Enhancing Leadership Capacity in Vietnamese Enterprises to Meet the Requirements of Digital Transformation

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ABSTRACT
Digital transformation is occurring rapidly worldwide, and Vietnam is no exception. To keep pace with this trend, Vietnamese enterprises need to enhance their leadership capabilities to meet the demands of the new era. Leadership plays a crucial role in successfully guiding businesses through digital transformation. Leaders need to have strategic vision, technological knowledge, and the ability to inspire employees. This article emphasizes the importance of leadership in the digital transformation process. Additionally, the article proposes solutions to improve leadership capabilities within Vietnamese enterprises.
Keywords: leadership capability, enterprise, Vietnam, digital transformation.

I. INTRODUCTION

In the context of the ongoing Fourth Industrial Revolution, digital transformation is not only a trend but also an essential requirement for businesses in Vietnam to compete and sustainably develop in an increasingly competitive market. Digital transformation in enterprises is a matter of particular concern for the Communist Party and the Government of Vietnam. Since January 2021, the Ministry of Planning and Investment has issued and implemented the Digital Transformation Support Program for the 2021-2025 period with the desire for Vietnamese enterprises to change, adapt to new conditions, and enhance their capacity to participate in the global supply chain. The digital transformation context has posed new requirements for the leadership capabilities of business executives.

Leadership is the key factor in shaping the direction of the business during digital transformation. Strong guidance and leadership from executives will help shape the digital transformation strategy and create a common vision for the entire organization. One of the most important roles of leadership is to create a work environment that fosters creativity and innovation. Only visionary and determined leaders can drive change and create a flexible working environment that meets the needs of the Fourth Industrial Revolution. A crucial foundation of digital transformation is the interaction and collaboration between departments and individuals within the organization. Leaders are responsible for encouraging and facilitating enhanced interaction to generate innovative and flexible solutions. Leaders need to have the ability to manage and oversee the digital transformation process effectively. They must ensure that strategies are implemented consistently and aligned with the organization's goals and core values. During the digital transformation process, there will be many challenges and difficulties to face. However, strong leaders will not hesitate to confront these challenges and find ways to overcome them to achieve the ultimate goals of the business. Leadership capability is not only the key to success in digital transformation but also the determining factor between success and failure for a business in today's business environment.

In Vietnam, with the rapid development of businesses in recent years, digital transformation has been taking place quickly and extensively. However, for the digital transformation process to be successful, the role of leadership capability is crucial. Leadership is not only about making decisions and guiding the business along the path of digital transformation but also about pioneering the adoption of new technologies, creating conditions for employees to learn and develop, and building a flexible corporate culture that is ready to adapt to changes. Therefore, building and developing leadership capabilities is an urgent requirement for Vietnamese businesses at present. This is not only a challenge but also an opportunity for businesses to make a difference, assert their position in the market, and progress further on the path of sustainable development.

II.   SOME ISSUES OF DIGITAL TRANSFORMATION IN ENTERPRISES

Prior to the rapid development of the Fourth Industrial Revolution, on September 27, 2019, the Central Committee of the Communist Party issued Resolution No. 52-NQ/TW on certain proactive approaches and policies for participating in the Fourth Industrial Revolution, emphasizing the urgent requirement to accelerate the national digital transformation process. In line with this directive, the Government subsequently issued Decision No. 749/QD-TTg approving the National Digital Transformation Program until 2025, with a vision towards 2030. Digital transformation is an inevitable trend that contributes to promoting economic growth, enhancing labor productivity, competitiveness, operational efficiency, reducing product costs, streamlining administrative procedures, and saving time and costs for businesses.

The number of newly registered businesses in Vietnam in 2023 reached 159,294, an increase of 7.2% compared to 2022, marking a record high for the first time, 1.2 times higher than the average level in the period 2017-2022. Additionally, the number of businesses returning to operation in 2023 reached 58,412, contributing to maintaining the total number of active businesses in the market above 200,000 (217,706 businesses), an increase of 4.5% compared to 2022. Consequently, the business development situation in Vietnam is thriving. Alongside this trend, digital transformation activities within enterprises have been robust in recent years as a natural response to changes in consumer behavior and management needs.

In Vietnam, digital transformation within enterprises can be understood as "the process of transforming old, traditional models into digital enterprises, based on new technologies such as Big Data, IoT, cloud computing... to change operational methods, work processes, and labor culture within enterprises" (DinhThi Thu Hien, 2023). Digital transformation within enterprises is defined as the integration and application of digital technology to improve business efficiency, management effectiveness, enhance competitiveness, and create new value. Digital transformation activities may include digitizing management and business data, applying digital technology to automate and optimize business processes, management processes, production and business processes, reporting processes, and coordinating work within the enterprise, to transforming the entire business model, creating additional value for the enterprise. Digital transformation within enterprises is not simply about introducing digital technology but also requires integration with standardized business processes and enterprise management processes (Luu Ngoc Liem, 2023). Currently, Vietnamese enterprises are actively participating in the digital transformation process, and notably, the Government has issued Decision No. 505/QD-TTg, designating October 10 as the "National Digital Transformation Day." This demonstrates the strong attraction of digital transformation not only for businesses but also for the entire nation. National Digital Transformation Day is held annually to: accelerate the implementation of tasks related to national digital transformation, effectively implement the National Digital Transformation Program until 2025, with a vision towards 2030; raise awareness among all social groups about the role, significance, and benefits of digital transformation; promote the participation of the entire political system, coordinated actions at all levels, and the participation of the entire population to ensure the success of digital transformation.

