



Digital Transformation and Firm Value: A Resource-Based View on Indonesian Non-Cyclical Consumer and Healthcare Listed Companies

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Abstract

Technological change and economic uncertainty are challenging the ability of listed companies in the non-cyclical consumer and healthcare sectors to preserve their market value. According to the Resource-Based View (RBV) theory, digital transformation involves the automation of administrative tasks whilst also representing a strategic and dynamic capability capable of creating sustainable competitive advantage and supporting the achievement of better valuations from investors. This research analyzes the impact of digital transformation on firm value, particularly for non-cyclical consumer and healthcare listed companies on the Indonesia Stock Exchange (IDX) for the period 2015-2024. An analysis of 10 selected listed companies, as determined by purposive sampling, was conducted using multiple linear regression. The findings of this study indicate that internal digital investment and commitment play a significant role in enhancing a firm's intangible assets, as reflected in a significant increase in the Tobin's Q value. Theoretically, this study broadens the use of RBV theory in the context of digitalization within non-cyclical consumer and healthcare sectors of an emerging market. In practice, this study offers strategic direction to senior management on how to allocate funds for technology purchases in a way that builds a competitive edge which is hard for other companies to imitate.

Digitalisasi dan Nilai Perusahaan: Perspektif Resource-Based View pada Emiten Sektor Konsumen Non-siklikal dan Kesehatan di Indonesia

Abstrak

Perubahan teknologi dan ketidakpastian ekonomi menguji kemampuan emite sektor non-cyclicals consumer and healthcare dalam menjaga keseimbangan nilai pasar mereka. Berdasarkan perspektif teori Resource-Based View (RBV), transformasi digital merupakan otomatisasi pekerjaan administratif sekaligus juga kemampuan strategis dan dinamis yang mampu menciptakan keunggulan kompetitif berkelanjutan, serta mendukung pencapaian penilaian yang lebih baik dari para investor. Penelitian ini menganalisis pengaruh transformasi digital terhadap nilai perusahaan, terutama emiten non-cyclicals consumer and healthcare di Bursa Efek Indonesia (BEI) periode 2015-2024. Pengujian pada 10 sampel emiten terpilih berdasarkan purposive sampling dilakukan menggunakan regresi linier berganda. Temuan penelitian ini menunjukkan bahwa investasi dan komitmen digital yang dilakukan secara internal memiliki peran penting dalam meningkatkan aset tak berwujud perusahaan, yang dapat dilihat dari peningkatan signifikan pada nilai Tobin's Q. Penelitian ini secara teoritis memperluas penerapan teori RBV dalam konteks digitalisasi pada sektor non-cyclicals consumer and healthcare di negara berkembang. Secara praktis, penelitian ini memberikan panduan strategis bagi manajemen tingkat atas dalam mengatur alokasi dana untuk membeli teknologi, sehingga dapat membangun keunggulan kompetitif yang sulit ditiru oleh perusahaan lain.

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INTRODUCTION

Indonesia's GDP growth in 2025 is reaching 5,11%, an increase from 5,03% in 2024. This ranks first amongst the G20 countries. This GDP growth is primarily driven by growth in manufacturing sector, domestic consumption, and fiscal stimulus (BPS, 2026). Despite this, upon closer examination, Indonesia's economic structure remains reliant on low-tech industrial products. Therefore, achieving the "Indonesia Emas 2045" vision appears to require significant focus on building a foundation based on knowledge and innovation. Through this, our economic structure can transform into a more inclusive economy underpinned by knowledge and technology.

The significant contribution of the manufacturing sector and domestic consumption to Indonesia's GDP is closely linked to the role of the non-cyclical consumer and healthcare sectors as its backbones. These sectors have unique characteristics, as the essential goods they produce have historically been recognized as being resilient to economic shocks. Nevertheless, this characteristic often traps companies in conventional low-cost competitive strategies, which relies on traditional supply chain efficiency. This approach is beginning to lose its relevance due to changes in the business environment triggered by rising global raw material prices, supply chain disruptions, post-pandemic inflation, and fierce competition from locally produced goods from SMEs that are more digitally agile (Nambisan et al., 2017; Wen et al., 2022).

