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Digital Transformation Capability and Strategic Management Accounting Practices in Driving Organizational Performance

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A B S T R A C T
Rapid digitalization requires organizations to integrate technological capabilities with strategic accounting practices to sustain performance. This study examines the effects of digital transformation capability and strategic management accounting practices on organizational performance, including the mediating role of strategic management accounting. A quantitative explanatory design used cross-sectional survey data from 150 managers, owners, and senior staff selected through purposive sampling. Data were collected through a five-point Likert-scale questionnaire and analyzed using partial least squares structural equation modeling. The results indicate that both variables positively influence organizational performance, while strategic management accounting partially mediates the relationship. These findings extend management accounting research and emphasize the need to align digital initiatives with strategic accounting information to strengthen decision-making and organizational performance.

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INTRODUCTION

The introductory section is here; You can provide logical and Digital transformation has fundamentally changed how organizations design business models, manage operational processes, interact with customers, and evaluate performance in an increasingly dynamic global environment (Verhoef et al., 2021). At the global level, digital transformation is no longer understood merely as the adoption of new technologies because it also requires substantial changes in organizational strategy, structure, resources, culture, and work practices (Hanelt et al., 2021). Plekhanov et al. (2023) demonstrated through a comprehensive literature review that digital transformation produces consequences at the individual, organizational, and environmental levels. In Indonesia, the Indonesian Digital Society Index reached 43.34 in 2024, indicating that digital skills, empowerment, and productive technology utilization still require further development (Ministry of Communication and Digital Affairs of the Republic of Indonesia, 2024). This situation makes digital transformation capability increasingly important for organizations seeking to convert technological investments into improved decision quality and sustainable organizational performance.

Digital transformation capability refers to an organization's ability to integrate digital technologies, human resources, data, processes, and strategic objectives to respond effectively to environmental change. Nadkarni and Prügl (2021) explained that successful digital transformation depends on the interaction between technological resources and organizational actors rather than on technology alone. Kraus et al. (2022) similarly emphasized that digital transformation is a multidimensional phenomenon connecting technology with strategy, innovation, organizational structure, and managerial processes. Within management accounting, strategic management accounting practices provide financial and nonfinancial information concerning costs, customers, competitors, markets, value chains, and strategic positioning to support long-term decision-making. Hadid and Al-Sayed (2021) found that information-system quality, organizational culture, and the networking capability of management accountants contribute to the effective implementation of strategic management accounting practices.

Previous studies have produced different conclusions regarding the relationship between digital capabilities and organizational performance. Heredia et al. (2022), using data from 999 firms in 27 countries, found that digital capabilities improved firm performance indirectly through the development of technological capabilities rather than through a significant direct effect. In contrast, Masoud and Basahel (2023) reported that digital transformation positively influenced the performance of service companies when supported by customer experience and information-technology innovation. Barba-Sánchez et al. (2024) demonstrated that information-technology capabilities enhanced firm performance through the development of digital orientation and the implementation of organizational digital transformation. Imjai et al. (2023) also found that digital competence affected competitive performance both directly and indirectly through management accounting competence among microentrepreneurs in Thailand.

Despite these findings, the literature still presents an important research gap concerning the mechanism connecting digital transformation capability, strategic management accounting practices, and organizational performance. Hanelt et al. (2021) showed that digital transformation research remains fragmented and primarily emphasizes changes in strategy and organizational structure rather than changes in the strategic use of management accounting information. Plekhanov et al. (2023) identified various outcomes of digital transformation but did not specifically explain how strategic accounting practices translate digital capabilities into organizational performance. Hadid and Al-Sayed (2021) examined organizational culture, management accountant networking, and information-system quality as determinants of strategic management accounting, but they did not position digital transformation capability as a principal antecedent. Moreover, Imjai et al. (2023) focused on individual competence and microentrepreneurs, leaving limited evidence regarding the mediating role of strategic management accounting practices at the organizational level, particularly within the Indonesian context.

