

## **AN ACE UP THE SLEEVE: CAN DIGITAL TRANSFORMATION ENHANCE SUSTAINABLE AND NON-SUSTAINABLE PERFORMANCE?**

**ALAN BANDEIRA PINHEIRO**  
NEOMA BUSINESS SCHOOL

**NÁGELA BIANCA DO PRADO**  
UNIVERSIDADE ESTADUAL DE CAMPINAS (UNICAMP)

**FELIPE MOURA OLIVEIRA**  
UNIVERSIDADE ESTADUAL DO PIAUÍ (UESPI)

**ANA LIDIA DE OLIVERA SILVA RAMALHO**  
UNIVERSIDADE FEDERAL DO CEARÁ (UFC)

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## **Introdução**

Digital transformation, accelerated by emerging technologies and the COVID-19 pandemic, is reshaping global markets and corporate performance (Nadeem et al., 2024). While it offers potential benefits for financial outcomes and ESG practices, its success depends on strategic alignment with organizational and market contexts (Wang & Esperança, 2023). Despite evidence of positive impacts, particularly in SMEs and manufacturing, research lacks consensus on long-term effects and context-specific drivers, especially in emerging economies where adoption levels and outcomes vary (Yan et al., 2024).

## **Problema de Pesquisa e Objetivo**

In the Brazilian context, where companies face specific challenges such as an uneven digital infrastructure and a complex regulatory environment, digital transformation takes on even greater importance. This complexity leads to the research question of this study: What is the effect of digital transformation on the performance of leading Brazilian companies? Hence, the purpose of this research is to examine the effect of digital transformation on the financial and non-financial performance of Brazilian companies.

## **Fundamentação Teórica**

The Resource-Based View (RBV) remains central in organizational research, positing that firm performance stems from the strategic use of valuable, rare, and inimitable internal resources. In digital transformation studies, RBV explains how digital assets enhance capabilities, drive innovation, and support strategic decision-making. By improving productivity and enabling opportunity recognition, digital resources contribute to competitive advantage (Wang & Esperança, 2023). Thus, RBV provides a suitable theoretical foundation for examining how digital transformation influences firms' financial

## **Metodologia**

This study analyzes 137 publicly listed Brazilian companies from the Refinitiv Eikon database (2023) to assess the impact of digital transformation on financial and non-financial performance, using Tobin's Q, ESG performance, and social reputation as dependent variables. Digital transformation is measured via a disclosure index based on 32 terms found in annual reports. A mixed-methods approach—linear regression and fsQCA—was employed to explore both linear and complex causal relationships, controlling for firm-level variables such as innovation, size, and industry to ensure robust results

## **Análise dos Resultados**

Linear regression results show no effect on financial performance but positive effects on ESG and social reputation. Fuzzy-set QCA reveals multiple causal paths, with digital transformation, innovation, ROA, and firm size emerging as key conditions, especially for non-financial outcomes. Combined methods highlight both linear and complex relationships. Findings were discussed in light of the RBV Theory, confronting and confirming previous studies.

## **Conclusão**

After applying a multi-method approach, the findings revealed that digital transformation positively impacts companies' ESG performance and social reputation, confirming 2 of 3 research hypotheses. Furthermore, company size is a factor that positively influences both financial and non-financial performance. These results present important theoretical and practical contributions. Limitations are recognized, and guidelines for future studies are offered.

## **Contribuição / Impacto**

This study contributes to RBV Theory by showing that digital transformation enhances firms' non-financial performance and competitiveness, especially in emerging markets. Methodologically, it demonstrates the value of combining regression and fsQCA to reveal both linear and complex effects. Practically, it offers insights for managers and policymakers, emphasizing digital transformation as a strategic path to improve ESG performance and reputation, and calls for supportive public policies to foster digital adoption.

## **Referências Bibliográficas**

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