

Organizational innovation management in the context of digital transformation

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Abstract: *The article presents an overview of theory and research on the relationship between digital transformation and innovation in organizations and firms. Digital transformation is the process of integrating technology to create comprehensive changes in organizational operations. In contrast, innovation reflects the capability to implement ideas into implemented solutions that enhance efficiency and competitive advantage. Research indicates that these two factors have a reciprocal relationship: digital transformation fosters innovation, while continuous innovation, in turn, enhances the organization's digital capacity. In the context of Vietnam implementing the National Digital Transformation Program to 2025, with a vision to 2030, the article advances a set of actionable recommendations to support enterprises in improving connectivity and effectively operating the “digital transformation - organizational innovation” model to adapt and develop sustainably.*

Keywords: *Digital transformation; technology integration; innovation; organization; enterprise; sustainable development.*

1. Introduction

Digital transformation (DT) and organizational innovation (OI) have emerged as salient research domains amid intensifying global competition and the far-reaching effects of the Fourth Industrial Revolution. The volatility of the contemporary economy compels enterprises and public organizations alike to pursue continuous renewal from ideation to implementation, to adapt, strengthen internal capabilities, and capitalize on development opportunities. As

articulated by Crossan and Apaydin (2010), OI should be understood not only as outcomes embodied in new products, processes, or business models, but also as a capability and a sequence of activities that span the generation, selection, implementation, and routinization of ideas. From a managerial perspective, DT is more than a technology outlay; it constitutes an intangible asset that augments organizational value through the creation, exploitation, and regeneration of knowledge. Meanwhile, innovation

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is the driving force behind their digital architecture, thereby improving the effectiveness of digital transformation.

In Vietnam, the National Digital Transformation Program sets the dual ambition of building a digital government, a digital economy, a digital society, and globally competitive digital enterprises. By 2025, the program aims to achieve a digital economy accounting for 20% of GDP, ranking among the top 35 countries in innovation. By 2030, these targets are expected to rise to 30% of GDP and a top - 30 innovation ranking. Politburo Resolution No. 57-NQ/TW, dated 22 December 2024, further affirms the central role of digital transformation and innovation in national development. Notwithstanding these policy commitments, the extant literature still lacks an integrated theoretical framework capable of probing the DT-OI nexus in depth. Based on an international and domestic overview, this study proposes a theoretical model to elucidate this relationship and advances practical recommendations tailored to Vietnamese enterprises.

2. Theoretical foundations of digital transformation and organizational innovation

2.1. Digital transformation

The Resource-Based View (RBV) proposed by Barney (1991) argues that a firm's sustained competitive advantage derives from the possession and effective deployment of resources that are valuable, rare, inimitable, and non-substitutable. In the context of digital transformation, RBV has been extended to encompass digital resources, including big data, digital platforms, and technological infrastructure, which are construed as strategic, intangible assets that underpin a firm's digital competitiveness. However, the rapidly changing nature of the digital environment has necessitated an adjustment to the RBV. Adner et al. (2019) argue that, instead of focusing solely on sustainable advantage, firms need to develop the ability to reconfigure digital

resources to maintain a rapid and immediate position in the present. This perspective aligns with Helfat et al. (2018), who articulate the notion of digital dynamic capabilities to describe an organization's ability to integrate emerging digital technologies while flexibly rearchitecting its resource base.

Appio et al. (2021) further emphasize that digital transformation is a multidimensional phenomenon that transcends technology per se to encompass changes in organizational structures, business models, and value systems. Through this process, firms cultivate dynamic capabilities, optimize product-service innovation, and reconfigure work practices and intraorganizational interactions, thereby directly shaping their capacity to implement and sustain innovation initiatives.

In Vietnam, the advent of digitization dates back to the 1990s; however, a decisive inflection point occurred in 2020 with the launch of the National Digital Transformation Program for 2020 - 2025, with a vision to 2030. Despite a growing body of related scholarship, a unified definition of digital transformation tailored to the Vietnamese context has yet to emerge. Bo et al (2025) conceptualize digital transformation as the application of digital technologies across economic and social activities to establish a digital mode of production. This model is characterized by the close complementarity between humans and artificial intelligence, the elevation of digital data to the status of a primary factor of production, and a comprehensive reconfiguration of production relations. Within the public sector, Ha (2024) describes digital transformation as a holistic reorientation of living, working, and organizational operations through the coordinated deployment of cloud computing, artificial intelligence, big data analytics, and the Internet of Things. According to this account, digital transformation unfolds across three progressive levels: digitization, process digitalization, and full-scale organizational transformation.