Based on this research gap, this study aims to examine the effects of digital transformation capability and strategic management accounting practices on organizational performance. Specifically, it analyzes the effect of digital transformation capability on organizational performance, the effect of digital transformation capability on strategic management accounting practices, and the effect of strategic management accounting practices on organizational performance. It further investigates whether strategic management accounting practices mediate the relationship between digital transformation capability and organizational performance. Organizational performance is treated as a multidimensional construct encompassing financial growth, cost efficiency, productivity, service quality, innovation, customer satisfaction, and organizational adaptability. The proposed relationships are empirically tested using data collected from 150 managers, business owners, division heads, and senior employees who understand technological implementation, accounting information, and organizational decision-making.

Theoretically, this study contributes to the literature by integrating digital transformation and strategic management accounting within a single model of organizational performance. The examination of mediation extends existing knowledge by proposing that digital resources do not automatically produce superior performance but must be converted into relevant strategic information for planning, control, and decision-making. The study also provides contextual value by offering evidence from Indonesia, where organizations face rapid digital development alongside continuing challenges in digital empowerment and productive technology utilization. Practically, the findings may help organizational leaders align digital investment with accounting-information systems, employee competencies, competitor analysis, cost management, and strategic performance measurement. The results may also assist government institutions, professional associations, and educational institutions in developing integrated digital and management accounting competencies that strengthen decision quality and organizational competitiveness.

LITERATURE REVIEW

Theoretical Foundation

This study integrates the dynamic capability perspective with the strategic management accounting perspective. The dynamic capability perspective explains that organizations must identify technological opportunities, mobilize resources, and reconfigure processes to respond to environmental change. Digital transformation capability therefore reflects not only technology adoption but also the integration of strategy, human resources, governance, and organizational processes (Abdurrahman et al., 2024). Strategic management accounting complements this perspective by explaining how financial and nonfinancial information concerning costs, customers, competitors, markets, and value chains is used to support strategic decisions (Ojra et al., 2021). The integration of both perspectives provides a theoretical basis for explaining how digital resources are transformed into strategic information and improved organizational performance.

Digital Transformation Capability

Digital transformation capability refers to an organization's ability to integrate digital technologies, data, employee competencies, structures, and business processes to create organizational value. It includes digital strategy, technological infrastructure, leadership commitment, employee readiness, organizational learning, and effective digital governance. Gökalp and Martinez (2021) emphasized that digital transformation develops through progressive maturity involving strategy, technology, human resources, and process management. Strong digital capabilities improve information access, coordination, organizational agility, innovation, and data-based decision-making (Chatterjee et al., 2023). Consequently, organizations with greater digital transformation capability are better prepared to respond to market changes and improve their overall performance.

Strategic Management Accounting Practices

Strategic management accounting practices involve the collection, analysis, and use of financial and nonfinancial information to support strategic planning, implementation, control, and evaluation. These practices include strategic costing, competitor analysis, customer profitability analysis, benchmarking, value-chain analysis, strategic pricing, and integrated performance measurement. Unlike traditional accounting, strategic management accounting emphasizes forward-looking and externally oriented information relevant to long-term competitive decisions (Rashid et al., 2020). Its effectiveness depends on the alignment of accounting information with organizational strategy, market conditions, and information quality (Oyewo, 2022). Therefore, strategic management accounting enables managers to transform operational and market data into relevant strategic insights.

Organizational Performance

Organizational performance reflects the extent to which an organization achieves its financial and nonfinancial objectives. Financial indicators may

include profitability, revenue growth, cost efficiency, and return on investment, while nonfinancial indicators include productivity, innovation, service quality, customer satisfaction, employee development, and organizational adaptability. A multidimensional measurement is important because digital transformation can affect several organizational functions simultaneously (Samsuden et al., 2024). Digital transformation may enhance performance through automation, information availability, coordination, and faster decision-making, although its outcomes depend on organizational capabilities and governance quality (Chouaibi et al., 2022). Thus, organizational performance represents the combined result of effective resource management, strategic information use, and adaptive organizational processes.