The Resource-Based View Theory (RBV) provides a fundamental theoretical explanation of how firms can create competitive advantage through effective development and deployment of firm-specific resources. Barney (1991) argues that resources can become sources of sustained competitive advantage when they are valuable, rare, difficult to imitate, and

appropriately organized. Based on that perspective, companies that succeed in reforming their internal resources to possess these characteristics are highly likely to achieve a sustainable competitive advantage, ultimately resulting in an increase in corporate value (Barney, 1995). In the digital context, firms rely on various digital resources including digital technologies, data, information technology infrastructure and digital capabilities (Verhoef et al., 2021). Digitalization not only serves as a tool to support operations and streamline internal processes but has increasingly become an intangible strategic asset that contributes to the development of a firm's digital capabilities. Nevertheless, possessing digital technologies alone does not necessarily create competitive advantage, as firms also need organizational capabilities to integrate and reconfigure these resources in response to technological and market changes. This process encourages firms across industries to undertake digital transformation to maintain market relevance, develop competitive capabilities and ultimately enhance firm value (Ellström et al., 2021; Wen et al., 2022).

Digital transformation has become a strategic priority for companies across industries as they seek to reorganize their structure, improve business process efficiency, and redefine value creation strategies. Digital transformation has therefore redefined modern business competition, as it involves more than the adoption of technological advances. It represents a comprehensive strategic evolution that requires firms to continuously adapt to their business practices and organizational culture. A sustainable digital transformation process necessitates companies to continuously evolve, alter their business practices, and foster a more adaptive work culture. Considering this, strategic agility is of utmost key importance for enterprises to evolve from rigid, transaction-based models in favor of value creation rooted in more dynamic interactions and rela-

tionships (Warner & Wäger, 2019). In this process, firms need to integrate digital technologies with organizational resources, business processes and business models to develop new capabilities and respond effectively to changes in the business environment (Vial, 2019; Verhoef et al., 2021; Kraus et al., 2022).

From a Resource-Based View (RBV), this process is important because digital transformation enables firms to utilize and develop their resources and capabilities to create competitive advantage. However, the traditional RBV provides a relatively static view of resources, whereas the digital environment is characterized by rapid changes in technology, customer preferences and competition. Resources that are valuable today may therefore lose their strategic value over time. The dynamic capabilities perspective complements RBV by explaining how firms integrate, renew and reconfigure their resources in response to environmental changes (Teece et al., 1997). In the context of digital transformation, dynamic capabilities enable firms to identify digital opportunities, make appropriate investments, and adjust their resources and business process accordingly.

Thus, the relationship between RBV and digital transformation can be understood as a resource-to-capability-to-value

process. Firm-specific resources provide the foundation for digital transformation, while digital and dynamic capabilities enable firms to integrate and reconfigure these resources to improve operational efficiency, innovation, and strategic adaptation. Highly viable companies-that is, the ones with chosen production technologies aligned with their competitive advantages-will be much more adaptable to this digital transformation process. Such companies, with a focus on long-term viability, will successfully harness digitalization to enhance innovation and diversify their product offerings, boosting their market competitiveness and ultimately improving their corporate value (Fakhrudin et al., 2021; Wen et al., 2022).

Digital transformation has redefined the landscape of modern business competition; it is more than merely the harnessing of technological advances, but rather a comprehensive strategic evolution (Warner & Wäger, 2019). Despite digital transformation becoming the dominant paradigm for the economy on a wide scale and expected to consistently enhance corporate performance and value automatically, it faces enormous empirical challenges. This phenomenon of discrepancy is clearly illustrated, for example, by the dynamics of manufacturing sector observed throughout the period 2015-2024 as follows:

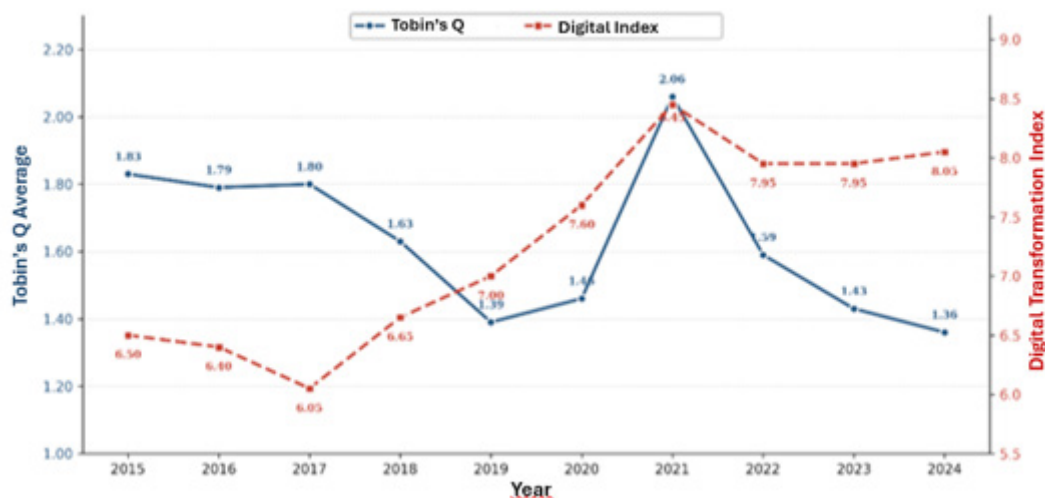


Figure 1. Chart of Average Firm Value and Digital Transformation of Manufacturing Companies in Indonesia

Source: Processed Data (2026)

Figure 1 provides a broader empirical overview of the development of digital transformation and firm value in manufacturing companies in Indonesia over the period 2015-2024. Descriptively, the development of these two indicators shows a pattern that is not entirely consistent. During the period 2018-2021, the increase in the digital transformation index generally coincided with a rise in the average Tobin's Q, indicating a period when digital transformation progressed in tandem with an increase in firm value. However, this pattern did not continue in the subsequent period. Between 2022 and 2024, the digital transformation index remained relatively stable at a high level, whilst the average Tobin's Q actually fell from 1.59 in 2022 to 1.36 in 2024. This suggests that an increase in digital transformation is not always consistently accompanied by an increase in corporate value.

These descriptive findings are important as part of a broader context but cannot yet be regarded as direct evidence of casual relationship between digital transformation and firm value. Aside from the fact that the data in Figure 1 is sector level aggregate data, manufacturing firms have specific operational environments, asset structures, technological requirements, and competitive dynamics. Consequently, the evidence from the manufacturing sector is used in this study as broader contextual evidence to demonstrate that the inconsistency between the progress of digital transformation and firm value is a relevant phenomenon in the context of Indonesian firms, rather than as evidence that directly generalizes this relationship to the main research context.

Figure 1 also illustrates a divergence between the development of digital transformation and changes in corporate value, suggesting that the two do not necessarily move consistently in the same direction over the observation period. This descriptive pattern indicates that digital transformation, although frequently viewed as

a driver of corporate efficiency through the streamlining of business processes, reduction of operational costs, and enhancement of productivity, does not necessarily translate directly or immediately into higher firm value (Mustaqim & Yusmita, 2025).

Prior empirical studies on the role of digital transformation capabilities in enhancing corporate value in Indonesia have provided differing findings. A range of studies have revealed empirical evidence of the positive influence of digital transformation on firm value (Zhai et al., 2022; Ren & Lin, 2024; Yavuz et al., 2025; Ma, 2025; Zhang, et al., 2025; Zhu, 2025), suggesting that digital transformation can create economic value through improved efficiency, innovation and competitive advantage. However, other research findings do not corroborate this result (An & Yoon, 2023; Huang et al., 2023; Zhang et al., 2024; Mustaqim & Yusmita, 2025). These discrepancies in the empirical research findings suggest that digital transformation does not automatically translate into higher firm value. The economic benefits of digital transformation may depend on how firms implement and manage digital technologies, as well as differences in measurement approaches, industry characteristics and observation periods.

This inconsistency represents an important empirical gap in the digital transformation literature. Although digital transformation has increasingly been recognized as an important strategic process for creating competitive advantage and improving firm value, its effects are not necessarily uniform across firms. Differences in industry concentration, customer characteristics, revenue structure and the degree of digitalization can contribute to heterogeneous outcomes (Xiang & Jiang, 2023; Yang et al., 2024). Therefore, examining the relationship between digital transformation and firm value within a relatively specific and homogeneous industry context can provide additional evidence in

whether and under what conditions digital transformation is associated with higher firm value.

Against this background, this study focuses on non-cyclical consumer and healthcare companies listed on the Indonesia Stock Exchange. This sector specific focus is motivated by the need to examine the economic consequences of digital transformation within a relatively specific industry context, given prior evidence that the effects of digital transformation vary across industries and firm characteristics (Xiang & Jiang, 2023; Yang et al., 2024). Focusing on firms whose products are generally associated with essential consumption and healthcare needs also provides a context in which demand related fluctuations may be less pronounced than in highly cyclical industries. Accordingly, the study provides additional empirical evidence on the digital transformation and firm value relationship in an emerging market setting and contributes to the contextualization of digital transformation research within Indonesian listed firms.