Most Vietnamese enterprises are presently engaged in digital transformation, yet they continue to face substantial challenges. Among 500 surveyed firms, more than half report having articulated a digital vision, but only 28% possess a specified roadmap. Although many have invested in cloud infrastructure, the majority still lack centralized data repositories and effective data governance policies. Security preparedness remains limited, with only 18% holding recognized security certifications and 12% maintaining formal procedures for managing digital risk. While technological capabilities are constrained, digital culture is gradually improving, driven in part by organization-wide training programs (Ministry of Planning and Investment, 2023).

Pereira et al. (2022) developed a relatively comprehensive theoretical framework to examine the multidimensional facets of digital transformation within organizations, comprising five core dimensions:

(1) Awareness of digital transformation captures the extent to which employees and senior management understand the meaning, strategic salience, and operational requirements of the transformation process. When such awareness is well formed, organizations can mitigate resistance to change, prioritize the right technologies for implementation, cultivate a digital culture, and stimulate organizational learning.

(2) Digital culture provides the bedrock for change. It comprises a system of values, beliefs, and behaviors that encourages the acceptance and organization-wide use of digital technologies. A strong digital culture fosters an experimental mindset, encourages continuous learning, promotes the flexible use of digital tools, and facilitates cross-functional collaboration. Moreover, a willingness to assume calculated risks in piloting new technologies, coupled with dedicated budget allocations, signals leadership commitment and increases the likelihood of success for innovation initiatives.

(3) Digital transformation commitment reflects the degree of prioritization and resolve exhibited by top management in executing the transformation through purposeful resource allocation, policy design, and the establishment of appropriate governance mechanisms. Such commitment is evident in the development of a digital strategy, the assignment of mandates to dedicated transformation units, the integration of digital KPIs, and the establishment of regular monitoring and reporting arrangements. In parallel, financial resources, human capital, and technological infrastructure are invested at levels commensurate with project scope to safeguard both the pace and the scale of implementation. Strong executive commitment catalyzes the diffusion of a digital culture across the organization, fostering proactive experimentation, the sharing of ideas, and calibrated risk-taking, capabilities that are essential to sustaining long-term innovation.

(4) Digital technology adoption denotes the purposeful deployment of technologies, such as cloud computing, artificial intelligence, and big data analytics, into day-to-day organizational activities. At a foundational level, adoption establishes a resilient digital infrastructure that enables the digitization of end-to-end processes, secure data storage and sharing, and the automation of routine tasks, thereby enhancing operational efficiency and reducing costs. When implemented comprehensively, these technologies support the large-scale collection, integration, and analysis of heterogeneous datasets, yielding faster and more accurate decisions that align with innovation objectives and strategic priorities. Equally important, the continual updating, modular expansion, and reconfiguration of the technology stack constitute clear manifestations of dynamic capabilities, allowing the organization to sense environmental shifts, seize emerging opportunities, and transform processes accordingly. As employees experience the tangible benefits, reduced cycle times, fewer

errors, greater transparency, and improved service quality, they are more inclined to engage actively with digital tools and workflows. This engagement fosters a reinforcing feedback loop: participation deepens the emergent digital culture, while visible gains strengthen leadership and workforce commitment to the transformation at all levels. In summary, effective technology adoption is not a one-off investment, but an iterative, learning-oriented trajectory that simultaneously builds infrastructural robustness, enhances decision quality, and fosters organizational buy-in for sustained, innovation-driven change.

