Digital Transformation as a Value Driver: New Evidence from an Emerging Market

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Abstract

This study carefully examines whether digital transformation increases firm value in Vietnam. While technology adoption has grown rapidly in the country, academic evidence on its impact remains relatively limited. The previous research findings consistently emphasize that digitalization can improve information processing, resource utilization efficiency, and governance quality. Therefore, this study investigates whether these valuation benefits are actually present in an emerging market. This study utilizes panel data from 319 listed companies over eight years. The Ordinary Least Squares (OLS), Fixed Effects, and Generalized Method of Moments methods were applied to address heterogeneity and endogeneity appropriately. The results show that digital transformation has a positive and significant impact on firm value. These findings are largely consistent with previous studies reporting increased valuations through a better information environment, stronger internal controls, and improved digital capabilities. This study further adds new evidence from Vietnam and applies a dynamic estimation framework to support stronger causal interpretations. However, key limitations primarily relate to the use of disclosure-based measures and a lack of industry-level comparisons. These issues clearly present opportunities for future research.

Keywords: Digital transformation, firm value, text mining, Vietnamese listed firm, SMEs

1. Introduction

Digital transformation has shifted from a technology-driven idea to a structural force that fundamentally reshapes competitive behavior, organizational design and strategic decisions. Increasingly, firms now actively adjust production systems, financial controls, disclosure practices and customer engagement by using digital infrastructures. These changes gradually reduce information friction, expand analytical capacity and improve responsiveness. According to studies by Peng and Tao (2022), Ferreira et al. (2019), and Warner and Wäger (2019), digital transformation consistently encourages innovation, improves resource use and supports long-term renewal. In capital markets, the shift is not merely limited to operational upgrades. Investors increasingly view digital maturity as a forward-looking signal of efficiency, profitability and sustainability alignment. Consequently, they often associate digital capability with higher firm value (Salvi et al., 2021).

Evidence from developed and emerging economies generally shows consistent value-enhancing effects, but the geographical coverage remains narrow. For example, studies in China find that digitalization notably improves resource allocation, increases productivity and strengthens market responses through greater transparency and stronger managerial control (Ren et al., 2021). In the same vein, research in Korea also reports that firms that adopt digital transformation typically achieve higher growth and more stable performance than firms that do not transform (An & Yoon, 2023). In addition, broader literature on digitalization and business model change shows that transformation repeatedly encourages capability renewal, strategic agility and competitive advantage, all of which collectively support higher valuation (Kohtamäki et al., 2019; Matarazzo et al., 2021). However, despite progress in other countries, the Vietnamese context has received comparatively little empirical attention. Vietnam has rapidly expanded digital adoption, developing capital markets and rising investor interest in technology transition. Unfortunately, limited study has seriously investigated whether digital transformation increases firm value using a comprehensive and rigorous approach.

In Vietnam, the national digitalization agenda is actively reshaping governance, reporting and industrial development. Listed firms also invest heavily in digital platforms, analytics and automation. Nevertheless, existing evidence is highly fragmented and often relies on simple disclosure indicators or cross-sectional comparisons. These methods do not control firm heterogeneity, persistence or reverse causality in valuation. To address these limitations, the present study uses 8-year panel of 310 listed firms and applies multiple econometric models such as ordinary least squares, fixed-effect estimation and the generalized method of moments. This design

effectively helps to isolate within-firm changes, control unobservable factors and reduce dynamic endogeneity. It therefore provides a more reliable assessment of whether digital transformation creates valuation gains.

This study is grounded in the resource-based view and signaling theory. From the resource-based perspective, digital transformation helps firms to systematically reconfigure resources, improve information flow, reduce rigidity and strengthen decision accuracy. These developments ultimately enhance long-term profitability and organizational performance (Peng & Tao, 2022). From a signaling perspective, visible digitalization significantly reduces information asymmetry and increases investor confidence. Firms that appear more adaptive and future-oriented often naturally receive valuation premiums (Salvi et al., 2021). Moreover, this study offers three main contributions. First, it provides multi-year empirical evidence in a context where academic discussion is still relatively limited. Second, it notably improves inference quality by applying both static and dynamic estimation methods. Third, it carefully examines whether global findings on digitalization and valuation also apply to a developing institutional setting. These contributions help advance academic debate, guide investor assessment and support policy decisions for Vietnam's digital reform.

