

## **PROMOTE DIGITAL TRANSFORMATION IN THE ECONOMY - SOCIAL FOR SUSTAINABLE DEVELOPMENT IN VIETNAM**

**Dr. LUU THANH TAM**

HUTECH University, Vietnam. Email: lttam@hutech.edu.vn

### **Abstract**

Today, the scientific and technological achievements of the Fourth Industrial Revolution, especially digital technology, create opportunities and favorable conditions for our country to implement the short-cut development method. The digital economy operating based on digital technology is a specific form of the knowledge economy that our country needs to build. After 35 years of renovation, great achievements of historical significance have been achieved, and the scale and scientific and technological level of the country's economy has increased, becoming a low-middle-income country by standards. international; The country's potential and position today create conditions for Vietnam to take advantage and seize the opportunities brought by the Fourth Industrial Revolution for rapid and sustainable development.

**Keywords:** promotion, digital transformation, sustainable development.

### **INTRODUCTION**

“Digital transformation” is about exploiting the data obtained from the digitization process, and then applying technologies to analyze and transform that data and create new values. “Digitalization” can be viewed as part of the “Digital Transformation” process. In Vietnam, the concept of "Digital Transformation" is often understood in the sense that the process of changing from a traditional business model to a digital one by applying new technologies such as Big Data, the Internet for things (IoT), cloud computing (Cloud)... to change operating methods, leadership, work processes, and company culture. Not only does digital transformation play an important role in businesses, but digital transformation also plays an important role in other areas of society such as government, mass media, medicine, science, etc.

### **LITERATURE REVIEW**

The concept of "sustainable development" appeared in the environmental protection movement from the early 70s of the 20th century. In 1987, in the Report "Our Common Future" of the World Council on Environment and Development (WCED) of the United Nations, “sustainable development” is defined as “development that meets the needs of the present, but does not interfere with meeting the needs of the future generations”. The Earth Summit on Environment and Development held in Rio de Janeiro (Brazil) in 1992 and the World Summit on Sustainable Development held in Johannesburg (Republic of South Africa) in 2002 identified “development “sustainable” as a development process with a close, reasonable and harmonious combination of three aspects of development, including economic development (especially economic growth), social development (especially economic growth) progress, social justice, poverty alleviation, and job creation) and environmental protection (especially pollution

treatment and remediation, restoration and improvement of environmental quality; fire prevention and deforestation; rational exploitation, and economical use of natural resources). The criterion for evaluating sustainable development is stable economic growth; making good progress and social justice; rational exploitation, economical use of natural resources, protection, and improvement of living environment quality.

The 2030 Agenda for Sustainable Development includes 17 sustainable development goals (SDGs) with 169 targets to end poverty, fight inequality and injustice, and combat climate change by 2030. Was approved on September 25, 2015. The agenda highlights the role of businesses in the successful implementation of the SDGs, in addition to the role of the Government and international organizations. Vietnam's commitments at the 21st and 26th Conferences of the Parties to the United Nations Framework Conventions (COP 21 and COP 26) on limiting the global average temperature to the end of the 21st century and bringing the level of development net zero emissions by 2050 also underlines the role of the private sector, in this case, businesses, in the successful implementation of these commitments. This means that businesses are considered as one of the key factors, playing an important role in orienting and investing in innovation to meet the requirements of sustainable development and reporting to investors strategic planning on how its operations contribute to the Global Sustainable Development Agenda.

To do this well requires sustainable development from the business side. Sustainable development is the main framework for enterprises to build their operational apparatus, optimize production, business, and supply chain processes, etc., and to not only create positive impacts on the environment, contributing to community development but also creating sustainable values for the business itself. In the long term, investment in sustainable development will be a decisive factor in the existence and development of enterprises. In the roadmap towards the goal of sustainable development of each country, the important role of businesses must be mentioned, which significantly contributes to creating wealth and material for the society; but also the agent that "leads" the "footprints" affecting the environment and society. A comprehensive sustainable development strategy will help businesses early identify risks in their entire supply chain to make timely adjustment plans, improve operational efficiency, and build trust with customers and with all stakeholders, thereby enhancing the value of the business.

## **RESULTS AND DISCUSSION**

### **Vietnam's policies and laws on sustainable development since 2015**

As a country that strongly supports and commits to the implementation of the United Nations Agenda on Sustainable Development and Combating Climate Change, since 2015, Vietnam and 192 countries around the world are committed to jointly implementing the SDGs, the Government has issued many policies and legal regulations to implement the above important international commitments.

Some of the main relevant legal documents are as follows:

- Decision No. 622/QĐ-TTĐ, dated May 10, 2017, of the Prime Minister on the National Action Plan to implement the 2030 Agenda for Sustainable Development;
- Decision No. 681/QĐ-TTĐ, dated June 4, 2019, of the Prime Minister promulgating a roadmap for the implementation of Vietnam's sustainable development goals up to 2030;
- Decision No. 2053/QĐ-TTĐ, dated November 28, 2016, of the Prime Minister promulgating the Plan for the implementation of the Paris Agreement on climate change;
- Decision No. 1362/QĐ-TTĐ, dated October 11, 2019, of the Prime Minister approving the Sustainable Development Plan for the private sector up to 2025, with a vision to 2030;
- Resolution No. 136/NQ-CP, dated September 25, 2020, of the Government on sustainable development;
- Decision No. 1658/QĐ-TTĐ, dated October 1, 2021, of the Prime Minister approving the National Strategy on Green Growth in the 2021-2030 period, with a vision to 2050.

