How Digital Transformation Drives Firm Performance in Business Markets: A Longitudinal Analysis

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Abstract

Digital transformation has become a strategic imperative for firms operating in business markets, yet many firms struggle to translate their digital initiatives into performance gains. This research sheds light on how digital transformation impacts firm performance through exploration, exploitation, and ambidexterity as potential mediating mechanisms. It further examines the moderating role of digital leadership. We draw on the dynamic capabilities framework and construct a longitudinal panel dataset of 545 publicly listed U.S. B2B firms from 2009 to 2023. Our results show that digital transformation enhances firm performance through its positive effect on explorative or ambidextrous organizational learning. Through exploitative learning, in contrast, it has no significant effect. Digital leadership turns out as a non-significant moderator of the relationship between digital transformation and ambidexterity. Our findings provide a granular view on the organizational learning mechanism that turn digital transformation into firm performance in business markets.

Track: Business-To-Business Marketing & Supply Chain Management