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Digital Economy: A New Engine of Vietnam's Economic Growth in the Digital Era

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Abstract: Against the backdrop of profound global digital transformation, the digital economy is emerging as a novel engine driving economic growth and bolstering national competitiveness. This study aims to elucidate the role of the digital economy in Vietnam's economic growth within the digital era, while simultaneously analyzing the critical prerequisites required to translate technological potential into substantive and sustainable developmental momentum. Utilizing a qualitative methodology, this research conducts documentary analysis, synthesis, and interpretation of secondary data derived from the guidelines and policies of the Party and State, reports from international organizations, statistical data, and domestic and foreign scholarly works published between 2020 and 2025. The analytical findings indicate that the digital economy is fundamentally altering the nature of growth determinants, transitioning from a model reliant on capital, natural resources, and low-cost labor to one driven by knowledge, data, and innovation. Furthermore, the study affirms that a digital institutional framework serves as a vital prerequisite, while digital human capital acts as the decisive factor governing the transmissibility of technology into sustainable economic growth. Based on these insights, several policy implications are proposed to effectively leverage the role of the digital economy for Vietnam's economic growth in the current period.

Keywords: *Digital economy; Economic growth; Digital transformation; Digital institutions; Digital human capital.*

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Introduction

Against the backdrop of the profound global advancements of the Fourth Industrial Revolution, the digital economy is emerging as a novel development paradigm, inducing structural transformations in economic frameworks, production modalities, business models, and national governance mechanisms. The rapid proliferation of digital technologies—including artificial intelligence, big data, cloud computing, the Internet of Things (IoT), and blockchain—not only catalyzes innovation but also enhances labor productivity, optimizes resource allocation, and expands economic horizons. In this context, numerous nations have identified the digital economy as a primary driver of growth to bolster competitiveness and adapt effectively to the volatility of the international environment. For Vietnam, fostering the digital economy represents both an objective imperative within the international integration process and an internal requirement for restructuring its growth model toward a knowledge-based economy driven by science, technology, and innovation. In recent years, concurrently with the implementation of the National Digital Transformation Program, the scale and contribution of the digital economy to the national GDP have steadily expanded, thereby accelerating the growth of e-commerce, digital finance, digital services, and the broader innovation ecosystem. Nevertheless, this developmental process continues to encounter multi-dimensional challenges regarding the quality of human capital, the maturity of regulatory frameworks, data governance capabilities, the digital divide across regions, and the adaptive capacity of enterprises to digital transition requirements. From this perspective, investigating the digital economy as a new engine for Vietnam's economic growth in the digital era carries both theoretical and empirical significance. This research not only clarifies the role and transmission mechanisms through which the digital economy influences economic growth but also provides a scientific foundation for policymaking. Ultimately, it aims to effectively exploit the opportunities presented by digital transformation, enhance national productivity and competitiveness, and facilitate rapid, sustainable development in the new era.

Literature Review and Research Methodology

Literature Review

In recent years, scholarly inquiries into the digital economy have attracted widespread attention from both academia and policymakers, driven by the increasingly prominent role of digital technologies in fostering economic growth and transforming development paradigms. The vast majority of international studies converge on the consensus that the digital economy is the product of convergence among information technology, communication, and socio-economic activities, wherein data, digital connectivity, and innovation emerge as critical factors of production. Under this approach, the digital economy is conceptualized not merely as a novel economic sector but as a catalyst facilitating economic restructuring aimed at enhancing productivity, efficiency, and competitiveness. Empirical research across various nations demonstrates that the advancement of digital infrastructure, the penetration of digital technologies within enterprises, and the quality of digital human capital exert a positive impact on economic growth by improving labor productivity, reducing transaction costs, and expanding market accessibility. Concurrently, a segment of the literature underscores that the macroeconomic impact of the digital economy depends

significantly on institutional capacity, corporate adaptability, and the readiness of the national innovation ecosystem. In Vietnam, extant studies predominantly focus on analyzing the current state of digital transformation, assessing the developmental potential of the digital economy, or proposing policy recommendations to promote technological adoption within specific sectors and industries. However, research examining the digital economy specifically as a novel engine of national economic growth remains relatively scarce, particularly integrated studies that synthesize theoretical foundations, developmental realities, and governance implications in the digital era. This research gap necessitates a deeper clarification of the transmission mechanisms through which the digital economy influences Vietnam's economic growth, thereby providing appropriate orientations and solutions to leverage the role of the digital economy for rapid and sustainable development in the new era.