2. Objectives

The objective of this study is to examine how digital transformation directly affects firm value in Vietnamese listed companies. Previous research shows that digital transformation can notably improve operational efficiency, innovation and strategic competitiveness. However, its effect on firm valuation in Vietnam has not been clearly demonstrated. To address this gap, the study uses a panel of 319 firms observed over eight years. Ordinary least squares, fixed effects and the generalized method of moments are applied to test whether digital transformation ultimately leads to higher market value. This objective helps build a more comprehensive understanding of digital transformation in an emerging economy where technology adoption is steadily increasing but empirical evidence is still relatively limited.

3. Materials and Methods

3.1. Literature review and hypotheses development

Digital transformation research has evolved gradually through clear stages over time. In the first stage, scholars mainly viewed digital change as the adoption of new technologies. Research during this period examined how digital tools directly influenced production systems, reduced transaction and coordination costs, and improved process efficiency. Previous studies also showed that internet connectivity and digital technologies reshaped industry structures and energy use. Together, these findings suggested that digitalization broadly affected wider economic relationships rather than only operational tasks (Lange et al., 2020). However, this early work remained technology centered and focused more on digital tools than on the strategic shifts that digital transformation ultimately creates within firms.

The next stage marked a move from a purely technological view to one that emphasizes organizational and strategic transformation. At this stage, digital transformation is described as a process through which firms progressively embed digital tools into core structures, redesign value chains, introduce data-driven decision systems, and reshape their value-creation logic. Systematic reviews show that technology alone does not automatically generate value. Firms also need to adjust their strategy, organizational processes, market approach and capability base (Gong & Ribiere, 2021). Similarly, research by Hanelt et al. (2021), and Kraus et al. (2022) emphasizes that digital transformation reshapes value creation, customer relationships and innovation cycles, and creates opportunities for new revenue streams. As a result, digital transformation is now understood as a strategic reconfiguration rather than a simple technical upgrade.

Within this shift, scholars have proposed several theories to explain how digital transformation directly affects firm value. One major perspective is the resource-based view. It argues that firms gain advantage when they possess resources that are valuable, rare and difficult to imitate. Clearly, digital transformation substantially contributes to these resources. Digital platforms, data structures, analytical systems and algorithm-based tools form combinations that competitors cannot easily reproduce. Additionally, the resource-based view also highlights the need for continual reconfiguration of these resources. Building on this logic, dynamic capability theory argues that digital intelligence helps firms effectively sense new opportunities, secure competitive positions and remain adaptive. Evidence from manufacturing and capital markets indicates that digital capability accelerates innovation,

supports new product development and strengthens competitive barriers, which collectively increase firm value (Ren & Lin, 2024).

Likewise, signaling theory provides another explanation. Capital markets value transparency, predictability and indicators of strategic readiness. When firms engage in digital transformation, they openly send signals about their innovation capacity and future growth potential. If investors interpret these signals positively, information asymmetry declines, market confidence rises and firm valuation improves. Evidence from Indonesia shows that digitalization disclosure notably increases firm value because investors view digital readiness as a credible signal (Hidayati et al., 2025). Other studies report similar findings consistently, which illustrate that digitalization enhances stock price informativeness by improving investment efficiency, lowering uncertainty and making firm-specific information more visible (Li, 2020). Research from financial institutions also supports this pattern. Adoption of digital tools significantly improves expected cash flow, reduces operational risk and raises valuation (Kakinuma & Likitratcharoen, 2025). These results strongly reinforce the idea that credible digital transformation generates favorable market signals.

A third perspective draws from stakeholder and sustainability research. It suggests that digital transformation influences firm value through environmental, social and governance dimensions. For example, digitalization notably strengthens regulatory compliance, sustainability practices, transparency and internal control systems. These improvements help reduce reputational risk and attract long-term investors. Evidence indicates that digital transformation enhances environmental and sustainability performance which then positively improves market valuation (Wang & Xia, 2024). It also raises labor welfare and improves knowledge allocation, which ultimately supports organizational legitimacy and long-term financial value (Huang et al., 2024). Research on Thailand firms finds that sustainability gains under digital transformation reliably translate into measurable financial benefits, reflected in higher firm value (Tian et al., 2025). These mechanisms collectively show that digital transformation strengthens both performance and stakeholder trust. Therefore, this study proposes the following hypothesis:

H1: Digital transformation has a positive impact on firm value in Vietnamese listed enterprises.