(5) The benefits of digital transformation are reflected in productivity gains, process optimization, enhanced decision support, and heightened organizational agility and innovative capacity. Concrete outcomes, such as shorter processing times, cost savings, and improved service quality, reinforce the feasibility and economic soundness of digitization initiatives. As these advantages become salient and measurable, they reduce internal resistance, strengthen trust in data-driven practices, and sustain momentum for broader adoption. Crucially, once both leadership and employees recognize these benefits, they tend to endorse, fund, and actively participate in the transformation effort, creating a virtuous cycle whereby early successes legitimize subsequent investments and embed digital practices more deeply across the organization.

A proper understanding of the value of digital transformation helps reduce internal resistance, promoting the expansion of technology adoption from the pilot phase to full implementation. Organizations consequently institute feedback mechanisms and periodic performance evaluations, often anchored in KPIs and learning reviews, that enable the continuous improvement of products and processes. As benefits materialize and become measurable, they reinforce organizational commitment, legitimize further investments,

and embed data-driven routines. In turn, these dynamics lay the groundwork for a robust digital culture in which all members grasp both the rationale and the methodology of successful digitization, thereby sustaining momentum for ongoing adoption and more profound organizational renewal.

Moreover, digital transformation markedly strengthens the effectiveness of knowledge management by enabling the timely and accurate sharing and exploitation of data across organizational boundaries. In the context of the Fourth Industrial Revolution, characterized by rapid advances in the Internet of Things, artificial intelligence, and big data analytics, clear recognition of the benefits of digital transformation has become indispensable, not only for preserving competitive advantage but also for supporting the reconfiguration of resources and the development of comprehensive, enterprise-wide innovation capabilities.

At the national level, Decision No. 749/QĐ-TTg of June 3, 2020, sets forth the objective of building a digital government, a digital economy, and a digital society by 2025, with orientations to 2030, thereby establishing a policy foundation that couples digital transformation with a strategy of sustainable innovation. The program identifies enterprises and organizations as the principal actors in the transformation process: they are not merely beneficiaries of digitalization. However, they are expected to proactively leverage opportunities arising from Industrial Revolution 4.0 to enhance efficiency and pursue continuous renewal. Reinforcing this trajectory, Politburo Resolution No. 57-NQ/TW, dated December 22, 2024, emphasizes the breakthrough role of science, technology, innovation, and national digital transformation in driving socio-economic development. The Resolution accords special weight to institutional reforms, human capital, and digital infrastructure, while affirming that enterprises and organizations constitute the central locus for mobilizing the nation's innovative capacity

in the digital era. Together, these policy instruments provide a coherent macro-level framework that aligns organizational initiatives in knowledge management and innovation with national priorities, thereby creating favorable conditions for firms to reconfigure resources, scale digital capabilities, and sustain innovation performance over time.

2.2. Innovation in organization

Originating in Schumpeter's research (1983), innovation is conceptualized as a process of "creative destruction," whereby novel ones displace established arrangements to sustain growth dynamics. In practical terms, innovation is instantiated through the development of new products, processes, or business models that generate additional value.

Building on this foundation, Abernathy and Utterback (1978) approach innovation through the lens of the technology life cycle, delineating three stages that clarify a systematic shift in emphasis between product innovation and process innovation. Product innovation focuses on creating new goods and services, whereas process innovation concentrates on improving methods of production, distribution, and managerial coordination. Their model provides the groundwork for subsequent research on innovative capabilities and competitive strategy across successive phases of product evolution, highlighting how the locus of competitive advantage migrates from differentiation based on novel product features to efficiency gains rooted in process refinements as industries mature. Extending the conceptual domain, Jiménez and Sanz-Valle (2011) introduce the notion of administrative innovation, which encompasses changes in organizational structure, policies, and culture designed to support comprehensive innovation efforts. Taken together, these perspectives frame innovation as a multifaceted phenomenon that evolves, integrates technological and organizational dimensions, and necessitates strategic alignment between product development, process optimization, and the

administrative architecture that enables continuous renewal.

In rapidly shifting business environments, the Dynamic Capabilities framework, proposed by Teece et al (2007), explains how organizations reconfigure their resource bases to adapt, innovate, and sustain a competitive advantage. Winter (2003) distinguishes dynamic capabilities from ordinary (operational) capabilities, emphasizing the salience of the rate of change as a defining attribute of the former. Advancing the concept, Teece (2007) articulates three core microfoundations: sensing - the capacity to identify and interpret opportunities and threats; seizing - the ability to mobilize resources and commit to promising courses of action; and transforming - the ongoing renewal and reconfiguration of assets, routines, and organizational structures to maintain strategic fit and evolutionary fitness.