Research Methodology

This study employs a qualitative approach to analyze the role of the digital economy as a new driver of Vietnam's economic growth in the digital age. The research design is executed through documentary analysis combined with synthetic and interpretive methods. The scope of investigation encompasses Vietnam's guidelines and policies on digital economy development, reports from international organizations, and domestic and foreign scholarly works concerning the nexus between the digital economy and economic growth. Secondary data were gathered through a systematic review of scientific articles published in reputable academic databases, alongside policy documents, statistical reports, and specialized monographs. The selection criteria for these documents were based on thematic relevance, source reliability, and the recency of the information. The research process comprises four sequential steps: **(i)** defining the research questions and analytical framework; **(ii)** collecting, screening, and classifying relevant literature; **(iii)** coding and conducting thematic content analysis; and **(iv)** synthesizing the findings to elucidate the transmission mechanisms of the digital economy on Vietnam's economic growth, while proposing policy implications tailored to the current developmental context.

Research Results and Discussion

The Digital Economy as a Catalyst Altering the Nature of Growth Factors: Transforming from Resource-Based to Knowledge-, Data-, and Innovation-Driven Growth

The analytical findings indicate that the digital economy is driving a fundamental paradigm shift in economic growth models, transforming the definitive factors of national competitiveness and developmental efficiency. While the traditional growth model relies heavily on physical capital, natural resources, and low-cost labor as primary drivers, the digital era elevates knowledge, data, technology, and innovation into the strategic resources underpinning growth. This structural transformation is manifested through several core dimensions:

First, the digital economy accelerates the transition from extensive to intensive growth models

The integration of digital technologies into production, business, and governance enables enterprises to optimize operational processes, enhance resource efficiency, and substantially reduce transaction costs. Within this framework, data transcend their traditional role as a mere byproduct of economic activities to become a valuable capital asset that supports decision-making, forecasts market trends, and facilitates the conceptualization of novel business models.

Furthermore, the digital economy drives labor productivity growth by intensifying automation, stimulating innovation, and upgrading human capital quality. Integrating artificial intelligence (AI), big data, and digital platforms into enterprise operations grants workforce expedited access to knowledge, thereby enriching professional expertise and augmenting operational performance. The effectiveness of this transformation depends not only on technological adoption but also on the quality of human capabilities required by the Fourth Industrial Revolution. Contemporary workers are increasingly expected to possess digital literacy, creative thinking, adaptability, and lifelong learning competencies to fully exploit the opportunities generated by digital technologies (Tran, 2024). Concurrently, the spillover effects of digital technologies foster the emergence of new industries, encourage entrepreneurship, and catalyze the development of the national innovation ecosystem.

Second, for Vietnam, these transformations carry profound strategic significance as the margins for growth derived from resource exploitation, capital injection, and low-cost labor advantages are progressively diminishing.

The digital economy offers an unprecedented opportunity for Vietnam to restructure its growth model toward a productivity-, knowledge-, and technology-driven framework, while simultaneously upgrading its position within high-knowledge segments of global value chains. Nevertheless, the capacity to realize the dividends of the digital economy depends heavily on the maturity of regulatory frameworks, the quality of digital infrastructure, the technological absorptive capacity of enterprises, and the development of a workforce capable of meeting the demands of the digital market. The research findings affirm that the digital economy does not merely cultivate novel business sectors but fundamentally alters the operational logic of economic growth. The transition from a model reliant on conventional inputs to one driven by knowledge, data, and innovation represents an inevitable trajectory, establishing the cornerstone for enhanced labor productivity and sustainable development in Vietnam during the digital era.

