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Factors affecting the digital transformation process in enterprises in Vietnam today

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Abstract

Today, the rapid development of new digital technologies has been affecting all aspects of human society's activities. Using new technology, each individual can build a daily schedule of work, entertainment, activities, more easily, access products with more reasonable prices, join social networks new, better educational opportunities and fewer manual jobs as job trends have changed. For companies - organizations, new technologies mean creating more efficient machines, better products and even better new business models that lead to increased revenue, improve competitiveness, and finally create a foundation for improving labor productivity.

Keywords: digital, technologies, business, development

1. Introduction

For a country as a whole, digital transformation creates more new jobs, more efficient use of resources and resources, increased exports, and improvements in the areas of healthcare and transportation. The impacts on individuals, businesses, organizations, ... and society in general create influence and promote each other's development, for example, people will choose digital technologies more often, improve. By increasing individuals digital skills, companies will have access to a better-equipped workforce. If companies and organizations start to become competitive soon, creating new jobs as well as securing existing jobs will benefit individuals and the country as a whole.

Digital Transformation offers huge potential for commercial, industrial and social sectors in general, it is supported by a range of new technologies that are interconnected and handled by computers (including the ability to handle large amounts of data (Big Data) and use sensors, robotics, 3D printing and artificial intelligence across industries, these technologies have made certain jobs lighter, performing tasks that were previously impossible, and designing better products and services. Digital transformation has also enhanced competitiveness in many industries, creating challenges for established companies with traditional operations. For example, online platforms have captured a large share of the retail commerce market without the need to construct buildings or shopping malls, creating stiff competition for stores. Many of these new business models are rapidly proliferating, because the technologies introduced by new companies are superior and more efficient than the old solutions. New solutions are created that are more in line with customer needs and bring more convenience to the daily activities of a large part of the population. While these solutions are convenient for customers in the short term, the long term can present some problems in the event that a few operators capture a large share of the market and dominate the market, resulting in negative consequences: reduced competition, higher prices and reduced growth - innovation. Increased use of data also poses a problem for companies to appropriately handle such data as personal data.

2. Research content and results

2.1. The importance of digital transformation in Vietnam today

In recent times, we often hear the concept of "digital transformation" being mentioned a lot in the mass media. So what is digital transformation and why is it important? Let's find out in the article below. Digital transformation is one of the top concerns of technology businesses in Vietnam.

The Vietnamese government also pays special attention to digital transformation in the industrial revolution 4.0 and assigned the Ministry of Information and Communications to develop a National Digital Transformation Project and submit it to the Prime Minister right in 2019.

So what is digital transformation and how important is it in the Industrial Revolution 4.0?

What is digital transformation?

It is difficult to have a clear and specific definition of digital transformation, because the process of applying digital transformation will have differences in each different field.

However, in order to be able to define it briefly and easily, digital transformation (Digital Transformation in English) is the integration of digital technologies into all areas of an enterprise, taking advantage of technology to fundamentally change the way it operates, its business model, and delivers new value to its customers and accelerates business operations. Digital transformation is also a change in the culture of businesses, requiring businesses to constantly change, try new things and freely accept failures.

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 (Big Data), the Internet for things (IoT), cloud computing (Cloud)... to change the way of operating, leadership, working process, 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... "Digital Transformation" can easily be confused with the concept of "Digitalizing". To distinguish these two concepts, it can be understood that "Digitalization" is the process of modernizing and converting conventional systems to digital systems (such as switching from paper documents to soft files on the Internet). computers, digitizing television to switch from analog broadcasting to digital broadcasting...); whereas, "Digital Transformation" is about exploiting the data obtained from the digitization process, and then applying technologies to analyze, transform that data and create new values. "Digitalization" can be viewed as part of the "Digital Transformation" process.

Why is "Digital Transformation" important and what are the benefits?

Reports of large market research companies such as Gartner, IDC... all show that digital transformation really brings a lot of benefits to all aspects of business activities: from management to research., business... The most recognizable benefits of digital transformation for businesses are cutting operating costs, reaching more customers in the longer term, leading faster and more accurate decision making thanks to the system. timely and transparent reporting system, optimizing employee's productivity... these things help to increase operational efficiency and improve the competitiveness of organizations and businesses. Leveraging technology platforms will help businesses improve many areas and reach the 5 ultimate goals of digital transformation Whereas for ordinary people, digital transformation changes the way we live, work and transact with each other. As for the state, digital transformation uses data and digital technology to change the user experience with services provided by the state, change business processes, change the model and mode

of operation of the government. state management agency. Digital transformation also contributes to increasing labor productivity. Microsoft research shows that, in 2017, the impact of digital transformation on labor productivity growth was about 15%, by 2020, this figure will be 21%.