This hypothesis rests on the belief that digital transformation produces superior competitive capabilities, reduces uncertainty in the capital market, supports sustainability performance, and ultimately strengthens the economic value that investors assign to the firm. A confirmation of this hypothesis would extend global evidence into a previously under-examined context and fill a significant empirical void in the literature on digital transformation.

3.2. Research methods
3.2.1 Data collection

This study uses an unbalanced panel of 310 Vietnamese listed firms observed over eight years. Annual reports, financial statements and corporate narrative disclosures are manually collected to construct textual indicators of digital transformation. Market data for Tobin's Q, leverage, capital expenditure, and Z-score come from audited financial statements and public filings. The length of the panel and breadth of firm coverage strengthen estimation reliability, produce substantial variation over time and allow dynamic valuation behavior to be examined.

3.2.2 Variable measurement

Digital transformation is quantified through text mining using a bag-of-words dictionary. Keyword presence in annual reports is counted to capture disclosure intensity that reflects digital adoption commitment. The final variable equals the natural logarithm of one plus the total digital-related keyword count:

$$DT_{it} = \ln(1 + Words_{it})$$

This scaling reduces skewness and allows comparison across firms that differ in report length. Prior international evidence confirms that digital transformation improves organizational capability and performance (Peng & Tao, 2022), while disclosure about digitalization influences market valuation through signaling effects (Salvi et al., 2021).

Firm value is measured using Tobin's Q, defined as the ratio of market valuation to replacement value of assets. Tobin's Q captures investor expectations, risk absorption capacity and future growth potential more accurately than accounting-based ratios. An and Yoon (2023) find that digitally transformed firms generate superior growth and stability, which supports the rationale for employing a market-based valuation metric.

Control variables reflect structural attributes and managerial quality. Firm size equals the natural logarithm of total assets, firm age represents years since establishment, leverage equals total debt over total assets, and capital expenditure measures investment commitment in long-term productive capability. Z-score assesses financial stability. Chief executive officer characteristics reflect managerial influence: experience equals the natural logarithm of years working in the firm, gender equals one for female leadership and zero otherwise, and education equals one for postgraduate or higher qualification. These factors enter the model to ensure that valuation effects attributed to digital transformation are not driven by scale, capital structure or executive attributes.

3.2.3 Regression model

This study employs three estimation layers to examine whether digital transformation improves firm value. Ordinary least squares provide baseline results. Fixed effects estimation removes unobservable time-invariant heterogeneity and captures valuation shifts that result only from within-firm changes in digital transformation. Generalized method of moments addresses possible two-way causality between digital adoption and valuation, enabling dynamic interpretation where Tobin's Q today reflects past performance and capability levels.

The regression specification takes the form:

$$TobinQ_{it} = \alpha + \beta DT_{it} + \gamma Controls_{it} + \mu_i + \tau_t + \varepsilon_{it}$$

where:

DT_{it} is digital transformation disclosure intensity,

$Controls_{it}$ contains firm age, size, leverage, capital expenditure, Z-score and chief executive officer traits,

μ_i is firm fixed effect,

τ_t captures year variation,

β tests whether digital transformation increases firm value.

The multi-model structure and variable construction allow this study to provide causal-oriented evidence on how digital transformation affects valuation in Vietnam.

4. Results and Discussion

Table 1 shows the description statistics and correlation analysis. The descriptive statistics for all variables are presented in Table 1. Firm value, measured by Tobin's Q, has an average of 0.77. This indicates that most firms trade slightly above their asset value. The minimum value is close to zero, while the maximum exceeds 4.26. This wide range shows a clear gap between low-valued and highly valued firms in the market. The digital transformation variable (DT42) has a mean of 0.92. Its large standard deviation and a maximum value of 3.74 show that some firms report digital adoption often, while others disclose very little. This variation supports the need to test whether higher levels of digital transformation are linked to higher firm value. CEO characteristics also differ across firms. The average CEO age is about 48 years, and the average experience is roughly 8 years. Female CEOs represent only 11% of the sample, highlighting a gender imbalance in top leadership roles. Firm growth varies widely, with some firms expanding quickly and others contracting. Firm size and firm age also show substantial variation. Leverage averages 24% of total assets, although some firms use very high or very low debt levels. Capital expenditure intensity is low on average, but the range indicates different investment approaches across firms.