The study also contributes theoretically by interpreting digital transformation from a Resource-Based View perspective. Rather than assuming that digital technologies automatically generate firm value, the RBV perspective emphasizes the importance of how firms develop, integrate and reconfigure digital resources and organizational capabilities. Recent research supports this view by showing that digital transformation may produce different economic outcomes depending on how digital resources are deployed and combined with organizational capabilities (Guo et al., 2023; Perdana et al., 2026). From this perspective, digital transformation represents a process through which firms leverage and reconfigure resources to improve efficiency, innovation and strategic adaptation. Accordingly, this study contributes to the literature by providing additional empirical evidence on the relationship between digital transformation and firm va-

lue while applying an RBV perspective to the non-cyclical consumer and healthcare sectors in Indonesia.

Hypothesis Development

The Relationship between Digital Transformation and Firm Value

According to the Resource-Based View (RBV), firm value enhancement through sustainable competitive advantage is not solely achieved by a company's ability to obtain, nurture, and effectively utilize strategic resources which are valuable, scarce, inimitable and irreplaceable (Barney, 1991). In this context, digital transformation can be viewed as a capability building process through which firms integrate digital technologies with organizational resources and processes, enabling more efficient resource utilization, innovation and strategic adaptation (Teece et al., 1997). Thus, digital transformation creates value not simply through technology adoption, but through the firm's ability to transform digital resources into firm specific capabilities and competitive advantages.

Empirical evidence generally supports this argument, although the relationship between digital transformation and firm value is more nuanced than a direct technology effect. Zhai et al. (2022) find that digital transformation improves firm performance through lower costs, greater operating efficiency and innovation. The research's findings by Zhai et al. (2022), Ren & Lin (2024) and Yavuz et al. (2025), support the RBV proposition that digital transformation can generate value when digital resources are effectively integrated with organizational capabilities. However, the study's findings also revealed that these positive effects are not solely determined by a company's technology utilization but also influenced by the extent to which the company's digital capabilities align with its overall strategy.

Empirical evidence from the studies by Ma (2025) and Zhang et al. (2025) rein-

forces the mechanism of the positive influence of digital transformation on firm value, as supported by endogeneity and robustness tests. Firm value enhancement influenced by digital transformation, in accordance with the findings of the study (Zhu, 2025) is mainly achieved through increased efficiency in resource utilization and enhanced technological innovation capabilities.

Therefore, the existing evidence provides a basis for expecting a positive relationship between digital transformation

and firm value, while simultaneously highlighting the importance of firms' capability to convert digital resources into productive and strategic outcomes. Consistent with RBV, firms that successfully leverage digital transformation to improve resource efficiency, innovation and competitive positioning are expected to achieve higher firm value. Hence, the hypothesis to be proposed is:

H1: Digital transformation has positive effects on Firm Value

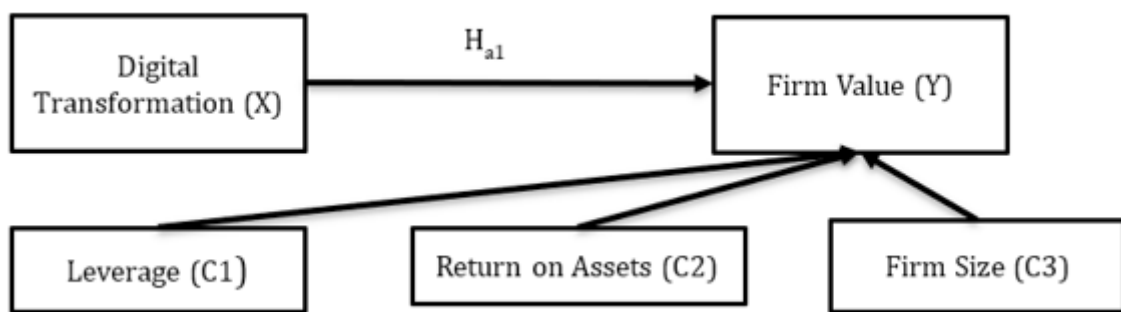


Figure 2. Theoretical Framework

METHOD

An explanatory research design was conducted in this study to ascertain the influence of digital transformation on firm's value. The authors conducted a study on non-cyclical consumer and healthcare sector listed companies on the Indonesia Stock Exchange over the period 2015-2024, comprising a total of 174 companies. This selection was based on the strategic nature of these companies' technology adoption and their crucial role in Indonesia's economic growth as stipulated in the "Making Indonesia 4.0" roadmap. Furthermore, the selection was grounded in the homogeneity of demand

characterized by inelastic demand for their products and household consumption patterns, thus enabling the mitigation of business cycle-related confounding variables. The quantitative approach emphasizes hypothesis examination using statistics-processed numerical data.

