competency of VPE by the quantitative method, there are studies on competitive competency of VPE that only produce and trade in traditional medicines. The author also looks forward to receiving valuable comments from scientists and experts to improve the thesis.

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