

The Impact of Digital Transformation on Capital Allocation Efficiency Based on Mediating Effect of Risk Taking

Qongfang QIU¹, Yuxuan HE²

^{1,2}Nanjing University of Aeronautics and Astronautics, China

Abstract

Digital transformation, as an important means for traditional enterprises to transform and enhance traditional driving forces, realizes the value of data elements and becomes new driving forces for growth by integrating digital technology into core business. Therefore, studying the impact of digital transformation on the efficiency of enterprise capital allocation and its mechanisms is beneficial for promoting digital transformation and efficiency transformation in enterprises.

Taking China's, A-share listed companies from 2013 to 2021 as samples, this paper conducts an empirical study on the relationship between enterprise digital transformation, risk bearing level and capital allocation efficiency. The result shows enterprise digital transformation significantly improves the efficiency of enterprise capital allocation. The results are robust to different measures of digital transformation and endogeneity. Heterogeneity research shows that the impact of digital transformation on capital allocation efficiency is more pronounced in the eastern region of China than in the central and western region, and more pronounced in the manufacturing enterprises than in the non-manufacturing enterprises. In addition, this study investigates the potential channels and find that digital transformation increases the efficiency of enterprise capital allocation through improving corporate risk-taking. At the same time, this study proposes that the government should encourage the coordinated development of regional digital economy and enterprises should strengthen the awareness of digital transformation.

Keywords: digital transformation, capital allocation efficiency of enterprises, risk taking level, mediating effect, heterogeneity