In the context of organizations and firms, innovation has been examined in depth and modeled along three principal dimensions - administrative, product, and process - forming a framework that permits a comprehensive assessment from inputs (resources, innovative orientation) to outputs (innovation results).

(1) Administrative innovation captures the reconfiguration of governance structures, policies, and work culture to support innovative initiatives. Typical manifestations include the establishment of dedicated innovation units, KPI-based monitoring regimes, and policies that encourage experimentation and innovation. These arrangements constitute a critical precondition for implementing innovation programs, mainly digital technologies, and correspond to the sensing phase in the dynamic capabilities perspective, wherein organizations detect opportunities, articulate strategic intent, and create enabling conditions for subsequent action.

(2) Product innovation reflects the organization's ability to generate new goods and services that are differentiated in design,

functionality, and technological content. The integration of digital technologies such as the Internet of Things, artificial intelligence, and big data analytics enables the emergence of novel digital products and platform-based services. This dimension aligns with seizing, the stage at which firms mobilize and commit resources to promising opportunities, convert ideas into prototypes, and scale viable offerings to capture value in the marketplace.

(3) Process innovation focuses on optimizing and reengineering internal workflows to enhance efficiency and reduce costs, including the automation of operational steps and improvements to supply chain coordination. By reshaping routines and resource configurations, process innovation enables the continuous renewal of organizational assets and capabilities, thereby maintaining strategic fit in evolving environments.

Taken together, these three dimensions reinforce the dynamic capabilities cycle: organizations identify opportunities, develop and deploy innovative concepts, and reconfigure structures and routines to institutionalize gains. Despite this conceptual coherence, a notable paucity of fine-grained empirical research remains that interrogates the interdependencies between innovation and emergent determinants - most notably digital transformation. Bridging this gap is essential for building a robust theoretical and empirical foundation upon which to design and implement effective innovation strategies in today's fiercely competitive, technology-intensive economy.

2.3. The Relationship between Digital Transformation and Organizational Innovation

Chesbrough's (2003) theory of Open Innovation posits that innovation is not confined to the firm's internal boundaries; rather, it is a deliberate process of sourcing, integrating, and commercializing knowledge from external domains while recombining it with in-house capabilities. Open Innovation

operates through three core mechanisms: the systematic absorption of external knowledge, the outbound commercialization of underutilized inventions, and two-way collaborative development with partners. In an era of pervasive digitization and globalization, the ability to mobilize extra-organizational knowledge assets - including digital technologies, data ecosystems, and platform infrastructures - has become a foundational prerequisite for practical innovation. By expanding access to dispersed expertise and reducing search and coordination costs, these mechanisms accelerate recombination, enhance scalability, and improve the efficiency and impact of innovation activities.

Urbinati et al. (2022) conceptualize digital transformation not merely as a set of digital innovation outcomes, but as an end-to-end process structured around four orchestration mechanisms: the adoption of digital technologies, the leveraging of those technologies in operations, the development of digital capabilities, and the management of organizational and interorganizational boundaries. Together, these mechanisms enable organizations to integrate, operate, and continuously optimize digital resources across the entire innovation cycle from ideation and design to scaling and diffusion. In parallel, Ha (2024) underscores a symbiotic relationship between an organization's innovation culture and its digital transformation, wherein technology serves as the substrate for cognitive and behavioral change, institutionalizing data-driven governance and tool-enabled practices. This cultural realignment, in turn, sustains and amplifies the generation and diffusion of innovation. Complementing these views, Appio et al. (2021) and Helfat and Raubitschek (2018) argue that *Digital Dynamic Capabilities* enable firms to rapidly integrate emerging technologies and reconfigure their resource bases, thereby propelling product, process, and business-model innovation in the Industry 4.0 era. Taken together, these streams of research suggest a coherent architecture: orchestration

mechanisms provide the procedural backbone of transformation, innovation culture furnishes the social infrastructure, and digital dynamic capabilities supply the micro foundational capacities - sensing, seizing, and transforming - through which digital transformation translates into durable, enterprise-wide innovation performance.

