

## СЕКЦІЯ 8. СМАРТ-РОЗВИТОК І ДИДЖИТАЛІЗАЦІЯ

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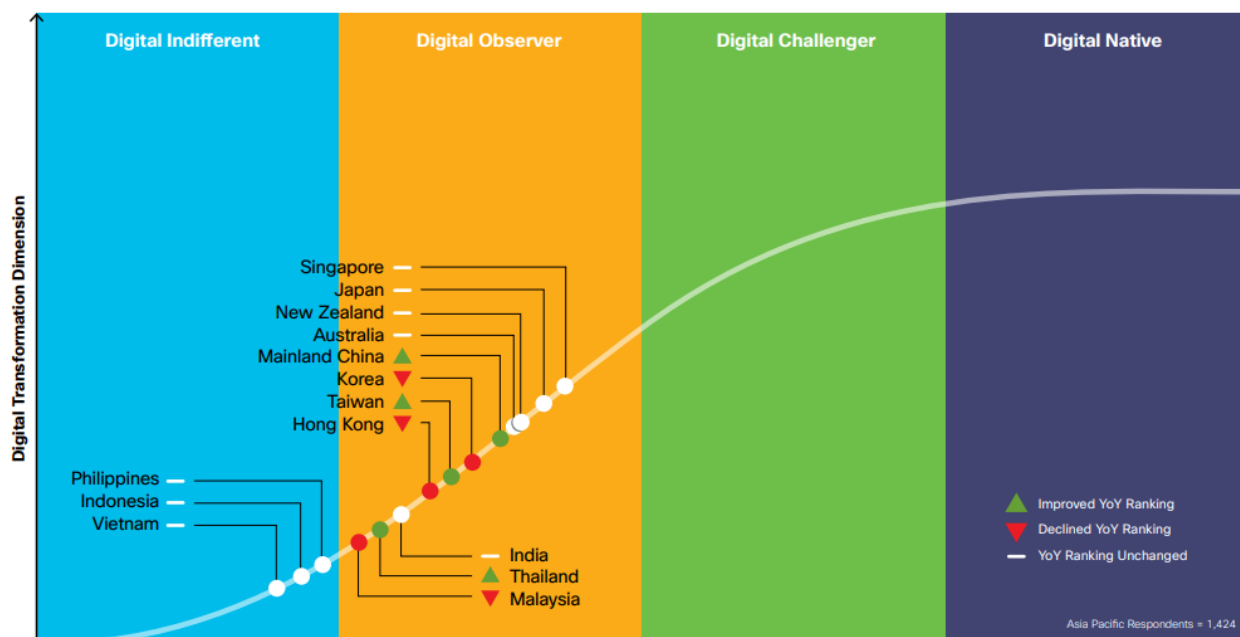
### **DIGITAL TRANSFORMATION WITH VIETNAM'S ENTREPRENEURIAL COMMUNITIES IN A GLOBALIZATION CONTEXT**

**Introduction.** In the context of current globalization, digital transformation (DT) plays an important role for businesses to be able to compete and survive in the international market. Through the application of digital technology, businesses can optimize production and management processes, improve customer access, and improve competitiveness, creating new business opportunities and potential revenue growth (Ravi Bhalla & Elizabeth Osta, 2021).

Recognizing early on the importance of DT, Vietnam is one of the first countries in the world to develop a national DT program. Decision No. 749/QD-TTg of the Prime Minister of Vietnam approving the "National Digital Transformation Program to 2025, with orientation to 2030" was officially issued on June 3, 2020. This decision emphasizes the vision that by 2030, Vietnam will become a digitally stable and prosperous country and will emerge as a pioneer in testing new model technologies. The goal is also to improve the operations of organizations and everyday standard of living through a safe, humane and widespread digital environment (Prime Minister of Vietnam, 2020). As for enterprises, on January 7, 2021, the Minister of Planning and Investment of Vietnam issued Decision No. 12/QD-BKHDT on the Program to Support Enterprises for Digital Transformation for the 2021-2025 period, coordinating with the United States Agency for International Development (USAID) for implementation.

Over the past years, the awareness and demand for DT have increased significantly among Vietnamese enterprises, and so did the readiness of these organizations. 2022 was the record year in the results of DT. The percentage of enterprises using e-invoices reached 100%; the rate of enterprises using e-contracts reached 50%; the percentage of small and medium enterprises using digital platforms reached 30.07% (Ministry of Information and Communications of Vietnam, 2023). Despite these encouraging developments, the DT process still has its limitations. Most Vietnamese enterprises still lack the budget for DT and are mainly in the digitization stage, or are gradually transitioning to using new technologies and software, not yet entering the fully "completed transformation" stage.

According to a survey on the digital maturity of small and medium enterprises in Asia - Pacific in 2020, Vietnamese businesses are only in the early stages of DT - the Digital Indifferent stage (CISCO, IDC, 2020). At this stage, businesses only focus on business results and have no or just started implementing digitalization activities; most processes are still manual; fragmented investments; no cloud application and only use office spreadsheets; lack of digital skills.



