

Strategic Agility and Firm Performance: The Mediating Role of Recordkeeping in SMEs

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Abstract

This study aims to provide empirical evidence on whether strategic agility influences firm performance and whether recordkeeping mediates this relationship. The sample were SMEs in Kudus Regency, resulting in a total sample size of 174. The data analysis in this study used partial least squares structural equation modeling (PLS-SEM). The results showed that strategic agility positively affected firm performance, and recordkeeping mediated this effect. The uniqueness of this study lies in combining the concept of strategic agility with accounting practices through recordkeeping, a link that is positioned as a mediator, especially in developing countries like Indonesia. The results of this study can be used by SMEs to further improve their recordkeeping practices when facing environmental uncertainty, thereby increasing firm performance.

Keywords: strategic agility, recordkeeping, firm performance, SME's mediating

1. Introduction

Firm performance is one of the main keys to determining the success of SMEs. SME success can be demonstrated through increased profitability, customer satisfaction, and employee satisfaction (Yildiz & Aykanat, 2021). Given the importance of firm performance, SMEs must be able to improve their performance. SMEs focus on strategic agility to improve firm performance (Ermawati, 2026; Hussin et al., 2025; Khraim, 2022; Tufan & Mert, 2023). Strategic agility is the ability of SMEs to respond quickly to changes in the business environment (Hendrawidjaja et al., 2026; Purwanto et al., 2023; Solichin et al., 2026; Viktora-jones et al., 2024). Strategic agility in SMEs is the key to achieving competitive advantage. Competitive advantage can be demonstrated by how SMEs adapt new strategies to consumer demand, thereby increasing sales and improving firm performance. Dynamic capabilities theory emphasizes that SMEs with high strategic agility can improve firm performance through strong capabilities in rapid learning (Tufan & Mert, 2023), flexible change strategies (Haider & Kayani, 2021), and adaptation to environmental changes (Sikora & Baranowska-Prokop, 2025).

Previous research has found evidence that strategic agility can improve firm performance (Arici & Gok, 2023; Duangekanong, 2025; Haider & Kayani, 2021; Kale et al., 2019; Yildiz & Aykanat, 2021). Other studies show different evidence that strategic agility cannot influence firm performance (Purwanto et al., 2023; Reed, 2021; Shin et al., 2015; Sikora & Baranowska-

Prokop, 2025). The inconsistent results across previous research suggest that other factors influence strategic agility and firm performance. Those factors may indirectly influence strategic agility.

Based on dynamic capabilities theory, SMEs continuously reconfigure their internal resources to adapt to environmental changes (Viktora-jones et al., 2024). This aligns with strategic agility, which reflects SMEs' ability to address environmental changes. To address environmental changes requiring a reliable, structured, and timely information system to support their operational activities through recordkeeping.

Recordkeeping is the activity of SMEs in recording and documenting financial information accurately, precisely, consistently, and in a format that is easily readable for decision making (Fida et al., 2025). Therefore, SMEs with high strategic agility tend to strengthen their recordkeeping systems to support effective decision making. Recordkeeping also serves as an information-processing capability, in accordance with the resource-based view (RBV), transforming organizational responses into quality decisions and thereby improving firm performance.

This aligns with research by Lutfi et al (2020), which shows that strategic agility can enhance the effectiveness of accounting information systems by implementing efficient recordkeeping practices, thereby improving firm performance. Ajape & Adelowotan (2025) found evidence in a dynamic environment where SMEs with high strategic agility require reliable and timely information. This reliable and timely information can only be obtained through an effective recordkeeping system. Managers consider recordkeeping as the most authentic and trustworthy source of information (S. I. Khan et al., 2025). Previous research has found that good recordkeeping practices contribute positively to firm performance (Balagobei, 2019; Fida et al., 2025; Halabí & Lussier, 2014; Nwosu, 2018).

Based on RBV theory, recordkeeping can be considered an intangible organizational resource of high value (Lutfi et al., 2020) because it can increase decision-making efficiency. Therefore, recordkeeping can potentially be a mediating variable in the relationship between strategic agility and firm performance. Other findings suggest that high strategic agility encourages companies to make quick and accurate decisions, thereby necessitating recordkeeping for decision making, which in turn improves firm performance (Joma et al., 2025). Furthermore, Abuanzeh et al (2022) found that strategic agility enhances competitiveness through effective knowledge management. In this context, recordkeeping can be viewed as an essential component of knowledge management because it provides accurate and reliable information for organizational decision-making. Therefore, recordkeeping may function as a mediating variable in the relationship between strategic agility and firm performance.