The study uses secondary panel data at the firm year level. The population comprises companies classified in the consumer non-cyclical and healthcare sectors and listed on the IDX during the observation period. The sampling technique using the non-probability sampling method in the form of purposive sampling was conducted based on the following criterion:

Table 1. Sample Selection Table

Sample Selection Criteria	Number of Firms
Initial population (non-cyclical consumer and healthcare sector listed companies) during 2015-2024	174
Excluded because incomplete annual reports	(100)
Excluded because incomplete data	(64)
Final sample	10

Source: Processed Data (2026)

Based on the established criteria, 10 companies from the consumer non-cyclicals and healthcare sectors were identified, resulting in a total of 100 panel data observations (firm-year).

Secondary data were obtained from companies' annual reports and financial statements, published and available through their respective official websites and the Indonesia Stock Exchange website. Financial and market information was extracted to construct the research variables. This study uses several variables to identify empirical evidence of the influence of digital transformation on firm value, whilst adding control variables to enhance the stability, robustness, and reliability of the empirical model. The selected variables are based on relevant theoretical foundations and prior empirical studies.

Following is an explanation of the operational definitions and measurement methods: Firm value, the dependent variable, was measured using Tobin's Q, which reflects the market valuation of the firm's assets and expected future value creation (Ma et al., 2022; Ren & Lin, 2024; Ma, 2025). Measuring value using Tobin's Q is commonly used in empirical studies relating to corporate digital transformation. A higher value of this measure indicates a higher firm value, calculated using the formula (Ren & Lin, 2024):

$$\text{TobinQ} = \frac{\text{Equity Market Capitalisation} + \text{Total Debt}}{\text{Total Assets}}$$

Digital transformation is a profound and fundamental process of restructuring organizations, driven by the deployment and comprehensive integration of digital technologies across all operational areas and business models to enhance efficiency, interaction, and organizational performance (Vial, 2019; Kraus et al., 2022). As measured in previous studies (Ren & Lin, 2024; Wei & Li, 2024; Ma, 2025) and based on a digitalization keyword index using a predetermined digital transformation keyword lexicon based on Fang & Li

(2024). Digital transformation is measured using the number of occurrences of words or terminology related to digital transformation in a company's annual report; each occurrence is counted as one frequency, and the total is then added to 1 to avoid regression calculation errors. The calculation formula is:

$$\text{Digital Transformation} = (\text{Total Frequency of Words about DT} + 1)$$

The firm value of non-cyclical consumer and healthcare sector listed companies is driven by a variety of determining factors. To avoid omitted variable bias, which could affect the regression results in the empirical analysis, this study employed several control variables commonly used in empirical analyses of factors influencing firm value. This study used three control variables on a case-by-case basis: leverage (DAR), profitability (ROA), and firm size (SIZE). Leverage is reflecting the proportion of a firm's assets financed through debt. It measured as total liabilities divided by total assets, following the debt to asset approach commonly adopted in empirical corporate finance research (Bentle et al., 2013). Profitability is measured by return on assets (ROA), calculated as net income divided by total assets, which captures the firm's ability to generate earnings from its asset base. ROA is widely used as an accounting based measure of firm performance and profitability in empirical studies (Al-Matari et al., 2012). Firm size is measured as the total assets to reduce scale related differences among firms and capture differences in organizational size (Ren & Lin, 2024).

Panel data regression was employed to examine the relationship between digital transformation and firm value. The model selection was carried out in three stages of examination: the Chow test, used to determine whether the Fixed Effects Model (FEM) or the Common Effects Model (CEM) was more appropriate; the Hausman test, used to choose between

the FEM and the Random Effects Model (REM); and the Lagrange Multiplier (LM) test, used to determine the appropriate REM or CEM model. Furthermore, classical assumption tests were carried out, covering tests for normality, multicollinearity, heteroscedasticity, and autocorrelation, to ensure the validity of the regression models used. The hypothesis testing was conducted using the t-test at a significance level of 0.05; the hypothesis was accepted if the significance value obtained was ≤ 0.05 , and the hypothesis was rejected if the significance value was > 0.05 (Ghozali & Ratmono, 2021).