Digital Institutions as a Prerequisite for Translating Technological Potential into Substantive Growth Drivers

In essence, alongside the pivotal roles of technology and innovation, institutional quality plays a decisive role in determining the capacity to translate the inherent potential of the digital economy into a substantive driver of economic growth. Within the digital economy, technology does not automatically generate economic value in the absence of an appropriate institutional framework to orient, coordinate, and accelerate its integration into socio-economic activities. Consequently, digital institutions must be conceptualized as a foundational element of growth in the digital era. Digital institutions encompass the entirety of legal regulations, public policies, governance mechanisms, and operational standards designed to regulate activities within the digital environment. Unlike conventional management paradigms, digital institutions demand a high degree of flexibility and adaptive capacity to respond to the rapid velocity of technological evolution. The emergence of novel business models predicated on digital platforms, artificial intelligence (AI), big data, and the sharing

economy imposes unprecedented demands upon legal systems and national governance capacities. In this context, institutions must transcend their traditional risk-control function to assume a developmental-state role—actively fostering market confidence and incentivizing innovation. The analytical findings further indicate that nations experiencing rapid digital economic expansion are typically those that proactively establish institutional systems that safeguard intellectual property rights, promote fair competition, facilitate seamless data flows, and support innovation. This demonstrates a robust correlation between institutional quality and the efficiency with which digital dividends are leveraged. When operational frameworks are transparently established, transaction costs decrease, and investor and consumer confidence is reinforced, thereby generating momentum for the expansion of digital markets and the proliferation of pioneering business models.

For Vietnam, the national digital transformation initiative has established significant preconditions for the formation of a digital economic institution. However, empirical reality reveals a persistent gap between the velocity of technological innovation and the pace of regulatory refinement. Several domains—including data governance, personal data protection, electronic identification (e-ID), cross-border electronic transactions, platform competition regulation, and the governance of AI applications—remain under continuous development. This reflects an intrinsic characteristic of digital economic development, wherein institutions require iterative updates to align with evolving empirical realities.

Beyond institutional refinement, cultivating a synchronized digital economic ecosystem is imperative to catalyze growth. This ecosystem is structured by multiple highly interactive components, including digital infrastructure, data platforms, technology enterprises, research and training institutions, digital human capital, innovation-supporting financial systems, and state regulatory bodies. The operational efficacy of this ecosystem depends on the collaborative capacity among stakeholders and the depth of public-private partnerships (PPPs).

From a developmental perspective, digital institutions and the digital economic ecosystem exhibit a complementary relationship. While institutions dictate transparent and stable "rules of the game," the ecosystem provides the requisite environment for market actors to unleash their innovative potential. Conversely, the rapid expansion of the digital ecosystem continuously necessitates institutional reforms toward openness, agility, and a citizen- and enterprise-centric service orientation. In conclusion, the research results affirm that a digital institutional framework is a prerequisite for translating technological potential into substantive economic growth. As Vietnam aims for rapid, sustainable development driven by science, technology, and innovation, accelerating institutional refinement and establishing a synchronized digital ecosystem constitute not only immediate requirements but also strategic imperatives to bolster national competitiveness and solidify the foundation for long-term growth in the digital era.

Human Capital as the Core Agent of Digital Transformation: Human Resource Quality Determines the Transmissibility of Technology into Sustainable Economic Growth

It is widely recognized that while digital technology constitutes a vital driver of economic growth in the digital era, human capital remains the central agent determining the ultimate efficacy of the digital transformation process. Technology inherently does not generate economic value autonomously; rather, such value is only realized through human capacity to absorb, master, apply, and innovate upon technological advancements. Consequently, the quality of human resources emerges as the definitive factor governing the transmission of technological potential into labor productivity, national competitiveness, and sustainable economic growth. Within traditional growth models, human resources are predominantly evaluated through the lenses of labor aggregate and labor costs. Conversely, in the digital economy, competitive advantage is increasingly contingent upon the quality of human capital, which is mirrored in intellectual capacity, digital proficiency, creative competence, and the agility to adapt to rapid technological evolution. This paradigm shift underscores the increasingly prominent role of high-quality human capital as a strategic resource for national development. The analytical findings reveal a robust correlation between the development of a digital workforce and labor productivity. Laborers equipped with technological literacy, digital skills, and an innovative mindset can efficiently exploit digital tools to optimize workflows, elevate product and service quality, and generate novel added value within production and supply chains. On the contrary, a deficit in human resources capable of meeting digital economy requirements can widen the discrepancy between technological potential and the capacity to materialize tangible economic dividends from digital transformation.