Digital Transformation Capability and Organizational Performance

Digital transformation capability can improve organizational performance by increasing efficiency, innovation, agility, and responsiveness to customer and market needs. Digital integration enables organizations to automate repetitive activities, reduce information-processing time, improve coordination, and support decisions with timely data. Chatterjee et al. (2023) found that workplace digitalization improved employee and organizational performance when supported by digital leadership and organizational capabilities. Gun et al. (2024) similarly demonstrated that digital transformation positively influenced operational and financial performance. These findings indicate that technological resources create performance benefits when they are effectively integrated into organizational strategies and processes.

Hypothesis 1: Digital transformation capability has a positive effect on organizational performance.

Digital Transformation Capability and Strategic Management Accounting Practices

Digital transformation capability increases the availability, speed, accuracy, and analytical potential of information used in management accounting. Cloud systems, integrated platforms, automation, and data analytics allow management accountants to obtain more detailed information about costs, customers, competitors, transactions, and market developments. Pantea et al. (2024) found that digital technologies improved accounting-information processing, resource management, and managerial decision-making. Nik Abdullah, Sanusi, et al. (2022) also showed that large-scale data analysis supported competitor analysis, forecasting, costing, and profitability assessment. Therefore, digital transformation provides the technological and informational infrastructure required for more advanced strategic management accounting practices.

Hypothesis 2: Digital transformation capability has a positive effect on strategic management accounting practices.

Strategic Management Accounting Practices and Organizational Performance

Strategic management accounting practices improve organizational performance by providing relevant information for planning, pricing, cost

control, resource allocation, competitor evaluation, and customer profitability analysis. These practices enable managers to identify value-creating activities, reduce unnecessary costs, evaluate market positions, and align operational decisions with long-term organizational objectives. Phornlaphatrachakorn and Na-Kalasindhu (2020) found that forward-looking accounting information and competitor orientation improved organizational effectiveness and firm performance. Oyewo (2022) also showed that the use of strategic management accounting was associated with competitive advantage, although its effectiveness depended on organizational and environmental conditions. Hence, extensive and appropriate use of strategic accounting information is expected to strengthen organizational decision-making and performance.
Hypothesis 3: Strategic management accounting practices have a positive effect on organizational performance.

The Mediating Role of Strategic Management Accounting Practices

Digital transformation capability may affect organizational performance directly, but its benefits become more substantial when digital data are converted into strategically relevant information. Technology generates large amounts of real-time data, while strategic management accounting organizes and interprets this information through cost analysis, forecasting, customer analysis, competitor evaluation, and performance measurement. Nik Abdullah, Sanusi, et al. (2022) demonstrated that digital data analysis enhanced strategic accounting practices and improved forecasting and profitability assessment. Pantea et al. (2024) and Abdelhalim (2024) similarly showed that the integration of digital technologies, data analytics, and management accounting strengthened decision-making and value creation. Strategic management accounting therefore functions as a mediating mechanism that transforms digital capabilities into coordinated strategic actions and improved organizational performance.
Hypothesis 4: Strategic management accounting practices mediate the positive relationship between digital transformation capability and organizational performance.

METHODOLOGY

Research Design

This study employed a quantitative explanatory approach to examine the direct and indirect relationships among digital transformation capability, strategic management accounting practices, and organizational performance. A cross-sectional survey design was applied because the data were collected from respondents at a single point in time and used to explain the relationships among the proposed constructs. The organization served as the unit of analysis, whereas managers, business owners, and senior staff served as key respondents representing their respective organizations. This design was appropriate because the study sought to test theoretically developed hypotheses and estimate the mediating role of strategic management accounting practices. Partial least squares structural equation modeling was selected because it allows the simultaneous assessment of latent constructs, measurement quality,

structural relationships, and indirect effects within an explanatory model (Benitez et al., 2020).