In general, according to market research and analysis experts, the 5 ultimate goals that digital transformation businesses aim for include: Speeding to market; Strengthening competitive position in the market; Drive revenue growth; Increase employee productivity; Expand your ability to attract and retain customers

How is digital transformation happening in the world and in Vietnam? Digital transformation is increasingly changing the perception of leaders, who have the ability to determine the direction and ability of successful transformation of the organization. The government apparatus of many countries, after realizing the importance of digital transformation in increasing operational efficiency and ensuring national security, immediately entered a new "race" in the application of digital transformation. number conversion.

2.2. Challenges in digital transformation of businesses in Vietnam

Digital Transformation in the explosive internet era, which is becoming popular in recent times, describes the application of technology (digitalize) to all aspects of businesses. If effective, this activity will completely change the way an enterprise operates, increase cooperation efficiency, optimize work performance and bring value to customers.

Today, the term "digital transformation" has gradually become familiar to the public. Experts believe that digital transformation will become a mandatory trend for businesses in the era of globalization and the booming internet. Digital transformation is an irreversible trend that, if left out, businesses will sooner or later fail.

According to IDC's 2018 survey, digital transformation is becoming a strategy in businesses and organizations in the fourth industrial revolution. Nearly 90% of businesses have started digital transformation with different steps from understanding, research, to starting implementation and implementation. More than 30% of business leaders surveyed consider digital transformation to be a vital issue, confirming effectiveness in many aspects such as understanding customers, increasing labor productivity, accelerating creativity.

According to Microsoft's research in 2017 in the Asia-Pacific region, in 2017, the impact that digital transformation brings to the GDP of the whole region is about 6%, in 2019 it is 25% and is expected to be in 2021. 60%. McKensey's research results show that, by 2025, the impact of digital transformation on GDP will be about 25% in the US, 35% in Brazil, and about 36% in European countries. These studies show that the impact of digital transformation on GDP growth is very large. So, are Vietnamese businesses ready for digital transformation to catch up with the trend and develop in the new era or not is a problem that needs a solution.

Digital transformation is an inevitable trend of the era of industrial revolution 4.0, a vital choice for businesses to accelerate and compete with competitors to dominate the market. However, digital transformation is also posing many challenges for businesses. Along with the strong development of science - technology and innovation, digital transformation is one of the three pillars of fast and sustainable development; at the same time is one of the major breakthroughs, contributing to "creating breakthroughs in productivity,

quality, efficiency and competitiveness".

In particular, the rapid development of digital technology as well as the heavy influence of the covid-19 pandemic in the past year have made businesses deeply aware of the importance of digital transformation. It helps businesses looking for a more flexible business model, both reducing costs and optimizing resources to overcome difficulties. Besides, in the 4.0 revolution trend, the application of technological achievements such as AI, IOT, etc. will help businesses catch up with modern trends, increase competitiveness and rise to breakthroughs while many businesses are still struggling to find their own development path.

In Vietnam, the Government has developed a "National Digital Transformation Program to 2025, with a vision to 2030" defining goals on developing the digital economy, improving the competitiveness of the economy, setting goals and objectives. set out a plan that by 2025 Vietnam is a digital economy, accounting for 20% of GDP; the proportion of the digital economy in each industry or field shall reach at least 10%; annual labor productivity increase by at least 7%; Vietnam is in the group of 50 leading countries in information technology.

However, according to the results of a survey from the Vietnam Software and IT Services Association (Vinasa), up to 92% of businesses surveyed said they had a need for digital transformation but did not know where to start how to test. Regarding challenges, there are 3 factors that are the biggest barriers in digital transformation, including: The determination of the organization's leaders; Cost, time, resources; how digital transformation is suitable for the organization. Information security is the 4th challenge for the business community.

Therefore, in the context of Vietnam's shortage of human resources with high technology and automation qualifications, the spread of world-class information and knowledge helps each business increase the level of maturity in thinking and skills as they move deeper into the global supply chain. This is the first necessary condition for businesses to be ready for the implementation process into practice.

The application of digital transformation to businesses will need advice, vision orientation and companionship from experts to come up with specific strategies, planning a roadmap suitable to the size and needs of each individual business taste. This process not only helps to carry out digital transformation in accordance with the specific resources of each enterprise and each stage, but also contributes to reducing risks and avoiding waste to the environment, energy, etc. when businesses open wide in scale.

With the rapidly changing technology platform in a positive direction, the government's support through defining the national strategic digital transformation as well as promulgating and implementing specific policies, transformation activities, etc. Digital transformation in Vietnamese enterprises is in a very exciting period. It is expected that the timely transformation of businesses will create new positions and forces, further enhancing the business community's contribution to the country's development.

