

**PROMOTING THE SOCIO-ECONOMIC DEVELOPMENT OF VIETNAM IN
THE CONTEXT OF DIGITAL TRANSFORMATION****Dr. Nguyen Thi Hong Yen¹, Nguyen Phuong Thao²**¹Thai Nguyen University of Economics and Business Administration, Vietnam²College of Economics and Techniques - Thai Nguyen University, Vietnam**ABSTRACT**

In the modern era, digital transformation has become an undeniable trend for economies worldwide, and Vietnam is no exception. With the rapid development of information technology and telecommunications, the proliferation of the Internet and digital platforms, Vietnam is entering a new phase with exciting opportunities and challenges. To maximize the benefits of digital transformation and promote socio-economic development, building a comprehensive and effective strategy is essential. This article analyzes the current situation and proposes solutions to develop Vietnam's socio-economic landscape in the context of digital transformation.

Keywords:

Digital transformation, economy, society, Vietnam.

1. INTRODUCTION

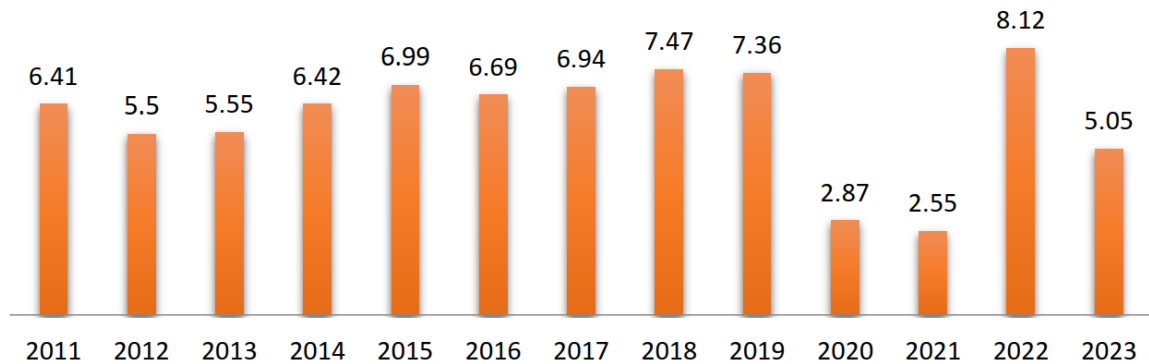
The world is entering the era of the Fourth Industrial Revolution with remarkable advancements in science and technology, especially artificial intelligence, big data, the Internet of Things (IoT), cloud computing, and more. Digital transformation is becoming an inevitable trend globally, offering significant opportunities for the socio-economic development of each nation. Recognizing the importance of digital transformation, the Communist Party and the Government of Vietnam have issued numerous strategies and policies on national digital transformation. By 2030, Vietnam aims to become a digital nation with a strong, comprehensive, secure, and efficient digital economy, contributing to enhancing national competitiveness. The urgency of Vietnam's socio-economic development in the context of digital transformation is evident on several fronts. Firstly, regarding international integration: Vietnam is deeply engaged in new-generation free trade agreements, necessitating the enhancement of the economy's competitiveness. Digital transformation is the key to meeting increasingly high demands for competitiveness and effectively integrating into the international market. Secondly, in addressing development challenges: Vietnam is facing various challenges such as aging population, environmental pollution, climate change, etc. Digital transformation can effectively contribute to addressing these challenges. For example, applying information technology in environmental resource management, developing renewable energy, coping with climate change... Thirdly, in seizing development opportunities: Digital transformation opens up many new opportunities for Vietnam's socio-economic development, especially in areas such as e-commerce, tourism, education, healthcare... Seizing these opportunities will help Vietnam promote economic growth and improve the quality of life for its people. Fourthly, in avoiding the risk of falling behind: Without accelerating digital transformation, Vietnam risks falling behind other countries in the region and the world. Countries in the region such as Singapore, Malaysia, Thailand.. have made significant progress in digital transformation and are increasingly widening the gap with Vietnam. Therefore, accelerating the socio-economic development of Vietnam in the context of digital transformation is an urgent and vital task for the country's development. It requires the collective efforts of the entire society to effectively promote digital transformation, enhance competitiveness, improve social life, and deeply integrate Vietnam into the global economy.