In the above legal documents, the Government emphasized the role of enterprises as one of the decisive factors contributing to the successful implementation of strategies, plans, and goals on sustainable development in general and green growth in particular.

### **Digital transformation and the positive impacts of digital transformation on the economy - society**

Digital transformation can be understood as "the integration and application of digital technology to improve business efficiency, management efficiency and create new values". Digital transformation activities range from digitizing business and management data of enterprises, applying digital technology to automate and optimize business processes, management processes, production, and business, reporting processes, and work coordination in the enterprise to transforming the entire business model, creating new value for the business. Thus, for businesses, digital transformation has a positive impact on both external factors of business, market, customers, and internal factors in terms of governance, operation, human resources, and safety, optimizing business resources. Detail:

Firstly, digital transformation helps businesses increase customer experience. With the strong movement of the market, the diversity of suppliers as well as the many information channels, channels to access products and services, the requirements of customers for businesses and products service is getting higher and higher. Today, customers are increasingly impatient, and passive in choosing products and services and demanding maximum in meeting requirements, providing products and services by their preferences, product quality products, and good service. Combining factors, and creating a service with a perfect experience is an increasingly urgent and inevitable requirement, making a difference and helping businesses compete and stand firmly in the market. Block Buster used to be the number one company in the video rental business market at its peak in 2004 there were 9,000 stores globally, with revenue of nearly 7 billion USD. In 2007, Netflix deployed to provide video streaming and online movie viewing

services on demand, allowing customers to experience a new movie service that completely replaced the traditional rental of traditional tapes. Netflix's great service experience led to Blockbuster's demise in 2012, just five years after its peak.

Second, digital transformation helps businesses expand their market and customer base through the creation of new distribution channels. Digital transformation helps businesses generate revenue growth through expanding customer base and distribution to potential market areas. The birth of modern distribution channels, such as Amazon, Lazada, Tiki, and Shopee... has created a shift in consumer behavior, especially in the retail industry. The percentage of customers shopping through online channels is increasing, leading to a decrease in revenue through traditional channels. Businesses through e-commerce platforms can reach customers worldwide and are not geographically restricted. Thereby, allowing businesses to cut the cost of opening physical stores, and reducing the cost of renting space. This is something that traditional methods cannot do. A Facebook statistic shows that, through Facebook, 1.6 billion people have connections with small businesses on Facebook [1]. Amazon alone, by the end of 2019, had about 2.5 million monthly active sellers. Amazon's 2019 revenue reached \$280.5 billion, growing at an average of 24.3% year-on-year between 2013 and 2019. For the Appstore and Google Play platforms, in 2019 there were more than 110 billion app downloads from these app stores with more than 3.5 billion users. These not-so-small statistics show that, when businesses participate in business on digital platforms, businesses can easily expand their markets and customers. This is a big difference from traditional business channels.

Third, digital transformation helps businesses design and create new products that are suitable for customers' tastes and move towards green production. Using online channels as well as incorporating techniques such as "A/B testing" can easily be implemented to select the optimal options for product design. Businesses can easily provide images and product features on their website, and fan page... and analyze customer feedback to know which products meet the right tastes, even if they do not need to make "prototypes" for the product. This not only helps businesses reduce the cost of making samples, at the same time helps to reduce waste products in the environment.

Fourth, digital transformation helps businesses optimize operating costs, especially personnel costs. With the development of mobile technology, 4G/5G, people's working capacity has increased significantly and is not bound by space problems. By using online conferencing software, supporting online work, and remote work management, today, many companies, such as Google, Apple, Facebook, Elastic... and thousands of businesses in other parts of the world are tending to allow employees to work remotely, even, such as Twitter, Facebook even announced that they will allow employees to work from home for life. Not only supporting the ability to work remotely, coordinate and collaborate at work, technology systems with the support of artificial intelligence (AI), machine learning (ML), computing power, processing power, etc. Data management has now replaced many human jobs, even decision-making. Warehouse Management System helps businesses accurately calculate, build layout plans, and manage warehouses effectively with the lowest cost. Compared with human self-analysis and sorting, machines can come up with ways many times faster and more efficiently. The

replacement of people has saved, optimized costs, and reduced many risks and errors due to human factors as well as the ability to work continuously with high intensity.

Fifth, digital transformation helps increase the efficiency and business performance of enterprises, thereby increasing competitiveness and profit margins. With the use of technology, automatic information processing, coordinated work in cyberspace, reduced movement, increased speed of coordination, etc., work efficiency is significantly improved. This is also one of the essential purposes that many companies aim for in digital transformation. According to the report "Digital transformation activities - optimizing investment efficiency" 2018 of the World Economic Forum, investment in technologies has helped increase employee productivity in 2016 up more than 40% compared to 2006; For leading enterprises in industries, the annual growth rate of labor efficiency is 12%, for other enterprises, it is 2%.