Based on the introduction, to evalua-

te the hypothesis H1, a random effect model is constructed:

$$TOBINQ_{i,t} = \beta_0 + \beta_1 DT_{i,t} + \beta_2 LEV_{i,t} + \beta_3 ROA_{i,t} + \beta_4 SIZE_{i,t} + \varepsilon_{i,t} \quad (1)$$

$i = 1, \dots, 10$ and $t = 1, \dots, 10$ stands for firm and year, stands for the perturbation term of the model

RESULT AND DISCUSSION

The descriptive statistics for each variable in the sample data can help in understanding the fundamental characteristics of the research data in this study. The descriptive statistics are presented in Table 2.

Table 2. Descriptive Statistics

Statistic	GROWTH	DT	LEV	ROA	SIZE
Mean	2.987923	2.786223	0.419179	0.126768	9.310691
Median	3.0629	2.861793	0.38675	0.10095	9.32905
Maximum	6.0835	5.049856	0.7734	0.4666	10.7472
Minimum	0	0	0.1472	0.0182	7.9033
Std. Dev.	1.394341	1.444742	0.201754	0.088136	0.72141
Skewness	-0.155341	-0.276899	0.299645	1.719046	-0.140662
Kurtosis	2.041025	1.846011	1.769197	5.71762	2.08114
Observations	100	100	100	100	100

Source: Processed Data (2026)

Referring to Table 2 on descriptive statistics, the panel data analysis in this study comprises 100 observations from 10 companies in the non-cyclicals consumer and healthcare sectors covering the period 2015–2024 (balanced panel data). We can see here that the mean and median values for firm value (GROWTH), as measured by Tobin's Q and digital transformation (DT), exhibit closely aligned measures of central tendency. The firm value variable (GROWTH) has a mean of 2.988 and a median of 3.063, revealing a relatively symmetrical distribution (skewness -0.155). The digital transformation (DT) variable has a mean of 2.786 and a median of 2.862; nonetheless, the variation in DT is quite substantial (std. dev. 1.445), reflecting heterogeneity in the level of digital adoption across companies and over time.

Both the value variable and DT have a minimum value of 0.00000; possibly due to the observations being conducted during the pandemic, thereby exerting pressure on corporate performance. Further, the minimum value of 0.00000 for digital transformation is possibly concentrated in observations from the early years, before the discourse on digital transformation became prominent in the annual reports of listed companies in the non-cyclical consumer and healthcare sectors in Indonesia, whilst high scores are predominantly found in the post-pandemic era as a result of the acceleration of digitalization. The conjunction of the standard deviations for both variables reflects the sample's capture of the expected temporal heterogeneity.

The descriptive statistics for the leverage control variable reveal a skewness

value of 0.30, leaning slightly to the right, implying a relatively conservative capital structure. Thus, many entities in the sample relied more on equity than on debt. The range, which was between a minimum of 0.147 and a maximum of 0.773, implies that the financial risk of the entities in the sample was quite homogeneous. The profitability of companies, as measured by ROA, is a control variable showing strong signs of non-normality, as evidenced by a skewness of 1.72 (well above the threshold of ± 0.5 to ± 1 , commonly used as a me-

asure of symmetry) and a kurtosis of 5.72 (well above the figure of 3, commonly used as a benchmark for a normal/mesokurtic distribution). The ROA distribution is extremely right skewed and leptokurtic; this is understandable and substantively reasonable given that ROA is often sensitive to the volatility of annual net profit. Meanwhile, the control variable SIZE exhibits a distribution nearly perfectly symmetric and normal (skewness -0.14 and kurtosis 2.08).

Table 3. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	28.313581	(9.86)	0.0000
Cross-section Chi-square	137.701372	9	0.0000

Source: Processed Data (2026)

The Fixed Effects Model was selected based on the Chow test (Prob < 0.05).

Table 4. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.517804	4	0.4752

Source: Processed Data (2026)

Using the Hausman test (Prob > 0.05), the random effects model was selected.