2.3. Factors affecting the digital transformation process in enterprises today

Business competition in the digital age is getting stronger and stronger, requiring businesses to continuously innovate and

improve to adapt to changing customers and the economy. Therefore, businesses need to focus on transforming the right business model in combination with innovative thinking to determine the long-term strategy and competitive advantage of each business in the next period. From the urgent requirements set by the market, the rapid changes from the 4.0 industrial revolution, objective factors such as the epidemic and the long-term orientations in the strategy to gain competitive advantage of the company enterprises, which requires businesses to carry out the transformation process, converting from traditional and manual management and production to the use of tools with higher scientific and technological content, which is called the process of "Digital Transformation". Digital transformation affects many aspects of society, especially the development of businesses and the creation of new business models.

The rapid development and breakthrough of the field of digital technology (Digital Technologies) is becoming a guideline in changing the national governance of each government, changing the mode of governance - production activities business output of each enterprise and the way of life and communication of each individual in society. A world seems to become flatter and also more complicated when each social activity occurs, which entails a huge amount of information and data, which requires an increasing demand for intelligence, efficiency, and intelligence processing capabilities from automation technologies towards connection and data processing. Today's digital transformation is not only a trend but also an inevitable part of the times when it gradually plays an indispensable role in all human activities.

Lanzolla and Anderson (2008) emphasize the application of digital technologies as a driver of digital transformation. Digital technologies can include big data, mobile, cloud computing or search-based applications (White, 2012). Another point of view, Chatterjee et al. (2002) ^[5] argues that for digital transformation to be successful, leaders must believe in the value and benefits of new technologies and support their implementation in their operations organization. According to this point of view, Hess et al. (2016) emphasize the role of human factors, especially managers in promoting transformation processes, and Hess et al. (2016) also show that there needs to be a match between human resource capacity and digital technology applications in order to optimally exploit such technology applications.

In the study of Swen Nadkarni and Reinhard Prug (2020) synthesized from previous studies, it shows that internal factors affecting the digital transformation ability of enterprises are divided into 3 groups: 33% focus on technology, 34% focus on organizational issues and 33% focus on both technology and organizational issues. In organizational-focused studies, four factors are mentioned a lot and have a direct influence on the expected results of enterprises' digital transformation: (1) leadership, (2) business strategy digital, (3) employee competencies, and (4) corporate culture. For technology-focused research, the use of technology platforms for business activities such as systematically storing data, interacting with customers, communicating and communicating internally departments and other activities affecting the digital transformation of enterprises.

Besides, with the emergence of the Covid-19 pandemic, which broke out at the end of 2020, the operation of enterprises has encountered many difficulties that have never

been encountered before. Enterprises face many difficulties and challenges such as production and business stagnation, the environment of goods, input materials as well as output of enterprises are strongly affected, the way of production - business. Tradition gradually becomes irrelevant. In particular, in the period from June 2021 to October 2021, most of the 63 localities in the country had to conduct drastic social distancing measures. During this time, businesses have to conduct production - business activities "3 on the spot", many businesses have to stop operating, operate in moderation, and workers have to work from home, which has set a demand. There is an urgent need to change the operating model to adapt to the long-term impact of the epidemic.

On the basis of a document system of previous domestic and foreign studies, the research has identified 5 internal factors affecting the digital transformation ability of enterprises, including: Leadership, digital business strategy, staff capacity, corporate culture and technology background. However, during the group discussion, experts and business managers all said that the pressures businesses face at the present time such as fierce competition, increasingly high requirements of customers, changing business conditions during the epidemic situation, government regulations, the need to manage business and customer information systems and many other pressures for businesses to improve the way they operate and drive to change the business model. It is also a great motivation for businesses to be more fully aware of the issue of digital transformation and determined to implement it. Managers also shared that the digital platform makes internal and external interactions much more convenient and effective. Stemming from practical and highly applicable requirements, digital transformation plays an important role in the existence and development of enterprises; this study is expected to be able to provide answers to the above-mentioned problems and provide practical and feasible management solutions to help business leaders promptly transform in order to meet the needs of building business development of the business in the present and in the future.

3. Conclusion

People and corporate culture are related to the digital transformation journey of enterprises, so businesses need to build a culture of taking risks to innovate and develop; always apply and perfect your skills, powerful and modern digital. The fundamental business model is related to the enterprise's digital transformation strategy. Enterprises must make a strategic plan for the platform business models, identify this as the core business model in the future, and be an important part of their digital transformation strategy. Breakthrough technologies related to enterprises' digital transformation initiatives. Enterprises must regularly use foundational technologies, as well as support tools and future transformation capabilities to serve their digital business applications in a transparent, systematic manner system, inherited and ready to create breakthroughs.

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