

ABSTRACT

This study was conducted to examine the effect of digital transformation on company financial performance with company size as a moderating variable. The Resource-Based View theory reveals that companies can achieve competitive advantage by leveraging their resources, including physical assets such as machinery, healthcare equipment, land, and buildings, as well as intangible assets such as expertise, technological knowledge, perception, and culture. Contingency Theory explains the relationship between management and the internal and external environments of the company and the importance of adaptation and adjustment in managing the organization. Larger companies are more prepared and capable of adopting digital transformation effectively and quickly.

This research used documentary method utilizing annual reports of companies listed on the Indonesia Stock Exchange (BEI) in the manufacturing sector during the period 2020-2022. Based on purposive judgment sampling, a sample of 122 companies was obtained. Digital transformation, financial performance, and company size were analyzed using multiple linear regression and moderated regression analysis. This study used control variables to control the scope of the study in the form of leverage, asset turnover ratio, and cash flow from operations.

The results showed a significant positive effect between digital transformation and company financial performance. Furthermore, company size can strengthen the positive relationship between digital transformation and company financial performance.

Keywords : *Digital Transformation, Firm Financial Performance, Firm Size*