Table 1 Descriptive statistics and Pearson correlation results

	Descriptive Statistics			Pearson Correlation											
	Obs.	Mean	Std. dev.	TobinQ	DT42	lCEOAge	lCEOExp	CEOGen	GrowthS	Age2	Size3	Lev	CapExp2	Zrisk	VIF
TobinQ	2,278	0.773	0.647	1											
DT42	2,294	0.925	0.984	0.139***	1										1.26
lCEOAge	2,294	3.869	0.318	0.0527*	0.00967	1									1.23
lCEOExp	2,294	2.073	1.124	0.0555**	-0.0345	0.377***	1								1.20
CEOGen	2,287	0.112	0.315	0.0750***	0.126***	-0.105***	-0.0781***	1							1.03
GrowthS	2,284	0.180	0.922	-0.00547	-0.0363	-0.0636**	-0.0708***	-0.00643	1						1.04
Age2	2,294	3.209	0.565	0.123***	0.0539*	0.204***	0.144***	-0.0348	-0.118***	1					1.07
Size3	2,270	27.164	1.644	0.0626**	0.408***	0.131***	0.107***	0.0166	0.0646**	0.0743***	1				1.46
Lev	2,294	0.239	0.197	0.0441*	-0.0111	-0.0491*	0.00265	0.0133	-0.0268	-0.0483*	0.220***	1			1.24
CapExp2	2,255	0.038	0.066	0.0632**	0.0449*	0.0107	0.0824***	0.0126	0.103***	-0.0116	0.182***	0.0929***	1		1.06
Zrisk	2,264	0.402	0.490	-0.234***	-0.0478*	-0.130***	-0.116***	-0.0159	-0.0282	-0.104***	-0.188***	0.300***	-0.0562**	1	1.22

*$p < 0.05$, **$p < 0.01$, ***$p < 0.001$*

The correlation matrix shows digital transformation (DT42) has a positive association with firm value. The correlation coefficient is 0.139 and significant at the 1% level (p < 0.001). This means that firms reporting more digital transformation activity tend to have higher market valuation. The size of the correlation is moderate but statistically strong. This offers early support for the hypothesis that digital transformation increases firm value. The control variables show smaller, yet meaningful, correlations. CEO age (0.0527) and CEO experience (0.0555) both have positive relationships with firm value. Female CEOs show a coefficient of 0.075. Meaning that slightly higher valuation when firms are led by women. Firm age (0.123) and firm size (0.0626) correlate positively with Tobin's Q. Leverage (0.0441) and capital expenditure (0.0632) display weaker positive relationships. Financial distress risk has the strongest negative correlation at –0.234; firms with higher risks tend to have lower valuations. The Variance Inflation Factors range from 1.03 to 1.46, confirming multicollinearity is not a concern in the dataset.

Regression results are in Table 2 with the results of Pool-OLS, FEM, and GMM methods.

Table 2 Regression Results

VARIABLES	Pool-OLS TobinQ	FEM TobinQ	GMM TobinQ
lagTobinQ	0.8085***	0.2985***	0.6335***
	(0.028)	(0.049)	(0.062)
DT42	**0.0275***	**-0.0084**	**0.0400****
	(0.010)	**(0.016)**	**(0.016)**
lCEOExp	0.0119	0.0197**	0.0120
	(0.008)	(0.010)	(0.013)
CEOGen	-0.0125	-0.0883**	-0.1053
	(0.026)	(0.041)	(0.065)
GrowthS	0.0187	0.0172	0.0082
	(0.019)	(0.021)	(0.012)
Age2	0.0124	0.4620*	0.0232
	(0.017)	(0.254)	(0.028)
Size3	-0.0207**	-0.0335	-0.0456**
	(0.009)	(0.028)	(0.021)
Lev	0.3285***	0.7722***	0.6029***
	(0.054)	(0.134)	(0.166)
CapExp2	0.1112	0.0933	-0.0498
	(0.209)	(0.238)	(0.246)
Zrisk	-0.1058***	-0.1776***	-0.2107***
	(0.019)	(0.040)	(0.047)
Year Effect	Yes	Yes	Yes
Constant	0.5486**	-0.2351	1.1614**
	(0.234)	(0.852)	(0.582)
Observations	1,879	1,879	1,879
R-squared	0.679	0.215	
Number of id		310	310