Table 5. Langrange Multiplier Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	189.9833 (0.0000)	2.838009 (0.0921)	192.8213 (0.0000)
Honda	13.78344 (0.0000)	-1.684639 (0.9540)	8.555147 (0.0000)
King-Wu	13.78344 (0.0000)	-1.684639 (0.9540)	8.555147 (0.0000)
Standardized Honda	19.31167 (0.0000)	-1.546073 (0.9390)	7.139600 (0.0000)
Standardized King-Wu	19.31167 (0.0000)	-1.546073 (0.9390)	7.139600 (0.0000)
Gourieroux, et al.	--	--	189.9833 (0.0000)

Source: Processed Data (2026)

According to the Breusch-Pagan Lagrange Multiplier Test, with a p-value of < 0.05, the Random Effects Model was selected

Table 6. Panel Data Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.615563	2.491217	3.056965	0.0029
DT	0.458491	0.097490	4.702940	0.0000
LEV	1.706489	1.265005	1.348998	0.1805
ROA	2.243857	1.967098	1.140694	0.2569
SIZE	-0.741607	0.254010	-2.919597	0.0044
Effects Specification				
			S.D.	Rho
Cross-section random			1.226364	0.8145
Idiosyncratic random			0.585216	0.1855
Weighted Statistics				
R-squared	0.251727	Mean dependent var		0.445838
Adjusted R-squared	0.220221	S.D. dependent var		0.661036
S.E. of regression	0.583729	Sum squared resid		32.37021
F-statistic	7.989755	Durbin-Watson stat		0.590460
Prob(F-statistic)	0.000014			

Source: Processed Data (2026)

Table 7. Research Hypothesis Test

Hypothesis		Coefficients	Prob.	Results
Digital Transformation → Firm Value	H1	0.4584	0.0000	Support

Source: Processed Data (2026)

This study attempts to comprehend the influence of digital transformation on firm value. The stages involved in determining the panel data estimation model carried out by the authors are discussed below, as summarized from the statistical tests above. Table 3 depicts the cross-section F-value in the Chow test as 28.313581 with a probability of 0.0000 (< 0.05). Thus, the Fixed Effects Model (FEM) is preferable to the Common Effects Model (CEM). Following this, Table 4 exhibits a chi-square value in the Hausman test of 3.517804 with a probability of 0.4752 (> 0.05), rendering the Random Effects Model (REM) a more suitable estimation model than the Fixed Effects Model. The test outcomes presented in these two tables yield conflicting findings, requiring the author to undertake a third test—the

Lagrange Multiplier Test—as the final determinant. The outcome of the Breusch-Pagan Test in Table 5 shows a value of 189.9833 with a probability of 0.0000 (< 0.05), thereby establishing the Random Effects Model as the final estimation model in this study. The selected REM is reinforced by the cross-sectional Rho value in Table 6 of 0.8145, implying that approximately 81.45% of the total variation in the error term arose from cross-sectional heterogeneity. Hence, this reinforces the necessity of a panel data approach to capturing the heterogeneity amongst issuers within this study's sample, whilst validating the selection of the REM.

Based on Table 6, the following regression equation was obtained from the test results:

$$\text{TobinQ} = 7,615573 + 0,458491\text{DR} + 1,706489\text{LEV} + 2,243857\text{ROA} - 0,741607\text{SIZE}$$

The model goodness-of-fit test yielded an F-statistic of 7.989755 with a Prob (F-statistic) of 0.000014 (< 0.05); hence, the digital transformation, leverage, profitability, and firm size variables are adequate and viable for use in the test model to explain the influence of the independent variables on the dependent variable (firm value). The coefficient of determination test revealed an adjusted R² value of 0.220221, implying that 22.02% of the variance in firm value can be ascribed to the variables of digital transformation, leverage, profitability, and firm size, whilst the remaining 77.98% is determined by outside factors not contemplated in this empirical model. This adjusted R² value can be considered reasonable, as the primary objective of this study was merely to verify the significance of the influence of digital transformation on firm value.

Table 7 reveals the hypothesis testing results, whereby the DT coefficient is 0.4584 with a probability value of 0.0000 (<0.05). These results emphasize the positive and significant influence of digital transformation on firm value. These empirical findings are aligned with Resource-Based View (RBV) theory, whereby digital transformation—as a strategic approach that prioritizes the use of the latest digital technologies—plays a prominent role in bringing profound improvements to corporate strategy, business practices, and corporate operations. The findings of this empirical study emphasize the critical importance for companies to properly manage strategies pertaining to digital transformation considering the determinants' ability to enhance operational efficiency and foster innovation. Digital transformation effectively mitigates technological obsolescence by fostering greater total factor productivity and intensifying investment in research and development (Yavuz et al., 2025; Zhu, 2025). As confirmed by the

empirical evidence from the study Ates & Acur (2022), the emergence of companies in the non-cyclical consumer and healthcare sectors within a dynamic business environment necessitates the timely development of new products and technologies, since obsolescence is occurring at an expedited rate. Ongoing exploration of technology, business processes, corporate capabilities, and new products has proven to be the cornerstone of a company's success.