2. REALITY OF VIETNAM'S SOCIO-ECONOMIC DEVELOPMENT

In recent years, Vietnam has witnessed remarkable strides in its economic development, particularly in the realms of industrial production and services. The GDP growth rate in 2022 soared to unprecedented heights, marking the apex within the 2011-2022 timeframe. However, the subsequent year saw a slight decline, with Vietnam's GDP expanding by 5.05% in 2023 compared to the previous year. While this rate was notably lower than that of 2022, it still surpassed the growth figures of 2020 and 2021. Notably, the service sector emerged as

the frontrunner in contributing to the overall GDP growth, with a growth rate of 6.82% and accounting for 62.29% of the total increase in economic value.

Figure 1: GDP growth in the period 2011-2023 (%)



(Source: Vietnam Banking Industry Report 2023 by the Banking Academy, 2024)

The Consumer Price Index (CPI) averaged a 3.25% increase in 2023 compared to 2022, significantly below the annual target set for 2023 (4.5%). In the fourth quarter of 2023, the average CPI rose by 3.54% compared to the same period in 2022. The CPI increase in 2023 was mainly driven by rises in the prices of certain sectors and items such as education, housing and construction materials, foodstuffs, household electricity, beverages and tobacco, pharmaceuticals, and healthcare services. Additionally, several factors contributed to tempering the CPI growth rate in 2023, including decreases in the prices of petroleum products, gas, postal and telecommunications services. Moreover, the Government has vigorously directed ministries, sectors, and localities to implement synchronized price stabilization measures, limiting adverse impacts on socio-economic development and thereby helping to contain inflation in 2023.

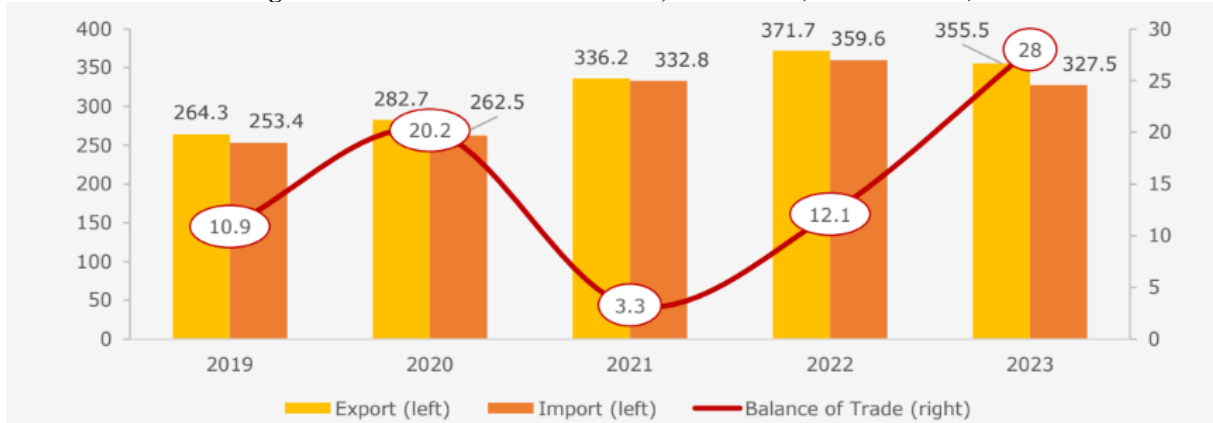
On average in 2023, the core inflation rate increased by 4.16% compared to 2022, higher than the overall CPI growth rate (3.25%). This was primarily due to the average domestic petroleum price dropping by 11.02% compared to the previous year, and gas prices falling by 6.94%, factors that tempered the CPI growth rate but were excluded from the core inflation calculation. Overall in 2023, the total import-export turnover reached 683 billion USD, a decrease of 6.6% compared to the previous year, with exports decreasing by 4.4% and imports by 8.9%. The trade surplus in goods in 2023 amounted to 28 billion USD (compared to a surplus of 12.1 billion USD the previous year). Within this, the domestic economic sector had a trade surplus of 21.74 billion USD, while the foreign-invested sector (including crude oil) recorded a surplus of 49.74 billion USD.

Regarding the import and export markets in 2023, the United States was Vietnam's largest export market with a turnover of 96.8 billion USD, while China was the largest import market with a turnover of 111.6 billion USD. In 2023, the trade surplus decreased in many markets compared to the previous year, such as the United States, the EU, China, South Korea, and ASEAN. However, the trade surplus with Japan saw strong growth, approximately 90.3% higher than the previous year.