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1*

The coefficient of DT42 is positive and statistically significant in Pool-OLS and System GMM, whereas the Fixed Effects Model yields an insignificant estimate. The OLS result implies that firms exhibiting higher levels of digital transformation tend to achieve higher market valuation. However, this association may partially reflect

unobserved firm characteristics. The FEM estimation relies solely on within-firm variation and captures short-term changes in digital intensity. Additionally, the insignificant FEM coefficient means incremental changes in digital transformation within the same firm do not immediately translate into valuation gains. This is consistent with the gradual nature of capability accumulation and organizational adjustment in digital initiatives. Importantly, the dynamic GMM estimation restores statistical significance and confirms a positive impact after controlling for persistence in firm value, unobserved heterogeneity, and potential endogeneity. This evidence emphasizes the valuation effect of digital transformation is dynamic and materializes over time rather than instantaneously. The consistent positive coefficients in OLS and GMM support the robustness of the DT42 effect, while the FEM result highlights the presence of adjustment lags rather than the absence of economic impact.

The lagged dependent variable remains large across all models, recorded at 0.8085 in OLS, 0.2985 in FEM, and 0.6335 in GMM. Meaning that firm value is strongly persistent over time. Control variables show mixed effects. CEO experience contributes modestly under FEM at 0.0197. Female CEOs reduce value in the same model at –0.0883. Firm size is negative in OLS and GMM, with coefficients of –0.0207 and –0.0456, and leverage remains strongly positive across all models which range from 0.3285 to 0.7722. Financial distress risk consistently lowers valuation (ranging from –0.1058 to –0.2107). The remaining variables show weaker or unstable patterns.

Table 3 Regression Results – Alternative Measurement of Digital Transformation

	Pool-OLS	FEM	GMM
VARIABLES	TobinQ	TobinQ	TobinQ
lagTobinQ	0.8108***	0.2985***	0.6453***
	(0.028)	(0.049)	(0.067)
DTNUM	0.0431**	-0.0045	0.0679**
	(0.020)	(0.030)	(0.033)
lCEOExp	0.0115	0.0197**	0.0088
	(0.008)	(0.010)	(0.013)
CEOGen	-0.0097	-0.0877**	-0.1005*
	(0.026)	(0.041)	(0.060)
GrowthS	0.0186	0.0171	0.0110
	(0.019)	(0.021)	(0.013)
Age2	0.0108	0.4663*	0.0353
	(0.017)	(0.255)	(0.022)
Size3	-0.0187**	-0.0337	-0.0403**
	(0.009)	(0.028)	(0.019)
Lev	0.3210***	0.7709***	0.5039***
	(0.054)	(0.134)	(0.144)
CapExp2	0.0984	0.0955	-0.0658
	(0.210)	(0.240)	(0.244)
Zrisk	-0.1039***	-0.1777***	-0.2301***
	(0.019)	(0.040)	(0.047)
Year Effect	Yes	Yes	Yes
Constant	0.4998**	-0.2473	0.9929*
	(0.233)	(0.854)	(0.512)
Observations	1,879	1,879	1,879
R-squared	0.679	0.215	

Number of ID : 310; Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

To further assess the robustness of the digital transformation effect, this section employs an alternative measurement based on DTDUM. DTDUM takes the value of 1 when digital transformation–related keywords appear in corporate disclosures and 0 otherwise. This binary indicator captures the presence of digital transformation adoption rather than its intensity. Using DTDUM allows the analysis to verify whether the main findings remain stable under a different operationalization of digital transformation and reduces concerns related to measurement sensitivity.

Table 4 represents the result of alternative measurement of digital transformation (DTNUM) which clearly indicates that DT continues to show a positive effect on firm value. Under the GMM estimator, DTNUM records a coefficient of 0.0679, statistically significant at 5%. This implies that firms with higher digital-related disclosure achieve higher Tobin's Q. The OLS model supports this finding, where DTNUM equals 0.0431 and is significant at 5%. Although the Fixed Effects estimate is –0.0045 and not significant, the dynamic GMM outcome is more reliable because it addresses endogeneity and valuation persistence. This means that the positive digital transformation value relationship remains valid even when applying a different measurement of digitalization.

Lagged TobinQ remains strongly positive in all models, with coefficients of 0.8108 in OLS, 0.2985 in FEM, and 0.6453 in GMM, all significant at 1%. This confirms high valuation persistence support the use of GMM as the preferred estimator. Controlled variables behave consistently with earlier results. CEO experience shows a positive coefficient of 0.0197 under FEM at 5 % significance. Female CEOs reduce firm value in FEM with -0.0877 at 5% significance. Firm size remains negative in OLS and GMM, recorded at –0.0187 and –0.0403, both significant at 5%. Leverage is strongly positive across all estimations ranging from 0.3210 to 0.7709 at the 1% level. Z-risk is consistently negative under every model, between –0.1039 and –0.2301, also significant at 1%.

