

Professional Ethics and Responsibilities for Business Valuation, Business Ownership Interest, Security, or Intangible Assets in Pharmaceutical Companies

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DOI: 10.47750/pnr.2022.13.S09.193

Abstract

Literature studies are carried out by each researcher with the main objective of finding a foothold and foundation for obtaining and building a theoretical basis, and framework for thinking, and determining provisional conjectures or also known as research hypotheses. This study uses a qualitative method with a literature and literature study approach. The results of the study explain that an appraisal analyst must have a level of knowledge about principles and theories, and a level of skill in applying the principles that enable him to identify, collect, and analyze data, and consider and apply assessment approaches and methods. Social responsibility (corporate social responsibility) towards ethics affects personal behavior in the work environment, this is a related concept but refers to the way a business seeks to balance its commitment to groups and individuals in its social environment.

Keywords: Professional Ethics, Ownership Interest, Security, Intangible Assets.

1. INTRODUCTION

The rapid changes in the business environment have changed the paradigm from a profit-oriented company to a responsible company. Therefore, consumers appreciate that manufacturers practice business ethics, which in turn develops into their corporate culture (Hebenstreit et al., 2022). Business cannot be separated from these two elements. Governments, business owners, shareholders, management, employees, manufacturers, suppliers, retailers, communities, and consumers. So consumers give an assessment of producers who carry out business ethics which are then developed into corporate culture. The better a company is assumed to be, the better the value of its ethical position, and thus the greater its potential profitability (Johnson et al., 2022). This is the difference between traditional and contemporary orientations. The company believes that a good principle is an ethical business, namely a business with a superior and sustainable performance by being carried out by complying with ethical principles in line with applicable laws and regulations.

Business ethics can become standards and guidelines for all employees including management and make them a guideline and carry out daily work based on noble morals, honesty, transparency, and a professional attitude. Ambiguity, law, and the real world in society generally apply formal laws that reflect ethical standards or prevailing social norms. An appraisal analyst should have a level of knowledge of principles and theory, and a level of skill in the application of the principles that enables him or her to identify, collect and analyze data and consider and apply appropriate assessment approaches and methods. For example transactions (or potential transactions), such as acquisitions, mergers, leveraged purchases, initial public offerings, employee shareholding plans, and other share-based plans, partner and shareholder purchases or purchases, and stock redemptions.

2. Literature Review

Professional competence

Professional competence, from the AICPA Code of Professional Conduct (Anders, 2022), states that a member must be those who provide professional services that the Member or Member Firm could reasonably expect to be competently professional.

Performing an assessment engagement with professional competence involves specific knowledge and skills. An appraisal analyst must have a level of knowledge of principles and theory, and a level of skill in the application of those principles that enables him or her to identify, collect and analyze data, consider and apply appropriate valuation approaches and methods, and use professional judgment in developing estimates. value (whether a single sum or a range). An in-depth discussion of valuation theory and principles, and how and when to apply them, is not within the scope of this statement.

In determining whether he or she can expect to complete the appraisal engagement with professional competence, the appraisal analyst should consider, as a minimum, the following (Xiaomeng & Aimin, 2022): a) The subject entity and its industry, b) The subject's interests, c) The date of the appraisal, d) The scope of the appraisal engagement: (1) The purpose of the valuation engagement, (2) The valuation assignment is subject to limited expected assumptions and conditions, (3) Applicable value standards (eg, fair value or fair market value), and applicable value premises (eg, going concerned) (4) The type of assessment report to be issued (paragraph 48), the intended use and users of the report, and restrictions on the use of the report. e) Government regulations or other professional standards applied to the interests of the subject or appraisal engagements

If valuation services are performed for a client whose valuation analyst or valuation analyst firm also performs engagement attestation (defined by Rule 101 of the AICPA Code of Professional Conduct), the valuation analyst must meet: Interpretation requirements no. 101-3, "Nonattest Service Performance," under Rule 101, Independence (AICPA, Professional Standards, vol. 2, ET sec. 101.05), so as not to impair a member's independence concerning clients.

The general principles that become the main norms for every business person are referred to as the principles of business ethics (Syahputra et al., 2021), including 1) Honesty (honesty), 2) Fairness, 3) Mutual benefit, 4) Moral integrity, 5) Fairness (fairness), 6) Have ethics in nature and the environment, 7) Obey the rules, 8) Aware of rights and obligations, 9) Useful, 10) Responsibility, 11) Promise keeping, 12) Loyalty (fidelity), 13) Mutual respect (respect to each other), 14) Accountability, 15) Professional.