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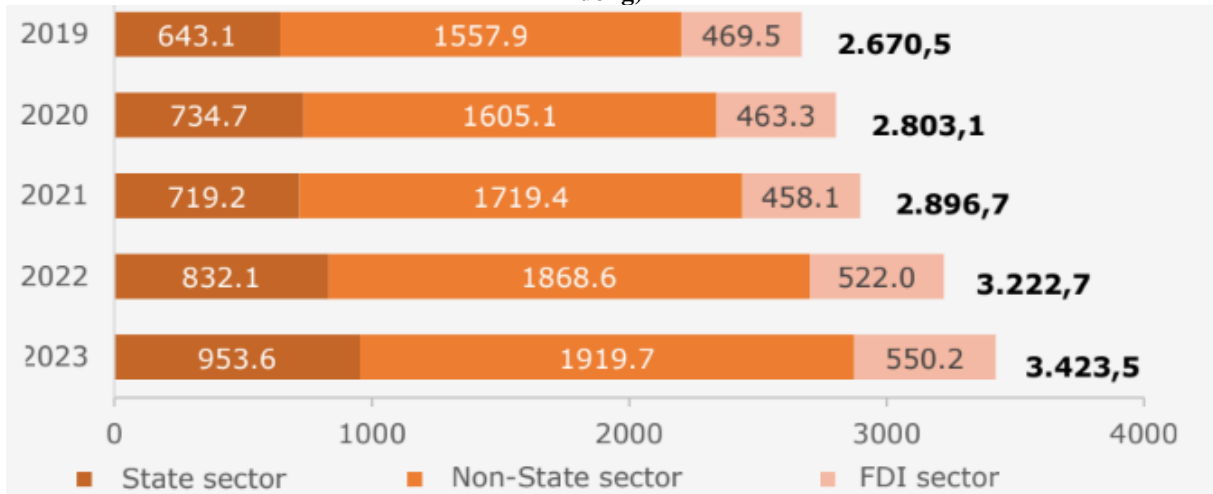
Figure 2: Vietnam's Trade Activities, 2019-2023 (in billion USD)



(Source: Vietnam Banking Industry Report 2023 by the Banking Academy, 2024)

In 2023, the total social investment at current prices reached 3,423.5 trillion Vietnamese dong, an increase of 6.2% compared to the previous year. Specifically: State sector investment accounted for 27.8% of the total investment and increased by 14.6%; non-state sector investment accounted for 56.1% and increased by 2.7%; foreign direct investment accounted for 16% and increased by 5.4%. Within the state sector investment, investment from the state budget in 2023 reached 625.3 trillion Vietnamese dong, a 21% increase compared to the previous year. By management level, central government investment reached 113.5 trillion Vietnamese dong, a 24.3% increase compared to the previous year; local government investment reached 511.8 trillion Vietnamese dong, a 20.5% increase. The results of public investment disbursement in 2023 were quite positive thanks to concentrated efforts in project implementation by various ministries, sectors, and localities.

Figure 3: Total Social Investment at Current Prices Over the Years, 2019-2023 (in trillion Vietnamese dong)



(Source: Vietnam Banking Industry Report 2023 by the Banking Academy, 2024)

In recent years, Vietnamese society has undergone a myriad of multidimensional changes and developments, which are reflected in various aspects of daily life. One of the most prominent aspects is political stability and security. Our country's political stability is maintained through the firm leadership of the Communist Party of Vietnam. The unity and support of the people for the government have played a crucial role in maintaining social order and national security. Effective security and order maintenance efforts nationwide have created a safe and stable environment for the community. Additionally, economic development is another noteworthy point. Despite facing challenges from the volatility of the global market and the impact of the COVID-19 pandemic, Vietnam's economy has still achieved stable growth. This growth has significantly contributed to improving the

quality of life for citizens, from reducing poverty to enhancing infrastructure and public services. However, there are still disparities in income distribution and development among regions, between urban and rural areas, necessitating a focus on ensuring sustainable and equitable development. Another aspect of Vietnamese society in recent years is the development of education and healthcare. The government has heavily invested in these areas with the goal of raising the intellectual level and health of the community. The widespread availability of education and healthcare has led to significant progress in improving quality of life and enhancing labor productivity. However, Vietnamese society also faces significant challenges. Some issues include the increasing environmental pollution, especially in major urban areas, social welfare concerns, and food security challenges. Faced with these challenges, the government and related ministries are making efforts to find effective solutions, from promoting sustainable development to improving management and oversight systems. In the future, maintaining and strengthening political stability, while enhancing sustainable and equitable socio-economic development, will be top priorities, helping Vietnam to continue to rise and develop in the era of globalization and transformation.