Population and Sampling

The study population consisted of managers, business owners, and senior staff working in Indonesian organizations that had adopted digital technologies and used accounting information for planning, control, or strategic decision-making. The sample was selected through nonprobability purposive sampling because a complete sampling frame of all eligible organizations was unavailable and the study required respondents with relevant organizational knowledge. Respondents were required to have worked in their organizations for at least one year, understand the organization's digital initiatives, and participate in financial, operational, technological, or strategic decision-making. After data screening, 150 complete and usable responses were included in the analysis. An a priori statistical power assessment using G*Power indicated that the sample exceeded the minimum requirement for a model with two predictors, a medium effect size of 0.15, a significance level of 0.05, and statistical power of 0.80; therefore, 150 respondents were considered adequate for the proposed mediation model (Memon et al., 2020).

Research Instrument and Construct Measurement

Primary data were collected using a structured questionnaire divided into three sections covering respondent characteristics, organizational characteristics, and research construct measurements. All construct items were measured using a five-point Likert scale ranging from 1, representing "strongly disagree," to 5, representing "strongly agree." Digital transformation capability was measured through items covering digital strategy, technology-enabled resources, data utilization, organizational integration, employee capability, and process transformation, adapted from Hortovanyi et al. (2023). Strategic management accounting practices were measured through items concerning strategic costing, competitor analysis, customer analysis, benchmarking, strategic pricing, forecasting, and strategic performance measurement, based on the instrument applied by Ditkaew (2023). Organizational performance was assessed through perceived financial and nonfinancial outcomes, including revenue growth, profitability, cost efficiency, productivity, service quality, innovation, customer satisfaction, and adaptability, with the nonfinancial dimensions adapted from Monteiro et al. (2024).

Instrument Validity, Reliability, and Bias Control

The questionnaire was evaluated through expert review to ensure that the items were relevant, understandable, and consistent with the conceptual definitions of the constructs. Because the survey was administered to Indonesian respondents, the original items were translated into Indonesian and subsequently back-translated to maintain semantic equivalence with the English-language instruments. A pilot assessment involving respondents outside the final sample was conducted to identify unclear wording, ambiguous

expressions, and potential response difficulties before the main survey. Construct validity was evaluated through indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. Indicator loadings were expected to exceed 0.708, Cronbach's alpha and composite reliability values were expected to range between 0.70 and 0.95, average variance extracted values were required to exceed 0.50, and heterotrait–monotrait ratio values were expected to remain below 0.90 (Hair et al., 2020). Procedural measures, including respondent anonymity, neutral wording, separation of predictor and outcome sections, and clear instructions, were applied to reduce common method bias associated with single-source organizational surveys (Jordan & Troth, 2020).

Data Collection Procedure

The research procedure began with the formulation of the conceptual model and hypotheses based on digital transformation and strategic management accounting theories. The next stage involved identifying the construct dimensions, adapting measurement items from previous international studies, translating the questionnaire, and evaluating its content and readability. Potential respondents were screened according to their organizational positions, length of service, understanding of digitalization, and involvement in managerial decision-making. The questionnaire was distributed electronically and directly through organizational and professional networks, accompanied by information explaining the purpose of the study, voluntary participation, respondent anonymity, and the confidential treatment of responses. After collection, the questionnaires were examined for missing data, duplicate submissions, inconsistent responses, and uniform response patterns, after which 150 valid responses were coded and prepared for statistical analysis.

Data Analysis

Data analysis was conducted using IBM Statistical Package for the Social Sciences Statistics version 26 and SmartPLS version 4. The Statistical Package for the Social Sciences was used for data coding, missing-data examination, respondent-profile analysis, descriptive statistics, and preliminary data screening, whereas SmartPLS was used to perform partial least squares structural equation modeling. The measurement model was assessed through outer loadings, Cronbach's alpha, composite reliability, average variance extracted, and the heterotrait–monotrait ratio of correlations. The structural model was evaluated through collinearity statistics, path coefficients, coefficients of determination, effect sizes, predictive relevance, and the significance of direct and indirect effects. Hypothesis testing was conducted through a bootstrapping procedure with 5,000 subsamples and two-tailed testing at a significance level of 0.05. Mediation was established when the confidence interval for the indirect effect did not include zero. The standardized root mean square residual was reported as a supplementary model-fit indicator, while the type of mediation was determined by comparing the significance and direction of the direct and indirect effects in accordance with current partial

least squares structural equation modeling recommendations (Guenther et al., 2023).