From a Dynamic Capabilities perspective, the five organizational dimensions of digital transformation can be mapped onto three core stages: sensing, seizing, and transforming. In this schema, awareness of digital transformation and managerial commitment constitute the sensing phase, wherein opportunities and threats are identified and strategic intent is articulated. Digital culture and digital technology adoption correspond to seizing, reflecting the execution of initiatives through resource mobilization, experimentation, and scaling. Finally, the realized benefits of digital transformation, together with administrative reforms that institutionalize data-driven governance and agile routines, anchor the transformation phase, consolidating gains and enabling continuous renewal. This alignment clarifies the pathways through which digital transformation capabilities are built and translated into sustained organizational innovation.

(1) Awareness of digital transformation enables organizations to sense opportunities and initiate innovation initiatives. When both senior leaders and employees clearly understand the strategic role of digital technologies, they are better positioned to propose products and services that integrate AI, IoT, and big data analytics, while simultaneously identifying business processes ripe for improvement through automation and advanced data analysis. Deepened awareness also catalyzes governance redesign, articulating a coherent digital strategy, establishing dedicated alignment of decision rights and accountability.

(2) Digital culture is pivotal to the enactment of organizational innovation. It orients the enterprise toward agile governance arrangements and fosters idea sharing, open innovation, and co-creation through internal digital platforms. By embedding digital norms and collaborative routines, a strong digital culture enables the reconfiguration of core processes, accelerates automation, streamlines operations, reduces waste, and ultimately enhances the effectiveness of digital transformation.

(3) Commitment to digital transformation is the critical mechanism that converts organizational awareness into concrete action. At the leadership level, commitment is evidenced by the construction of flexible organizational structures, the institutionalization of data-driven decision-making, and the cultivation of an open and experimentation-oriented work environment. This establishes a robust institutional foundation for the sustainable implementation of innovation initiatives. Commitment also materializes through dedicated R&D budgets, incentives to pilot frontier technologies, and the deliberate design of breakthrough digital products and services. From a process-innovation perspective, organizations commonly appoint specialized roles or units for transformation and establish governance routines to monitor progress and evaluate performance. As a result, digital management tools are effectively applied, promoting the automation of operational processes and improving discipline and consistency.

(4) Digital technology adoption captures the organization's effective mobilization of technological resources to execute innovation initiatives. The deployment of digital platforms in internal governance, such as automated reporting systems, KPI/OKR dashboards, and online collaboration suites, helps standardize processes, increase transparency, and embed a pervasive culture of innovation. In parallel, digital technologies are integrated into products and services to enhance creativity,

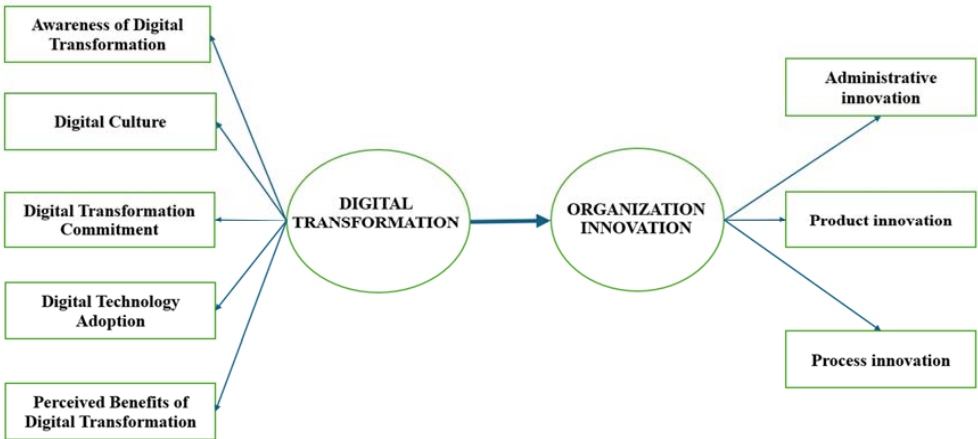
distinctiveness, and user experience, thereby expanding the firm’s value proposition. Technology also enables the redesign of workflows through business-process management tools, robotic process automation, and cloud-based integration, automating manual tasks, reducing errors, compressing cycle times, and optimizing resource utilization. These improvements enhance data availability and analytical depth, enabling faster and more accurate decision-making at scale. Taken together, such adoption constitutes a clear manifestation of the seizing capability in environments of continual turbulence, translating sensed opportunities into concrete designs, pilots, and scalable solutions while aligning operational routines with the strategic imperatives of digital transformation.