5. Discussion

The empirical results show that digital transformation has a positive and economically meaningful effect on firm value in Vietnam. When digitalization is measured through keyword intensity (DT42), the dynamic GMM coefficient equals 0.0400 and is significant at the 5% level. When the alternative measure based on total count of distinct digital technology and business model (DTNUM) is used, the effect becomes notably stronger at 0.0679, also significant at the 5% level. Together, these results indicate that firms disclosing a greater volume of digital terms receive consistently higher market valuation. This pattern suggests that investors respond positively to signals of technological progress, transparency and modernization.

This finding aligns well with international research. Earlier studies note that digital transformation enhances valuation through improved information flow, stronger decision quality and higher operational efficiency. Empirical evidence by M. Li et al. (2024) shows that digitalization significantly increases stock price informativeness and reduces information asymmetry. This helps the market assess firm value more accurately. Other work reports that digital tools strengthen financial stability and improve access to trade credit, both of which directly support higher firm value (K. Wang et al., 2025). Additional research indicates that digital transformation enhances ESG performance and internal control systems, thereby resulting in higher valuation (D. Wang & Xia, 2024). C. Ren and Lin (2024) further show that digitalization supports cost leadership and differentiation strategies and ultimately raises firm value. Overall, prior studies consistently conclude that digital modernization reshapes competitive advantage and leads to measurable financial gains.

This study contributes to this literature by providing newly documented evidence from Vietnam, where empirical research on digitalization remains limited. Earlier studies focus largely on China and advanced economies where digital transformation regularly enhances innovation, human capital and market valuation (Chen & Luo, 2025). Vietnam differs from these contexts in terms of corporate structure, transparency level, technology investment scale and regulatory development. Despite these differences, the findings of this study show that digital transformation still clearly increases firm value. This suggests that technological progress can strengthen competitiveness even in developing markets. The robustness test using DTNUM further reinforces this

conclusion. When digital transformation is measured through total keyword volume rather than scaled frequency, the positive effect becomes comparatively larger yet remains significant in the GMM model. This indicates that deeper digital engagement, reflected through more extensive disclosure, meaningfully increases investor confidence. Investors appear to reward firms that pursue genuine and integrated digital strategies rather than symbolic efforts.

6. Conclusion

This study set out to examine whether digital transformation actually increases firm value in Vietnamese listed firms. The research was motivated by the limited evidence from emerging economies and the rapid growth of digitalization in Vietnam. For this reason, the study evaluates how publicly disclosed digital activities are directly reflected in market valuation. A panel dataset of 319 firms over 8 years was analyzed using Ordinary Least Squares, Fixed Effects and the Generalized Method of Moments. Using multiple models effectively allows the study to assess the digital–value relationship while addressing unobserved heterogeneity and dynamic performance patterns.

The findings show that digital transformation is positively associated with firm value. When measured through keyword frequency (DT42), the GMM coefficient is positive and significant. This indicates that digital activity clearly strengthens investor perception and valuation. The robustness test using total keyword volume (DTNUM) provides even stronger support. It shows that deeper levels of digital engagement consistently bring greater firm value. These results align with evidence from China and other developing economies, where digital transformation notably improves transparency, investment efficiency and internal governance, which in turn enhances firm value.

This study contributes to existing literature in several ways. First, it provides empirical evidence from Vietnam, a market where digitalization is expanding rapidly yet academic work on the topic remains relatively limited. Also, this study contributes to theory by framing digital transformation as a strategic capability that enhances firm value through dynamic resource reconfiguration and capability accumulation rather than immediate performance gains. Based on the Resource-Based View and dynamic capability theories, the findings explain how digital initiatives translate into sustained market valuation in an emerging market context. Next, it applies to GMM approach to strengthen causal interpretation rather than relying solely on static models. Through these contributions, the study meaningfully extends understanding of how digital transformation affects firm value beyond China-focused findings and offers new insight for emerging markets.

Despite these contributions, the study has limitations. Digital transformation is measured through text-based disclosure which reflects strategic communication but may not fully capture actual implementation. In addition, although GMM helps reduce endogeneity, the analysis does not explicitly examine omitted variables or differences in digital maturity across industries. Future research could use more detailed measures of digital capability, explore sector-specific patterns or potentially extend comparisons to other ASEAN markets.

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