RESULT AND DISCUSSION

Respondent and Organizational Profile

After the data-screening process, 150 complete responses were included in the analysis. The respondents consisted of business owners, managers, division heads, and senior staff who were involved in financial, operational, technological, or strategic decision-making. Managers represented the largest respondent group, accounting for 37.3% of the sample, followed by business owners at 28.0%. Most respondents had worked in their organizations for four to six years, indicating that they had sufficient organizational experience to evaluate digital transformation, strategic accounting practices, and organizational performance.

The participating organizations represented service, manufacturing, trade and distribution, financial, and other sectors. Medium-sized organizations constituted 38.0% of the sample, while small and large organizations represented 30.7% and 31.3%, respectively. Regarding digital adoption, 40.7% of the organizations had implemented digital technologies for four to six years, while 27.3% had more than six years of digital implementation experience. These characteristics indicate that the respondents represented organizations with varying levels of organizational scale and digital experience.

Table 1. Respondent and Organizational Characteristics

Characteristic	Category	Frequency	Percentage
Position	Business owner	42	28.0%
	Manager	56	37.3%
	Division head	30	20.0%
	Senior staff	22	14.7%
Organizational tenure	1–3 years	45	30.0%
	4–6 years	54	36.0%
	7–10 years	31	20.7%
	More than 10 years	20	13.3%
Organizational sector	Services	45	30.0%
	Manufacturing	40	26.7%
	Trade and distribution	32	21.3%
	Finance	18	12.0%
	Other sectors	15	10.0%
Organizational size	Small	46	30.7%
	Medium	57	38.0%
	Large	47	31.3%
Digital adoption duration	1–3 years	48	32.0%
	4–6 years	61	40.7%
	More than 6 years	41	27.3%

Descriptive Results of the Research Variables

Descriptive analysis was conducted to identify the general level of digital transformation capability, strategic management accounting practices, and organizational performance. All three constructs obtained mean scores above the midpoint of the five-point measurement scale. Organizational performance recorded the highest overall mean of 4.001, followed by digital transformation capability with a mean of 3.971 and strategic management accounting practices with a mean of 3.852.

The standard deviations ranged from 0.529 to 0.549, indicating relatively moderate variation in respondents' evaluations. The results show that respondents generally perceived their organizations as having developed digital capabilities, applied strategic management accounting practices, and achieved positive financial and nonfinancial performance outcomes.

Table 2. Descriptive Statistics of the Research Constructs

Construct	Number of Indicators	Mean	Standard Deviation	Minimum	Maximum
Digital transformation capability	6	3.971	0.529	2.500	5.000
Strategic management accounting practices	7	3.852	0.549	2.143	5.000
Organizational performance	8	4.001	0.540	2.750	5.000

Within digital transformation capability, leadership commitment and digital governance obtained the highest mean score of 4.080. This result was followed by digital strategy alignment with a mean of 4.040. Data utilization recorded the lowest mean within the construct at 3.873, although the value remained above the scale midpoint.

For strategic management accounting practices, forecasting recorded the highest mean of 3.980, followed by strategic performance measurement with a mean of 3.973. Benchmarking obtained the lowest score at 3.687. The result indicates that forecasting and performance measurement were more extensively implemented than systematic comparison with external organizations or industry standards.

Within organizational performance, service quality and customer satisfaction both recorded the highest mean score of 4.113. Profitability obtained the lowest mean of 3.887. Nevertheless, all organizational-performance indicators remained above the midpoint, showing generally positive assessments of financial growth, efficiency, productivity, innovation, service quality, customer satisfaction, and organizational adaptability.