(5) Benefits of digital transformation constitute the pivotal factor in the transforming stage, when organizations begin to evaluate effectiveness and optimize the outcomes of digitization initiatives. Specific values, including operational efficiency, cost savings, process acceleration, and service quality improvement, form the basis for leaders and employees to support changes such as administrative reform, flexible working models, and data-driven decision-making.

Clear, demonstrable benefits also motivate firms to continue investing in research and development, advance their technological capabilities, and experiment with new digital products, thereby creating economic value from the earliest ideation stages. In parallel, early wins from digital transformation encourage organizations to proactively scale the adoption of technologies and reconfigure operational processes toward greater agility, adaptability, and continuous renewal. This progression from proof of concept to enterprise-wide diffusion reinforces learning loops, professionalizes governance, and embeds data-driven routines that sustain performance improvements over time.

Within the Vietnamese context, national directives and policies increasingly underscore the catalytic role of institutions, digital infrastructure, and digital competencies in promoting innovation. Operationalizing and synchronizing the five organizational dimensions of digital transformation awareness, commitment, culture, technology adoption, and realized benefits helps to establish a closed-loop cycle of “digital transformation → organizational innovation,” thereby recognizing the goal of developing the national digital economy comprehensively and sustainably.

Table 1. Illustrative model of the positive impact of digital transformation on organizational innovation



Source: Author's proposal (2025).

3. Solutions to promote organizational innovation in the context of digital transformation

To operate the five dimensions of digital transformation effectively and thereby catalyze the three facets of organizational innovation - product, process, and administration - firms must implement a coherent, organization-wide portfolio of mutually reinforcing interventions.

First, awareness building should be enhanced through periodic training programs, structured e-learning modules, and thematic workshops that are explicitly integrated with practical applications of contemporary technologies, such as artificial intelligence (AI), the Internet of Things (IoT), and big data analytics. Such initiatives do more than disseminate information: they shape a digital mindset across the workforce, lower psychological resistance to change, and prepare employees and managers alike to engage constructively with innovation efforts. Illustratively, several central Vietnamese banks, such as the Bank for Investment and Development of Vietnam (BIDV), have organized in-depth seminar series to communicate a system-wide vision of digital transformation and to strengthen digital awareness throughout their organizations.

Second, commitment to digital transformation must be reinforced from the top through the promulgation of a clear digital strategy, the allocation of appropriate budgets, the appointment of dedicated units, and the integration of digitization-related KPIs into performance evaluation systems. In parallel, establishing monitoring arrangements and risk-control mechanisms for technology pilots is essential to ensure discipline and effective implementation. For example, Viettel has created a Group-level Digital Transformation Steering Committee, with explicit task assignments down to each subsidiary and a concrete commitment of resources.

Third, cultivating a robust digital culture is the foundational precondition for all innovation initiatives. Such a culture fosters a flexible work environment, encourages idea sharing,

legitimizes calibrated risk-taking, and enables co-creation through internal digital platforms. It embeds norms of experimentation and continuous learning, thereby accelerating the translation of concepts into scalable solutions. FPT Corporation is a notable example of organizing annual “Digital Initiative” competitions to discover and support innovative proposals proposed by employees themselves.

Fourth, organizations should promote the selective adoption of digital technologies by launching small-scale pilot projects to assess feasibility and impact. When pilots yield positive results, firms can scale deployment while concurrently investing in the requisite digital infrastructure, centralized data repositories, governance systems, integration platforms, and analytic tools that support informed decision-making. A disciplined “pilot-and-scale” pathway minimizes execution risk, builds internal capabilities, and generates credible evidence for further investment. A salient example is DHL, which initially piloted last-mile delivery robots in dense urban districts; only after a successful evaluation phase did the company expand deployment to additional localities.