**Figure 1: Digital maturity of Asia-Pacific countries in 2020**

*Source: (CISCO, IDC, 2020)*

However, by 2022, Vietnamese businesses have made strong progress in DT. In most operational areas, Vietnamese enterprises are in the middle of the "developed" stage and are increasingly approaching the "advanced" level of DT, which means they have begun to develop plans for the digitization although implementation of digitization is still fragmented and many processes have not been automated.

Recognizing the achievements and limitations in the DT process at Vietnamese enterprises, and in the context that DT is an inevitable and objective trend globally, the research team selected the topic “Digital Transformation with Vietnam’s Entrepreneurial Communities in a Globalization Context” for in-depth research. This study will analyze the current situation of DT in Vietnamese enterprises, assess the strengths and weaknesses of Vietnamese enterprises in the DT process. From there, the team will propose a number of recommendations to improve the efficiency of DT in Vietnamese enterprises. With the results obtained, the study can be a reference for countries pursuing the goal of DT, specifically for Ukraine.

**Recommendations and Conclusion.** On the basis of practical analysis as well as assessment of advantages and disadvantages of Vietnamese enterprises in this process, the team proposes a number of

solutions and recommendations to accelerate the process and improve the efficiency of the transformation as follows:

(1) It is necessary to increase awareness and knowledge about DT for businesses. Once leadership acknowledges the inevitability of DT and clearly sees the benefits and grasps the process, that business will actively participate in this trend. The budget that businesses spend on DT will be expanded to cope with the costs of technology investment and application, though the cost may not be small. The determination of managers on the path of DT will also help businesses step by step overcome difficulties in changing business habits and practices according to DT. To implement this solution, businesses first need to actively research and approach. Leadership can access existing handbooks on DT, participate in business communities and discuss with partners, customers and experts to stay up to date with trends and new information on DT. On the government side, it is necessary to have plans to widely propagate DT, take timely support measures in the transformation process, and guide technology solutions to suit the scale and field of the industry.

(2) The government creates technology innovation support funds to reduce the burden of technology investment and application costs for businesses, helping businesses confidently invest in more modern digital technology solutions. These funds can provide financing, advice and technical assistance to businesses to strengthen their technological innovation capacity.

(3) Businesses focus on developing a long-term DT strategy, including financial and human resource planning, to ensure the sustainability and continuity of the transformation process. Create a positive working environment and encourage employee innovation, adaptability and creativity, while strengthening employee trust and confidence during DT,

(4) The society needs to focus on developing high-tech work force. From a macro perspective, the government needs to invest in training and capacity building programs for employees in digital technology. This will help enhance employees' ability to use digital technology and make it easier for businesses to innovate. Training support programs for administrators and employees need to be organized properly, connection programs between students and

experienced programmers need to be expanded to improve skills and quality. From a micro perspective, to ensure the successful implementation of DT solutions in enterprises, businesses also need to focus on training internal employees in information technology, raising employee awareness about the role and benefits of business DT, and have policies to attract and treat professionals in this field.

(5) The government focuses on building and developing digital infrastructure and digital platforms to serve the uninterrupted DT of businesses. This solution should focus on developing 5G mobile network infrastructure; expanding Internet connection in the country through direct peer-to-peer connections, connecting to Internet exchange station (IXP), to VNIX national Internet transfer station; develop infrastructure connecting the Internet of Things (IoT).

(6) There are software and applications that are suitable for each field of business activities, and it is necessary to have a connection between enterprises and relevant agencies such as state and central government management agencies, such as taxes and banking, so that the process of handling business activities can take place quickly, shortening administrative procedures. At the same time, it is important to take measures to maintain and update software and applications on a regular basis to detect limitations and comply with current regulations.

(7) Integrating information technology applications into business activities: Information technology applications such as business management software, customer management software, human resource management software... are essentials in managing and optimizing business operations. These applications need to be integrated and optimized for maximum efficiency, paving the way for deeper participation of businesses in the DT roadmap.

(8) Promote online sales: The use of online sales channels such as websites, social networks, mobile applications, etc. is an effective way for businesses to increase sales and reach out to customers. Businesses need to build an online sales strategy, create channels to connect with customers and promote brand awareness.

(9) Minimizing the risk of personal and business data leakage. To implement this solution, the government needs to review and issue strict legal regulations on data protection, improve the effectiveness of deterrence in penalizing acts affecting network security as well as business and personal data leak. This will increase trust and safety in the use of digital technology solutions by enterprises and individuals. On the other hand, businesses also need to strengthen their internal information security to protect customer data, to avoid loss, leakage of information, or cyber attacks.

In conclusion, the biggest difficulty of most Vietnamese enterprises while implementing new technologies is the failure to align the benefits of DT with their business goals. Convincing each department in the enterprise to accept the change of habits and pattern of cooperation is not an easy process for technology managers. Therefore, the DT process in Vietnamese enterprises has taken place quite early but developed at a slow pace because many business leaders were too cautious and risk-averse. However, most business leaders are aware that DT is not merely technology-oriented, but in fact the transformation must commence with the business model and leadership mindset (Mouhamadou Sow & Solomon Aborbie, 2018). If they are persistent and determined enough to implement DT, businesses will be able to change technology and transform from traditional models to a smarter, greener and more sustainable production and business model. That will certainly contribute to shaping a stronger internal economy in the future.

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