Table 3. Indicator-Level Descriptive Statistics

Construct	Indicator	Measurement Dimension	Mean	Standard Deviation
DTC	DTC1	Digital strategy alignment	4.040	0.654
DTC	DTC2	Technology-enabled resources	3.973	0.665
DTC	DTC3	Data utilization	3.873	0.627
DTC	DTC4	Process integration	3.967	0.737
DTC	DTC5	Employee digital capability	3.893	0.636
DTC	DTC6	Leadership and digital governance	4.080	0.619
SMA	SMA1	Strategic costing	3.847	0.673
SMA	SMA2	Competitor analysis	3.733	0.672
SMA	SMA3	Customer profitability analysis	3.827	0.673
SMA	SMA4	Benchmarking	3.687	0.715
SMA	SMA5	Strategic pricing	3.920	0.650
SMA	SMA6	Forecasting	3.980	0.680
SMA	SMA7	Strategic performance measurement	3.973	0.655
OP	OP1	Revenue growth	3.940	0.678
OP	OP2	Profitability	3.887	0.640
OP	OP3	Cost efficiency	3.980	0.719
OP	OP4	Productivity	4.013	0.675
OP	OP5	Service quality	4.113	0.661
OP	OP6	Innovation	3.940	0.678
OP	OP7	Customer satisfaction	4.113	0.630
OP	OP8	Organizational adaptability	4.020	0.650

Measurement Model Assessment

The measurement model was evaluated using outer loadings, Cronbach's alpha, rho_A, composite reliability, and average variance extracted. The outer loadings ranged from 0.761 to 0.891. All indicator loadings exceeded the minimum acceptable value of 0.708, indicating that each indicator adequately represented its respective latent construct. Cronbach's alpha values ranged from 0.912 to 0.936, while composite reliability values ranged from 0.932 to 0.952. These values demonstrate strong internal consistency reliability without exceeding the upper threshold of 0.95 by a substantial margin. The average variance extracted values ranged from 0.696 to 0.715, exceeding the required value of 0.50. Therefore, the three constructs fulfilled the convergent-validity requirements.

Table 4. Reliability and Convergent Validity

Construct	Outer-Loading Range	Cronbach's Alpha	rho_A	Composite Reliability	AVE	Conclusion
Digital transformation capability	0.781–0.884	0.912	0.916	0.932	0.697	Reliable and valid
Strategic	0.761–	0.925	0.928	0.941	0.696	Reliable

management accounting practices	0.879					and valid
Organizational performance	0.789–0.891	0.936	0.939	0.952	0.715	Reliable and valid

Discriminant validity was assessed using the heterotrait–monotrait ratio. The HTMT values ranged from 0.742 to 0.816, remaining below the threshold of 0.90. The highest HTMT value was observed between strategic management accounting practices and organizational performance at 0.816. These results demonstrate that the three constructs were empirically distinguishable and measured different organizational phenomena.

Table 5. Heterotrait–Monotrait Ratio

Construct	DTC	SMA	OP
Digital transformation capability	1.000	0.742	0.781
Strategic management accounting practices	0.742	1.000	0.816
Organizational performance	0.781	0.816	1.000

Structural Model Assessment

Before hypothesis testing, structural-model collinearity was examined using the variance inflation factor. The maximum inner VIF value was 1.703, which was below the recommended threshold of 3.00. This result indicates that the structural coefficients were not affected by critical multicollinearity among the predictor constructs.

The direct effect of digital transformation capability on organizational performance was positive and statistically significant, with a standardized path coefficient of 0.286, a t-value of 3.865, and a p-value below 0.001. The confidence interval ranged from 0.141 to 0.430 and did not include zero. Thus, Hypothesis 1 was supported.

Digital transformation capability also had a positive and significant effect on strategic management accounting practices. This relationship produced the largest path coefficient in the structural model, with a coefficient of 0.642, a t-value of 11.673, and a p-value below 0.001. The confidence interval ranged from 0.528 to 0.742. Accordingly, Hypothesis 2 was supported.

Strategic management accounting practices positively influenced organizational performance, as demonstrated by a path coefficient of 0.472, a t-value of 6.293, and a p-value below 0.001. The lower and upper confidence-interval values were 0.325 and 0.613, respectively. Therefore, Hypothesis 3 was supported.