Digital transformation is not merely about the adoption of technology; it requires significant investment and entails high integration costs, which must be accompanied by a substantial improvement in the company's operational efficiency. The implementation of digital transformation has a positive impact on a company's operations, whilst initially causing a decline in financial performance in the first year, which then improves after two to four years, enhancing the firm's value (Guo & Xu, 2021). Zhai et al. (2022) and Zhang et al. (2025) assert that the duration of digital transformation implementation will enhance firm value in the long term. Eventually, digital transformation generates tangible value for organizations while serving as an effective tool for companies to respond to and meet customer needs (Ren & Lin, 2024).

In non-cyclical consumer companies, digital transformation can create firm value by strengthening both market facing and operational capabilities. Digital technologies enable firms to analyze consumer preferences, personalize marketing activities, expand digital channels, improve demand forecasting and integrate supply chain processes (Varadarajan, 2020; Hautala-Kankaanpää, 2022). These capabilities can enhance firm's responsiveness to changing consumer needs while improving the efficiency of resource allocation. From an RBV perspective, the value of digital transformation therefore depends not simply on technology adoption, but on the

firm's ability to combine digital technologies with complementary resources such as customer knowledge, brands, distribution networks and organizational capabilities. Consistent with this argument, recent RBV based evidence shows that supply chain digitalization contributes to firm performance through capability development, particularly supply chain agility and innovation capability (Wang & Prajogo, 2024).

Another empirical finding from our study reveals that financing decisions (LEV coefficient of 1.706489 with a probability of 0.1805) were not a primary determinant in the non-cyclical consumer and healthcare sectors. This outcome is likely attributed to the fact that most companies in the sample had relatively conservative and homogeneous capital structures. Profitability (ROA coefficient 2.243857 with a p-value of 0.2569) was likewise found to have no effect on firm value in the non-cyclical consumer and healthcare sectors; essentially, ROA is often sensitive to the volatility of annual net profit for specific listed companies. The firm size factor (SIZE coefficient of -0.741607 with a p-value of 0.0044) presents a negative coefficient, it implies that larger firms might suffer from inefficiencies or lower growth prospects relative to their size. The slowdown in growth rates observed among large firms in these sectors is aligned with the phenomenon of diminishing growth opportunities (Ekaputra et al., 2018).

CONCLUSION AND RECOMMENDATION

This study was conducted to identify empirical evidence of the influence of digital transformation on firm value amongst listed companies in the non-cyclical consumer and healthcare sectors over the period 2015-2024. Using panel data regression, the result and discussion revealed that digital transformation was found to have

a positive and significant association with firm value, while leverage and profitability were statistically insignificant and firm size exhibited a negative and statistically significant association with firm value. These findings confirm that within the observed sample and study period, firms with greater level of digital transformation tend to exhibit higher firm value after controlling firm size, leverage and profitability. The findings highlighting digital transformation serves as a strategic resource (based on the Resource-Based View perspective) in increasing firm value amongst non-cyclical consumer and healthcare companies in Indonesia. Digital technologies can contribute to firm value when they are effectively deployed and combined with complimentary organizational resources and capabilities. Consequently, these firms should embrace digital transformation as a long-term investment generating tangible value and providing a sustainable source of competitive advantage. Hence, companies are encouraged to proactively and comprehensively communicate their digitalization initiatives, as they have the potential to enhance the market's perception of the company. The limitations of this study were the moderate clarity of the research model, and it solely measured the influence of digital transformation on firm value whilst employing control variables such as firm size, leverage and profitability. Moreover, the measuring of digital transformation variable is disclosure-based, instead of using metrics revealing actual levels of digital adoption. The concern is disclosure bias, particularly if it transpires that some companies commit greenwashing or digital washing in their annual reports. A recommendation for future research is to consider using more objective measures of digital transformation that do not rely on annual report disclosures, such as data on information technology investment, the number of patents or digital innovations, or field surveys. Future research could examine the mechanisms

through which digital transformation creates firm value by considering mediating variables such as operational efficiency, business model innovation, product innovation, supply chain capability and competitive strategy. Future studies could also investigate moderating factors, including intellectual capital, IT capabilities, organizational readiness, corporate governance and industry characteristics, as well as potential nonlinear relationships. Comparative research across industries, firm size, ownership structures and emerging market contexts could further identify the conditions under which digital transformation generates greater firm value and refines the RBV explanation.

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