Finally, the benefits of digital transformation should be diffused organization-wide through periodic reporting, systematic analyses of successful use cases, the alignment of KPIs with innovation objectives, and robust internal communications. These practices help build trust, strengthen employee commitment, and create sustained momentum for continuous innovation. A notable example is Vingroup, which publicly disclosed performance metrics associated with the digitization of its supply chain and recruitment processes; this transparency accelerated the group’s enterprise-wide digitization agenda by legitimizing further investment and reinforcing accountability.

Taken together, when the foregoing measures are implemented in a coordinated manner, they not only propel the transformation effort itself but also establish a

durable foundation for the organizational innovation cycle to operate effectively, continuously, and sustainably.

To implement the “digital transformation - innovation” model effectively, tight coordination across strategic levers is required, not only within firms but also at the state and broader ecosystem levels. At the firm level, the comprehensive and synchronized enactment of five solution pillars is a prerequisite for building endogenous innovation capability: (i) elevating awareness of digital transformation; (ii) reinforcing top-management commitment; (iii) cultivating a pervasive digital culture; (iv) selectively adopting and scaling digital technologies; and (v) diffusing realized benefits through transparent measurement and communication. Executed in concert, these measures are a prerequisite for building internal innovation capacity.

Next, the State plays an enabling role by promulgating preferential policies for research and development related to digital transformation, particularly by funding training programs, encouraging the piloting of emerging technologies, and providing a supportive legal and regulatory framework. Such interventions not only lower firms’ transition costs but also create nationwide incentives for digital innovation.

Ultimately, public-private partnerships (PPPs) are crucial to establishing a robust innovation ecosystem. Structured collaboration among enterprises, research institutes, and universities, anchored in knowledge sharing, data access, and shared digital infrastructure, can significantly accelerate technology transfer, the commercialization of research outputs, and the scaling of digital solutions. Clear governance arrangements for intellectual property, data stewardship, and risk sharing enhance trust and reduce transaction costs. At the same time, joint laboratories, sandboxes, and co-funded pilot programs create credible pathways from prototyping to market deployment. Close coordination among stakeholders thus increases efficiency and adaptive capacity, and crucially ensures the sustainability and positive spillovers of innovation in the contemporary digital economy.

4. Conclusion

From the perspective of Dynamic Capabilities, this study elucidates the intrinsic linkage between digital transformation and organizational innovation. Specifically, the five core dimensions of digital transformation - awareness, commitment, digital culture, technology adoption, and realized benefits - map onto and directly influence the three canonical dimensions of organizational innovation: product, process, and administrative innovation. Within this architecture, awareness of digital transformation constitutes the point of departure for administrative innovation, establishing the cognitive and institutional foundations upon which the broader innovation trajectory is built. Managerial commitment and a pervasive digital culture sustain momentum and define the governance frame, clarifying decision rights, accountability, and collaboration norms, thereby enabling the organization to identify, select, and develop high-potential ideas for product and process innovation. In parallel, the adoption of technology and the tangible benefits of digital transformation provide the resource base and evidentiary justification for reconfiguring structures, workflows, and work practices. These factors enable the embedding of data-driven routines, automation of core processes, and iterative refinement of offerings, thereby sustaining a continuous and effective innovation cycle.

From a theoretical standpoint, this study strengthens and extends the Dynamic Capabilities perspective by articulating a coherent link between digital transformation and organizational innovation in a context of pervasive digitization. Practically, in the course of realizing Vietnam’s national digital transformation objectives, the study emphasizes the importance of prioritizing investment in firm-level digital strategies, with a particular focus on the roles of leadership, organizational culture, and technological toolsets. At the policy level, the study proposes an integrative model

that aligns the five dimensions of digital transformation with the activation of the three dimensions of innovation, thereby establishing a virtuous cycle of continuous renewal. This process not only enhances the internal capacity of enterprises but also contributes to creating a digital value chain, thereby creating conditions for enterprises to effectively participate in the national digital transformation journey comprehensively and sustainably.

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