For Vietnam, the mandate to develop a digital workforce has become increasingly urgent as the nation accelerates the restructuring of its growth model toward a framework grounded in science, technology, and innovation. Conventional advantages derived from a demographic dividend and low-cost labor are progressively diminishing, whereas the demand for labor possessing digital expertise, data analytics capabilities, creative thinking, and the aptitude to operate within digital environments is escalating. Empirical evidence from Vietnamese enterprises also indicates that personnel policies significantly influence workforce quality, organizational adaptability, and human resource effectiveness. Therefore, human resource management should be viewed as an essential component of the digital transformation strategy at both enterprise and national levels (Tran et al., 2023). This structural shift necessitates a fundamental reform of the education and training system toward competency-based development, the promotion of lifelong learning, and the strengthening of linkages between educational institutions and labor market demands. In addition, higher education institutions play a strategic role in preparing the digital workforce required by the digital economy. Educational reform in the context of digital transformation should therefore focus not only on technological adoption but also on developing critical thinking, innovation capacity, and lifelong learning competencies among learners (Tran, 2026).

In this regard, educational reform should not be limited to technical training but should also be guided by an appropriate educational philosophy capable of fostering autonomous learners, responsible citizens, and innovative human resources capable of thriving in the digital era (Tran, Le, & Nguyen, 2023).

Beyond upgrading human resource quality, this study emphasizes the critical importance of cultivating a digital culture and enhancing digital literacy across society. Digital transformation is not merely an institutional process of technological adoption; it is a profound metamorphosis of mindsets, operational methodologies, and interactive models among economic actors. Therefore, fostering an innovative

mindset, adaptability, and continuous learning capacity must be conceptualized as core components of the human resource development strategy in the digital era. The aforementioned analysis affirms that human capital constitutes both the ultimate objective and the primary locus of momentum for digital transformation. The quality of human resources not only dictates the velocity and efficacy of technological adoption but also directly influences the capacity to generate new value-added streams within the macroeconomy. Consequently, investing in human development must be prioritized as a strategic imperative to ensure that digital technological advancements are substantively translated into sustainable, inclusive, and highly resilient economic growth amidst the volatility of the digital age.

Policy Implications and Conclusion

Policy Implications

The empirical and theoretical findings of this study demonstrate that the digital economy is emerging as a novel engine of Vietnam's economic growth in the digital era. It achieves this by accelerating growth model transitions, boosting labor productivity, restructuring economic sectors, and expanding development horizons grounded in knowledge, data, and innovation. However, translating the inherent potential of the digital economy into substantive, sustainable growth remains contingent upon institutional quality, the maturity of the digital ecosystem, and the capacity of national human capital. Grounded in these insights, this study proposes the following core policy imperatives:

First, the regulatory framework governing the digital economy must be continuously refined toward a synchronized, agile, and technology-adaptive paradigm

Priority should be given to constructing a robust legal framework tailored to emerging digital business models. This entails perfecting regulations concerning data governance, personal data protection, electronic identification (e-ID), cross-border electronic transactions, and digital platform management. Concurrently, public governance must fundamentally shift from a traditional administrative control mindset to a developmental governance approach, thereby fostering an enabling environment that incentivizes innovation and ensures fair competition. In tandem with regulatory reform, synchronized investment in national digital infrastructure must be accelerated as a cornerstone for long-term growth. This includes expanding broadband telecommunications infrastructure, developing advanced data centers and cloud computing platforms, and establishing interconnected national databases capable of efficient data sharing and utilization. A modernized digital infrastructure not only facilitates corporate operations but also guarantees the inclusivity of the digital transformation process.

Second, strategic emphasis must be placed on cultivating the innovation ecosystem and enhancing the technological absorptive capacity of enterprises

The state should deploy targeted support mechanisms to assist enterprises—particularly small and medium enterprises (SMEs) -in adopting digital technologies, restructuring production models, and integrating into novel global value chains. Furthermore, policy designs must strengthen triple-helix linkages among enterprises, research institutions/universities, and investment funds to accelerate the commercialization of research and development (R&D) outputs.