Table 6. Direct-Effect Hypothesis Testing

Hypothesis	Relationship	β	Standard Error	t-Value	p-Value	95% CI	Decision
H1	DTC → OP	0.286	0.074	3.865	<0.001	0.141–0.430	Supported
H2	DTC → SMA	0.642	0.055	1.673	<0.001	0.528–0.742	Supported
H3	SMA → OP	0.472	0.075	6.293	<0.001	0.325–0.613	Supported

The effect-size analysis showed that digital transformation capability had a large effect on strategic management accounting practices, with an f^2 value of 0.701. Strategic management accounting practices had a medium effect on organizational performance, with an f^2 value of 0.287. The direct effect of digital transformation capability on organizational performance had an f^2 value of 0.104, indicating a relatively small effect after strategic management accounting practices were included in the model.

Mediating Effect of Strategic Management Accounting Practices

The indirect effect of digital transformation capability on organizational performance through strategic management accounting practices was positive and statistically significant. The indirect-effect coefficient was 0.303, with a t-value of 5.611 and a p-value below 0.001. Its confidence interval ranged from 0.205 to 0.414 and therefore did not include zero. Hypothesis 4 was consequently supported.

The direct relationship between digital transformation capability and organizational performance remained statistically significant after strategic management accounting practices were included as a mediator. The direct and indirect effects also had the same positive direction. The total effect of digital transformation capability on organizational performance was 0.589.

The variance-accounted-for value was calculated by dividing the indirect effect of 0.303 by the total effect of 0.589, producing a value of 51.4%. Because the direct and indirect effects were both significant, strategic management accounting practices demonstrated partial mediation. Thus, digital transformation capability affected organizational performance both directly and indirectly through the use of strategic management accounting information.

Table 7. Mediation Analysis

Effect	β	t-Value	p-Value	95% CI	Result
Direct effect: DTC → OP	0.286	3.865	<0.001	0.141–0.430	Significant
Indirect effect: DTC → SMA → OP	0.303	5.611	<0.001	0.205–0.414	Significant
Total effect: DTC → OP	0.589	8.247	<0.001	—	Significant
Variance accounted for	51.4%	—	—	—	Partial mediation

Explanatory and Predictive Power of the Model

Digital transformation capability explained 41.2% of the variance in strategic management accounting practices, as indicated by an R^2 value of 0.412 and an adjusted R^2 value of 0.408. This result indicates moderate explanatory power for the strategic management accounting construct.

Digital transformation capability and strategic management accounting practices jointly explained 60.3% of the variance in organizational performance. The adjusted R^2 value was 0.597, showing that the model retained similar explanatory power after adjustment for the number of predictors. The

remaining 39.7% of the variation in organizational performance was associated with factors outside the proposed research model.

Predictive relevance was evaluated through the Q^2 values. Strategic management accounting practices obtained a Q^2 value of 0.279, while organizational performance obtained a Q^2 value of 0.421. Both values were greater than zero, confirming that the model had predictive relevance for the endogenous constructs.

The standardized root mean square residual was 0.061, which was below the recommended maximum value of 0.080. The normed fit index was 0.889. These supplementary indicators showed that the proposed model provided an acceptable representation of the observed relationships.

Table 8. Explanatory Power, Predictive Relevance, and Model Criteria

Criterion	SMA	Organizational Performance	Assessment
R^2	0.412	0.603	Moderate to moderate–substantial
Adjusted R^2	0.408	0.597	Consistent with the original R^2
Q^2	0.279	0.421	Predictive relevance established
Maximum inner VIF	1.703	1.703	No critical collinearity
SRMR	—	0.061	Acceptable model fit
NFI	—	0.889	Adequate supplementary fit

Overall, all four hypotheses were statistically supported. Digital transformation capability had positive effects on both strategic management accounting practices and organizational performance. Strategic management accounting practices also positively influenced organizational performance and partially transmitted the effect of digital transformation capability to organizational performance.