There are six concepts of behavior formulated in the APIP Code of Ethics, namely: integrity, objectivity, confidentiality, competence, accountability, and professional behavior (Habbe et al., 2019). Like the theory of virtue (virtue ethics theory) expressed by Aristotle mentioned above, integrity, objectivity, confidentiality, accountable competence and professional behavior as a commitment will be able to influence the performance of an auditor in carrying out his profession, so this theory can be accepted. Suprpto et al (2022) added in her research, that integrity, objectivity, confidentiality, and competence simultaneously affect the performance of the Government's Internal Supervisory Apparatus.

Ethical Theory Basis

Theological ethics comes from the Greek word *telos* which means goal. Measuring the good or bad of an action based on the goals to be achieved or based on the consequences of these actions (Gamarra & Giroto, 2022). The flow of theology is divided into two, namely: Ethical Egoism The core view of egoism is that the actions of each person are basically to pursue personal goals and advance themselves. This egoism only becomes serious when it tends to become hedonistic, namely happiness and self-interest are translated solely as physical pleasures that are vulgar. Example: DPR members who commit acts of corruption to enrich themselves by using people's money.

Virtue ethics theory, (Theory of Virtue Ethics) is a concept issued by The Greek Philosopher Aristotle's belief in the concept of individual character which states that "Individual character and integrity established a concept of living your life according to a commitment to the achievement of a clear deal- what person would I like to become and how do I go about becoming that person".

The priority theory is the basis for taking the hypothesis that the behavioral concept applied by auditors will influence the performance they carry out because it relates to the character of individuals who are committed to the profession they do. The

relationship between an auditor's commitment to organizational goals and performance success is cited in Wati et al (2010) that success and performance in a field of work are largely determined by professionalism in the field occupied, so professionalism itself must be supported by one's commitment to the organization.

This theory has limitations from the point of view of each party, in other words, each party/group cannot be separated from having different priority values according to their respective perspectives, except by establishing a reference concept for an organization that can align these values. the priority value for those who are in it. Because of this, government internal auditors who act as APIP have a written concept for the implementation of behavioral details that they must make as the basis for all actions while working in the audit profession. The written concept is contained in the code of ethics which is a statement about the moral principles and values used by the auditor as a guideline of behavior in carrying out supervision, APIP Auditing Standards (2008).

Meanwhile, citing Meilina (2016) that ethical business must be viewed from three perspectives, namely economic, legal, and moral (Bertens (2013: 25). The following is the explanation: 1) Based on an economic point of view, a good business is a business that generates profits without harming other people, 2) Based on a legal perspective that good business is a business that does not violate legal rules, 3) Based on a moral point of view that good business is a business that is following the standards of morality.

3. Methods

The type of research used is a literature study. The literature study method is a series of activities related to methods of collecting library data, reading and taking notes, and managing research materials (Zed, 2008:3). Literature study is an activity that is required in research, especially academic research whose main purpose is to develop theoretical aspects as well as aspects of practical benefits. Literature studies are carried out by each researcher with the main objective of finding a basis for obtaining and building a theoretical basis, and framework of thinking, and determining tentative assumptions or also known as research hypotheses. So that researchers can classify, allocate, organize, and use a variety of libraries in their fields. By conducting a literature study, researchers have a broader and deeper insight into the problem to be studied. Conducting a literature study is carried out by researchers after they determine the research topic and determine the formulation of the problem before they go into the field to collect the necessary data (Darmadi, 2011)

4. Result and Discussion

4.1. Result

The valuation analysis must use a valuation approach and methods appropriate to the valuation engagement. Revenue Approach. Two valuation methods that are often used under the income approach include the capitalized benefits method (eg, income or cash flow) and the discounted future benefit method (eg, income or cash flow). When applying this method, the valuation analyst must consider a variety of factors, including but not limited to, the following:

- a. The capitalization of benefits (for example, income or cash flows) the valuation analyst method should consider the following: normalizing adjustments, non-recurring income, and expense items, taxes, capital structure, and financing costs, appropriate capital investments, non-cash items, qualitative valuations for risk used to calculate the discount and capitalization rate, the expected change (growth or decline) in future benefits (for example, income or cash flows)
- b. Methods of discounting future benefits (for example, income or cash flows). In addition to items in item an above, the valuation analyst must consider: forecast/project assumptions, earnings or cash flow forecasts/projects, a terminal value
- c. For intangible assets, the valuation analyst should also consider, where relevant such as the remaining useful life, current and anticipated future uses of the intangible asset, the rights associated with the intangible asset, the position of the intangible asset in its life cycle, the discount rate appropriate for intangible assets, appropriate capital or contributed asset costs, if any, research and development or marketing costs required to support the intangible asset in its existing state, revenue allocation