Sixth, digital transformation supports accurate and timely analysis, helping to shorten the business decision-making time of enterprises. Thanks to the application of information technology (IT) and data analysis to production and business activities, and management reports, business leaders will quickly grasp production and business data, most accurately thanks to automatic reporting systems that aggregate results in real-time. Instead of having to wait weeks and months for information analysis reports, business leaders only need to access the reporting system to see key business indicators, and situational analysis to determine and identify risk points that may affect the achievement of business goals, thereby making decisions in the fastest way. Thereby, enterprises will improve the efficiency of production and business activities and increase competitiveness in the market.

## **Solutions**

In the coming time, to promote successful digital transformation in terms of the digital economy, digital society, and digital government in the spirit of the 13th Party Congress, it is necessary to focus on the following solutions:

Firstly, renewing the thinking and awareness of digital transformation of heads of agencies, organizations, and people. The solution "digital transformation is first and foremost a transformation of perception" is reflected in the guiding view at the 13th Party Congress: "must renew development thinking, change the way of working, living, pushing strong institutional reform, application of scientific and technological advances and innovation; drastically implement a digital transformation, build a digital economy and a digital society". Decision 749/QĐ-TTĐ dated June 3, 2020, of the Prime Minister on "National Digital Transformation Program to 2025, with orientation to 2030", has specified 6 points of view, of which the third point of view is: especially: "Consciousness plays a decisive role in digital transformation", emphasizing "Digital transformation is first and foremost a cognitive transformation". Thus, to participate in the digital transformation process, each officer, person, and business needs to be well aware of the role, meaning, and importance of digital transformation. The key to accelerating the cognitive transformation lies in the mindset and responsibility of the leader and everyone to set an example.

Second, reforming institutions and policies to serve the digital transformation process. To serve the successful digital transformation process, the XIII Congress emphasized: "Building a legal framework, a favorable environment to promote development, start-up, innovation, digital transformation, and development digital economy; support and encourage the birth and operation of new fields and new business models. Focus on amending regulations that are contradictory, overlapping, and hindering economic development".

For digital transformation to take place quickly and meet the requirements of socio-economic development, it is necessary to: "Continue to improve institutions, fully and synchronously develop market factors and types of markets. Consistently implementing the market price mechanism for goods and services, including basic public services. Develop the market for factors of production so that the market plays a decisive role in mobilizing, allocating, and using resources. To develop the market for goods and services according to civilized and modern methods of organization and transaction, and e-commerce. Synchronously develop, improve the operational efficiency of financial markets, currency, stock market, insurance market... based on digital technology with infrastructure, technology and methods modern transactions".

Thus, the completion of the legal framework, mechanisms, and policies is a big requirement, an important content, and a breakthrough spearhead for successful digital transformation, through which socio-economic development fast and sustainable association.

Third, develop and complete digital infrastructure. Digital infrastructure development is one of the core requirements of digital transformation. The 13th Congress has advocated: "focusing on developing information and telecommunications infrastructure, creating a foundation for national digital transformation, gradually developing the digital economy and digital society". Specifically, "Building information technology infrastructure; forming a system of national data centers, regional and local data centers connected synchronously and uniformly. Developing digital infrastructure to reach the advanced level of the ASEAN region; broadband internet covers 100% of communes. Building and developing synchronously the national data infrastructure, ensuring the safety and security of the technical infrastructure".

Thus, the development of digital infrastructure should focus on information infrastructure; broadband internet; national, regional, and local data center systems; safety engineering, and information security.

Thus, the 13th Party Congress has set out important requirements for digital transformation; develop the digital economy, digital society, and digital government to create breakthroughs in productivity, quality, efficiency, and competitiveness of the economy; promote comprehensive socio-economic development of the country. It can be said that digital transformation has been a revolution for the whole people. This revolution is only really successful when each agency, organization, business, and individual actively participates in and enjoys the benefits that digital transformation brings and needs to make the most of every opportunity to transform it. Digital transformation to create a driving force for the country to develop quickly and sustainably in the coming decades.

## CONCLUSION

The XIII Congress of the Party upholds the will and aspiration to develop the country so that by 2025, our country will become an industrialized country in the direction of modernity, surpassing the low-middle income level; by 2030, our country will become a country with modern industry, high middle income and by 2045, our country will become a developed country with high income. The policy of promoting digital transformation and developing the digital economy is one of the specific expressions expressing the will and aspiration to develop that country. This is the goal and meaning of promoting digital transformation and developing the digital economy in our country; development orientation of the country in the period of 2021-2030. Which, the second orientation and the third orientation determine that the national digital transformation must be accelerated, digital economy development based on science – technology, and innovation; improve productivity, quality, efficiency, and competitiveness of the economy; focusing on some key industries and fields with potential and advantages to acting as a growth engine in the spirit of catching up, advancing with and surpassing in some fields compared to the region and the world.

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