3. OPPORTUNITIES AND CHALLENGES OF DIGITAL TRANSFORMATION FOR THE SOCIO-ECONOMIC DEVELOPMENT OF VIETNAM

Digital transformation presents both opportunities and challenges for the socio-economic development of Vietnam.

3.1. Opportunities

One of the greatest opportunities of digital transformation is the enhancement of productivity and production efficiency. By applying information technology and process automation, businesses can optimize workflows and reduce costs, thereby increasing labor productivity and improving business efficiency. This can help Vietnam enhance its competitive position in the international market and attract foreign investment.

Furthermore, digital transformation also promotes innovation and creativity. By creating a conducive environment for businesses and individuals to develop and implement new technology solutions, we can create new products and services, thereby expanding the market and creating new employment opportunities for workers.

Another opportunity of digital transformation is improving citizen services and resource management. By using information and communication technologies (ICT), the government can provide online public services, improving the convenience and efficiency of public services. Additionally, the use of digital data also helps the government better understand the needs of the people and formulate more appropriate policies.

3.2. Challenges

However, digital transformation also brings many challenges. One of the biggest challenges is the technical divide, especially in rural and remote areas. Ensuring that everyone has access to technology and the internet is a major challenge that the government needs to address.

Another challenge is information security and privacy. With the increasing amount of digital data and personal information shared online, protecting personal information and preventing security breaches becomes more important than ever.

Furthermore, digital transformation also poses challenges in adaptation and training. Significant efforts are needed to train and develop a digitally skilled workforce so that they can adapt and take advantage of opportunities from technological advancements.

In conclusion, digital transformation offers many great opportunities for the socio-economic development of Vietnam, but it also poses significant challenges. To seize opportunities and overcome challenges, close collaboration between the government, businesses, and civil society, along with appropriate policy measures and sustainable digital development strategies, are necessary.

4. SOME SOLUTIONS TO PROMOTE THE SOCIO-ECONOMIC DEVELOPMENT OF VIETNAM IN THE CONTEXT OF DIGITAL TRANSFORMATION

Digital transformation is becoming an inevitable trend, unfolding vigorously worldwide, bringing great opportunities for the socio-economic development of each country. Recognizing the importance of digital transformation, the Communist Party and the Government of Vietnam have issued many policies and strategies on national digital transformation. The goal by 2030 is for Vietnam to become a digital nation, with a strong, comprehensive, safe, and efficient digital economy, contributing to enhancing the national competitive capacity.

However, to promote the socio-economic development of Vietnam effectively in the context of digital transformation, comprehensive and coherent solutions are needed. Here are some important solutions:

Firstly, investing in digital infrastructure and information technology

One of the most important factors to achieve digital transformation is to invest in digital infrastructure and information technology. The government needs to collaborate with organizations and enterprises to build and improve network infrastructure, ensuring that everyone has access to high-speed and stable internet. At the same time, it is necessary to invest in the development of public information technology services, such as online systems for education, healthcare, and public administration, to create a convenient and efficient digital environment.

Secondly, encouraging digital enterprises and startups

The government needs to create favorable conditions for enterprises and startups in the field of information technology and digitization. This may include providing grants and tax incentives for new technology companies, as well as supporting them in the development and deployment of new technology products and services.

Thirdly, training and developing human resources

A workforce with digital skills is crucial in the process of digital transformation. The government needs to invest in training programs and develop digital skills for workers, including improving the quality of education and training in information technology and communication. At the same time, it is necessary to create a supportive environment for learning and continuous development, so that workers can grasp and adapt to new technologies.

Fourthly, promoting public-private partnerships

The government needs to encourage collaboration between public and private organizations, as well as among businesses in the development and implementation of information technology and digitization solutions. This collaboration can help enhance access to and use of information technology for both communities and businesses, while creating innovative and effective solutions for social and economic issues.

CONCLUSION

Promoting the socio-economic development of Vietnam in the context of digital transformation is a necessary and urgent action. Digital transformation is not only a trend but also a great opportunity to improve the quality of life for people and enhance the competitiveness of the economy in the international market. The government needs to promote investment in digital infrastructure, encourage the development of digital enterprises and startups, and create a favorable environment for training and developing digital skills among the workforce. Close collaboration between the government, businesses, and civil society is also crucial in this process. With the continuation of appropriate measures and policies, Vietnam can fully exploit its potential and become an attractive destination for international investors and businesses. Furthermore, digital transformation will also help Vietnam promote sustainable development and improve the quality of life for all segments of society.

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