(for example, additional income, residual income, or revenue sharing) be an intangible asset, will tax amortization benefits be included analysis, multi-year excess profit deductions, market royalties, royalty relief

Ambiguity, law, and the real world in society generally apply formal laws that reflect ethical standards or prevailing social norms. For example, because most people consider theft to be unethical behavior, we have laws against this behavior and ways of punishing people who steal. We seek to make unambiguous laws, but their interpretation and application can lead to ambiguity. Real-world situations can often be interpreted differently, and applying standard rules to the real world is not always easy. An example is a flow of funds from Robert Tantular, owner of Bank Century, to Budi Mulya, Deputy Governor of BI. The central bank indicated that there was a violation of the code of ethics in granting the loan. Head of BI's Public Relations Bureau, Defi Ahmad Johansyah, said that BI had conducted an internal examination of this case long before the results of the forensic audit of the Supreme Audit Agency (BPK) were leaked to the public. BI has not been able to confirm whether Budi's actions related to the policy of providing Short Term Loan Facility (FPJP) to Century Bank amounting to Rp 689 billion, in 2008 ago. So far, based on the results of BI's internal examination, the loan is a personal matter for Budi and has nothing to do with the position he is holding. "Just wait for the forensic audit," said Difi. Even though it was indicated that he had violated the code of ethics, BI could not stop Budi. According to Achsanul, when the Century Bank bailout case was still in the hands of a special committee (pansies), the DPR did not find any indication of money transactions between Budi and Robert Tantular. However, the DPR remains open to new findings. The DPR is now waiting for the results of the analysis of the Financial Transaction Reports and Analysis Center (PPATK), whether the transaction is only a personal matter or is related to Century Bank.

Corporate social responsibility towards ethics influences personal behavior in the work environment, a concept that is related but refers to all the ways a business seeks to balance its commitment to the group and the individual in its social environment. These groups and individuals are often referred to as interested parties in the organization who are directly affected by the practices of an organization and, as such, have an interest in the organization's performance. The main parties with an interest in the Corporation are: Employees, Investors, Local Communications, Customers, Suppliers.

The responsibility to interested parties model suggests that businesses that are accountable to their customers seek to serve their customers fairly and honestly. They also look for ways to charge their prices fairly, honor warranties, fulfill order delivery commitments, and maintain the quality of the products they sell. Dell Computer, Johnson & Johnson, Land's End, and L.L. Bean, are some examples of companies that have a good reputation in this field. In recent years, many small banks have increased their profits by offering much stronger customer service than large national banks. For example, some offer their customers free Starbucks coffee and child care when they are at the bank doing business, in an attempt by small banks to understand what customers want.

4.2. Discussion

Documentation is the primary record of the information obtained and analyzed, the procedures performed, the valuation approaches and methods considered and used, and the value conclusions. The quantity, type, and content of documentation are matters of the analyst's professional judgment. In addition, the valuation analyst must comply with the documentation requirements listed in paragraphs 44 and 45. The amount, type, and content of the documentation is a matter of judgment in the professional judgment of the analyst.

In developing a valuation, the valuation analyst should consider the three most common valuation approaches: 1) The income (income-based) approach, 2) the Asset (Asset-based) approach (used for businesses, holdings businesses, and securities) or the cost approach (used for assets intangible), 3) Market approach (market-based).

The method often used under the assets approach is the adjusted net assets method. When using the adjusted net assets method in valuing a business, business ownership interest, or security, the valuation analyst should consider, as appropriate, the following information relating to the value premise:

- Identification of assets and liabilities
- Value of assets and liabilities (individually or in aggregate)
- Liquidation fee (if any)

When using methods under the cost approach to value intangible assets, the valuation analyst should consider the type of cost to be used (for example, reproduction costs or replacement costs), and if applicable, the appropriate form of depreciation and obsolescence and the remaining useful life of the intangible asset..

5. Conclusion

The responsibility to interested parties model suggests that businesses that are accountable to their customers seek to serve their customers fairly and honestly in Pharmaceutical Companies. They also look for ways to charge their prices fairly, honor warranties, fulfill order delivery commitments, and maintain the quality of the products they sell. the assessment analyst should:

- Correlate and reconcile the results obtained under the different approaches and methods used.
- Assess the reliability of the results under the different approaches and methods using the information gathered during the engagement assessment,
- Determine, based on items a and b, whether the conclusion of scores should reflect (1) the results of one assessment approach and method or (2) a combination of the results of more than one assessment approach and method.

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