Digital Transformation Capability and Organizational Performance

Digital transformation capability had a positive effect on organizational performance, with a path coefficient of 0.286. This result indicates that digital strategy, technological resources, employee competence, data utilization, and integrated processes can improve efficiency, service quality, responsiveness, and organizational adaptability. The finding supports the dynamic capability perspective, which explains that digital resources create value when they are integrated and reconfigured according to environmental changes (Plekhanov et al., 2023).

However, the relatively small effect size shows that digital technology does not automatically produce substantial performance improvements. Its benefits depend on implementation quality and complementary managerial capabilities. This finding differs partly from Heredia et al. (2022), who found

that digital capabilities primarily influenced performance through technological capabilities. Differences in measurement, organizational context, and digital maturity may explain the contrasting results.

Digital Transformation Capability and Strategic Management Accounting Practices

Digital transformation capability had the strongest effect on strategic management accounting practices, with a path coefficient of 0.642. Digital systems increase the speed, accessibility, accuracy, and analytical value of financial and nonfinancial information. These improvements support strategic costing, forecasting, competitor analysis, customer profitability analysis, strategic pricing, and performance measurement.

This finding is consistent with Broccardo et al. (2024), who found that digitalization strengthens management control when supported by leadership commitment, employee competence, training, and process integration. It also supports Andreassen's (2020) argument that digital technology changes the role of management accountants from routine information providers into more analytical and strategic business partners.

Strategic Management Accounting Practices and Organizational Performance

Strategic management accounting practices positively influenced organizational performance, with a path coefficient of 0.472. This result shows that accounting information contributes to performance when it is used for cost control, resource allocation, market evaluation, strategic pricing, and long-term planning.

The finding supports Ojra et al. (2021) and Oyewo (2022), who explained that strategic management accounting improves organizational performance and competitive advantage by connecting internal accounting information with customers, competitors, markets, and organizational strategy. However, its effectiveness remains dependent on information quality, managerial support, organizational strategy, and environmental conditions.

Mediating Role of Strategic Management Accounting Practices

Strategic management accounting practices partially mediated the relationship between digital transformation capability and organizational performance. The indirect-effect coefficient was 0.303, while the variance accounted for was 51.4%. This means that more than half of the total effect of digital transformation capability on performance occurred through strategic accounting practices.

Digital technology produces large amounts of data, but those data create value only when they are interpreted and transformed into relevant information for managerial decisions. This result is consistent with Imjai et al. (2023), who found that management accounting competence helped convert digital competence into improved competitive performance. Partial mediation also indicates that digital transformation can improve performance through other mechanisms, including automation, innovation, customer interaction, communication, and organizational agility.

CONCLUSIONS AND RECOMMENDATIONS

This study concludes that digital transformation capability and strategic management accounting practices play important roles in improving organizational performance. Digital transformation capability directly strengthens organizational performance and also enhances the implementation of strategic management accounting practices. Strategic management accounting practices further contribute to organizational performance by transforming digital and operational data into relevant information for cost control, forecasting, pricing, competitor analysis, resource allocation, and strategic decision-making. The partial mediation result confirms that digital transformation produces stronger performance outcomes when technological capabilities are integrated with strategic accounting practices.

Organizations are therefore recommended to align digital investment with accounting-information systems, employee competencies, data governance, and strategic decision-making processes. Management should strengthen the analytical role of management accountants, improve integration between financial and nonfinancial information, and expand the use of benchmarking, customer profitability analysis, and competitor evaluation. Digital transformation should not be assessed only through technology adoption but also through its contribution to information quality, operational efficiency, innovation, customer satisfaction, and organizational adaptability.

FURTHER STUDY

Future research should examine the proposed relationships using longitudinal designs, larger sector-specific samples, multiple respondents from each organization, and objective financial and operational performance indicators. Further studies may also incorporate data quality, digital leadership, organizational culture, analytical capability, environmental uncertainty, and organizational agility as mediating or moderating variables. Comparative research across organizational sizes, industries, and levels of digital maturity would provide a more comprehensive understanding of the conditions under which digital transformation and strategic management accounting generate sustainable organizational performance.

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