Simultaneously, nurturing a digital workforce must be prioritized as a national strategic imperative. In a macroeconomy where knowledge and technology serve as core growth determinants, a fundamental overhaul of the education and training system toward competency-based learning, digital skill acquisition, creative thinking, and lifelong learning is critical. Moreover, the cultivation of lifelong learning habits, ethical responsibility, self-discipline, and respect for knowledge remains highly relevant for human resource development in the digital age. These educational values continue to provide important lessons for improving workforce quality in contemporary Vietnam (Tran, 2024). Beyond training high-quality human resources in specialized technological fields, upgrading foundational digital literacy across all societal strata is vital to ensure that every citizen can actively participate in and benefit from the digital economy.

Third, inclusivity and sustainability must be embedded within the digital economy framework to ensure that digital dividends are equitably distributed across social strata, regions, and economic actors

While the digital economy unlocks unprecedented opportunities regarding market access, employment, and public services, it simultaneously risks widening developmental disparities if specific demographic segments or rural areas lack the prerequisites to leverage digital technologies. Consequently, mitigating the digital divide must be conceptualized as an overarching objective within the national digital economy strategy.

To achieve this, state resources should prioritize digital infrastructure deployment in rural, mountainous, and remote regions. Concurrently, public programs must popularize foundational digital skills for vulnerable labor groups, the elderly, and micro-, small-, and medium-sized enterprises (MSMEs). Enhancing technological accessibility and digital proficiency will foster social inclusion, expand economic participation, and prevent the formation of "digital depressions" during the development process.

Moreover, given the proliferation of online transactions and cross-border data flows, mitigating challenges regarding information security, cybersecurity, and consumer protection has become increasingly urgent. This necessitates continuous refinement of the legal framework, upgrading digital risk governance capacities, and enforcing the corporate social responsibility of digital platforms concerning data privacy, information transparency, and dispute resolution. Only when digital trust is solidified and all market actors possess equitable access to digital resources can the digital economy develop sustainably and generate long-term societal value.

Conclusion and Synthesis

In summary, the transition toward a digital economy necessitates a fundamental redefinition of the resources that constitute national competitive advantage. In a paradigm where data emerge as a strategic capital asset, innovation acts as the core catalyst, and knowledge functions as a primary factor of production, a nation’s capacity to create, integrate, and efficiently exploit intangible assets will dictate its position within global value chains. For Vietnam, this architectural shift presents a dual reality: an unprecedented opportunity to leapfrog and bridge the developmental gap with advanced economies, and a formidable challenge as conventional advantages rooted in low-cost labor and resource extraction progressively diminish.

Against this backdrop, developing the digital economy must be approached as a long-term, overarching national grand strategy that transcends mere technological adoption. It demands a synchronized metamorphosis in policymaking mindsets, state governance modalities, corporate operational models, and societal adaptive capacities. Accelerating digital transformation aims not merely to secure short-term economic efficiencies but to engineer a highly resilient macroeconomic architecture capable of mitigating external shocks, maintaining institutional agility, and fostering continuous innovation. Furthermore, the nexus among digital institutions, the digital ecosystem, and digital human capital must be conceptualized as highly interdependent and mutually reinforcing pillars:

- Digital institutions establish the transparent "rules of the game" that incentivize innovation and technological investment;
- The digital ecosystem provides the necessary material resources and structural conditions for market actors to unleash their capacity;
- High-quality human capital determines the ultimate absorptive capacity to master and innovate upon these technologies.

A deficit or asynchronous development within any of these pillars will exponentially degrade the aggregate efficacy of the national digital transformation initiative. Therefore, in the upcoming developmental phase, Vietnam must remain steadfast in its commitment to a growth paradigm grounded in science, technology, innovation, and digitalization. Only through the deliberate construction of a modernized institutional framework, a dynamic digital ecosystem, and a highly proficient digital workforce can Vietnam successfully capitalize on the dividends of the digital era, enhance labor productivity, solidify national competitiveness, and realize its long-term strategic goals of rapid, sustainable, and inclusive development.

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