Digital transformation brings numerous benefits to businesses. It helps businesses enhance market access, improve customer service, and optimize production processes. Digital transformation enables businesses to expand customer access through online channels, thereby enhancing sales capabilities and penetrating new markets. Digital technology allows automation of many work processes, minimizing the need for manual labor and increasing work efficiency. Digitized management information systems provide managers with a more comprehensive and accurate view of business operations, enabling them to make accurate and timely decisions. Digital transformation helps businesses provide better customer services through data analysis and personalized services. Data security is a top priority for businesses in the digital age. Digital transformation enhances information security through the implementation of advanced cybersecurity measures. Additionally, the application of new technologies such as big data, AI, and IoT can help businesses analyze big data, predict market trends, and make more accurate business decisions. Furthermore, digital transformation contributes to cost savings, risk reduction, and the creation of new products, providing a competitive advantage in the global market. Digital transformation not only brings economic benefits but also contributes to the

sustainable development of businesses and society. Vietnamese businesses need to clearly understand these benefits to seize opportunities in the Fourth Industrial Revolution.

III. LEADERSHIP CAPACITY OF ENTERPRISES IN THE CONTEXT OF DIGITAL TRANSFORMATION

There are various perspectives on leadership. According to Janda (1960), "Leadership is a special form of power relationship characterized by the perception of group members that another member of the group has the authority to demand certain behaviors from other members in their activities as a member of the group" (Janda, 1960). "Leadership is the interaction among individuals, in which one person presents information to persuade others of his outcomes... and these outcomes will be achieved when the subject behaves according to the suggestions or demands" (Jacobs &Jaques, 1990). Leadership is the act of influencing the minds of others, of persuading them to follow voluntarily, to pursue the same ideals and goals. Leadership in business is leadership associated with enterprises engaged in production and business activities aimed at the ultimate goal of profit. Leaders use input resources such as capital, materials, information, and human resources to achieve objectives. Business leaders are individuals closely associated with their positions, empowered either by appointment (such as department heads) or as those with actual authority (business owners) (Luu Ngoc Liem, 2023).

Leadership capability within enterprises is the set of skills, knowledge, and qualities necessary for an individual to lead and inspire employees, make sound decisions, and steer the business towards success. The leadership capability of an enterprise in the context of digital transformation is a crucial determinant of the success of the transformation process. Leaders need to have a strategic vision, the ability to adapt to change, and especially the ability to lead the entire organization in a positive and effective direction.

In the digital age, applying information technology to business operations has become an unavoidable trend. This requires leaders to continuously update their knowledge and skills to be able to manage the business flexibly and innovatively.

One of the most important skills that leaders need to develop is the ability to manage change. This includes clearly defining digital transformation goals, detailed planning, and implementing effective strategies to achieve these goals.

Furthermore, building a flexible and change-ready corporate culture is also essential in the digital transformation process. Leaders need to be at the forefront of creating a positive work environment, encouraging creativity, and fostering collaboration among organization members.

Finally, continuous monitoring and evaluation of the results of the digital transformation process are necessary to adjust plans and strategies to fit the reality. Leaders need to have a holistic and objective view to identify successes and challenges in each stage of the transformation process.

In general, leadership capability in the context of digital transformation is not only about adopting new technologies but also about building and maintaining a flexible, innovative, and sustainable organization. Only with strong and effective leadership can enterprises overcome barriers and optimize opportunities in the digital age.

IV. SOLUTIONS TO ENHANCE LEADERSHIP CAPACITY IN VIETNAMESE ENTERPRISES TO MEET THE REQUIREMENTS OF DIGITAL TRANSFORMATION

Enhancing leadership capabilities in Vietnamese businesses to meet the demands of digital transformation is an important and necessary topic in today's context. In order to adapt to the rapid changes in information technology and communication, businesses need to develop an effective leadership strategy that can successfully guide the organization through the digital transformation phase.

Several solutions can be applied to enhance leadership capabilities, including:

Firstly, providing training courses on business management, project management, and soft skills such as communication, problem-solving, and time management is essential to equip leaders with the necessary tools to manage the business in the digital age.

Secondly, leaders need to have a long-term vision and the ability to develop strategic plans, not only for daily business operations but also for integrating digital technology into the organization's activities.

Thirdly, creating a work environment that encourages creativity and innovation, enabling employees to experiment and apply new technological solutions.

Fourthly, building close relationships with technology partners, research institutions, and educational organizations to stay updated on the latest knowledge and technology.

Fifthly, emphasizing data management. Data is a valuable asset in the digital age. Leaders need to have a clear understanding of data management, security, and utilization to make accurate and effective decisions.

Sixthly, fostering a culture of creativity and innovation by organizing workshops, establishing creative workspaces, and implementing policies that encourage innovation within the business.

Seventhly, investing in employee development through training programs and workshops related to digital transformation. Providing opportunities for employees to access and familiarize themselves with new technologies while encouraging their participation in digital transformation projects within the organization.

Eighthly, establishing a continuous feedback and training system to ensure that both leaders and employees can learn from experiences and progress in the digital transformation process. Regular meetings and feedback from lower levels will help create a continuous learning environment within the organization.

Ninthly, creating a flexible and empathetic work environment where everyone feels comfortable sharing opinions, asking questions, and discussing issues related to digital transformation they are facing.

Lastly, encouraging and promoting collaboration between departments within the organization, from the business department to the information technology department, to ensure that digital transformation is implemented comprehensively and effectively.

By implementing these solutions, Vietnamese businesses can build and develop strong leadership capabilities, enabling them to succeed in the digital age and overcome the challenges ahead.

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