The novelty of this study lies in examining how strategic agility influences firm performance through recordkeeping as an information-processing capability. Unlike previous studies that mainly focused on direct relationships, this research proposes an indirect mechanism by integrating strategic management perspectives with information and accounting aspects.

2. Literature Review

2.1 *Dynamic Capabilities Theory*

Dynamic capabilities theory holds that a company's ability to achieve competitive advantage in a dynamic environment is determined by its capacity to integrate, build, and reconfigure its resources (Adomako et al., 2022; Muchoki, 2022; Tufan & Mert, 2023; Yildiz & Aykanat, 2021). Strategic agility is crucial for SMEs amid environmental uncertainty. Environmental uncertainty enables SMEs to identify opportunities (sensing agility), make informed decisions (decision making), and adapt to inappropriate strategies (acting agility), thereby improving firm performance (Ermawati, 2026).

This study positions strategic agility as a dynamic capability that responds quickly to environmental changes. Furthermore, SMEs' response to these environmental changes depends on accurate, relevant, and timely information. Therefore, SMEs with high strategic agility tend to require better internal information systems for effective decision making. Moreover, the role of recordkeeping in this study enables organizations to manage information systematically, thus supporting the effectiveness of dynamic capability in improving firm performance.

2.2 *Resource-Based View Theory (RBV)*

The resource-based view emphasizes that organizations can achieve competitive advantage through the uniqueness of their resources, which cannot be imitated by competitors (Abuanzeh et al., 2022; Ermawati, 2026; Hendrawidjaja et al., 2026; Lutfi et al., 2020; Purwanto et al., 2023). The uniqueness of SMEs' resources can be demonstrated through the management of quality information as a strategic resource that supports effective decision making, thereby improving firm performance. In the context of this research, the strategic resource related to information management is recordkeeping. Recordkeeping can have a positive impact on SMEs, namely by producing high-quality information, increasing transparency, and improving operational efficiency. Therefore, recordkeeping can be used by SMEs to gain a competitive advantage and improve firm performance (Fida et al., 2025). Empirical evidence shows that implementing an accounting information system that supports effective recordkeeping can improve firm performance (Budiarto et al., 2022).

2.3 *Hypothesis Development*

Strategic Agility and Firm Performance. Today's business environment is full of uncertainty. This uncertainty is reflected in changes in the business environment and market price fluctuations, which require companies to adapt and respond quickly and appropriately. The solution for responding to rapid environmental changes through a firm's capability is strategic agility (Hendrawidjaja et al., 2026; Kale et al., 2019; Khraim, 2022; Sikora & Baranowska-Prokop, 2025). Dynamic capabilities theory emphasizes that SMEs achieve competitive advantage by effectively utilizing both internal and external resources and by reconfiguring their strategies in response to environmental changes. This perspective demonstrates that

strategic agility reflects SMEs' dynamic capabilities to adapt their strategies (Solichin et al., 2026), to develop innovation (Tufan & Mert, 2023; Yildiz & Aykanat, 2021) and to increase operational flexibility (Vrontis et al., 2023). High strategic agility is a key capability that enables SMEs to respond to opportunities and threats effectively, thereby supporting their success. A number of previous research results show that strategic agility improves firm performance (Arici & Gok, 2023; Duangekanong, 2025; Haider & Kayani, 2021; Hendrawidjaja et al., 2026; Hussin et al., 2025; Solichin et al., 2026; Tufan & Mert, 2023; Viktora-jones et al., 2024; Yildiz & Aykanat, 2021). A dynamic business environment influences customer demand; when SMEs are unable to meet this demand, they are considered to have weak strategic agility (Purwanto et al., 2023). In this research, it is concluded that strategic agility serves as a dynamic capability that enables SMEs to adapt effectively to environmental changes, thereby enhancing firm performance. Based on theory and empirical evidence from previous research, the following hypothesis can be proposed:

H1: Strategic agility has a positive effect on firm performance

Recordkeeping, Strategic Agility and Firm Performance. Strategic agility is the ability of SMEs to detect environmental changes by responding quickly and appropriately using strategic actions (David et al., 2025; Duangekanong, 2025; Sikora & Baranowska-Prokop, 2025). Based on dynamic capabilities theory, strategic agility is defined as the ability of SMEs to manage information, ensure the accuracy and timeliness of data, and make appropriate decisions when environmental changes occur. One example of this information management and decision-making process is the role of recordkeeping (Ajape & Adelowotan, 2025). Empirical evidence shows that strategic agility can improve a company's internal processes by strengthening information and knowledge management. Findings from Abuanzeh et al (2022) provide evidence that strategic agility influences knowledge management, which reflects information management capability. Based on these findings, recordkeeping can be viewed as part of the information system that may be enhanced in more agile firms to support effective decision-making. Strategic agility requires timely information to respond to environmental changes (Lutfi et al., 2020; Mabula & Ping, 2018), thereby encouraging improvements in recording systems that ultimately enhance record keeping. On the other hand, SMEs require reliable information through effective record-keeping practices to make quick and accurate decisions (Joma et al., 2025). Therefore, strategic agility may influence record keeping. Recordkeeping is a financial recording system that produces accurate, timely information to support appropriate managerial decision-making (Fida et al., 2025). Based on RBV theory, it is asserted that quality accounting information is a resource for SMEs to improve firm performance. Accurate accounting information can be achieved through effective recordkeeping practices. Previous research confirms that high-quality accounting information can improve firm performance (Afifa & Nguyen, 2024; Budiarto et al., 2022; Nguyen et al., 2025; Tran et al., 2026). To achieve high firm performance, companies also require effective decision-making supported by proper recordkeeping practices (Ajape & Adelowotan, 2025; Fida et al., 2025). Effective recordkeeping enables companies to generate accurate and reliable information (Hamdy et al., 2025; S. Khan & Gupta, 2025), which supports managerial decision-making. Furthermore,

companies with up-to-date records and adequate financial controls are more likely to succeed than those without such practices (Halabí & Lussier, 2014). Empirical findings show that strategic agility can influence firm performance both directly (Ermawati, 2026; Solichin et al., 2026) and indirectly through mediating variables (Clauss et al., 2021; Mabula & Ping, 2018). Previous research also shows that strategic agility influences firm performance through knowledge management (Abuanzeh et al., 2022), absorptive capacity (Luo et al., 2026), innovation (Clauss et al., 2021; Duangekanong, 2025; Mata et al., 2024; Varma et al., 2026), accounting information system (Yoshikuni et al., 2025). In this research, SMEs with high strategic agility require reliable, timely financial information. This information can be demonstrated through effective recordkeeping. Effective recordkeeping can support better decision-making, thereby improving firm performance. In other words, recordkeeping mediates the effect of strategic agility on firm performance.

H2: Recordkeeping mediates the influence of strategic agility on firm performance

The following presents a picture of the research framework:

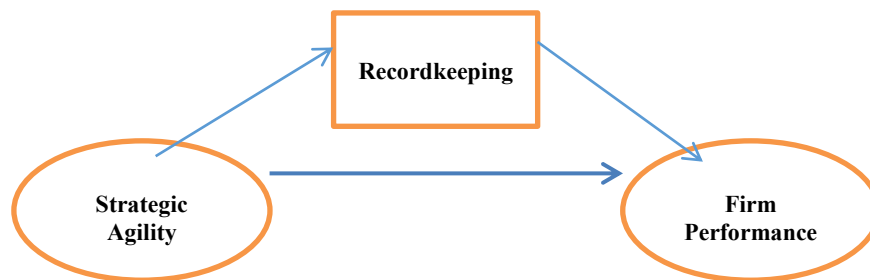


Figure 1. Research Framework (author, 2026)

3. Research Method

Data Analysis. The data analysis in this study used the structural equation modeling partial least squares (SEM PLS) technique with the smart PLS version 4 tool. Data analysis used a second-order construct model. Data analysis must meet the outer model, inner model, and model fit test. The outer model should meet the validity criteria, including outer loading, average variance extracted (AVE), fornell–larcker criterion, and heterotrait–monotrait ratio (HTMT), as well as the reliability criteria, including Cronbach’s alpha and composite reliability (Hair et al., 2021). The inner model is used to test the hypothesis. Model fit can be measured using R^2 and Q^2 prediction (Hair et al., 2021).

Identification of Research Variables. The endogenous construct in this study is firm performance. Firm performance is the level of success of a company in achieving its business goals (Arici & Gok, 2023; Purwanto et al., 2023). Measurement model using measurement items Ermawati (2026), which consists of two dimensions: financial, consisting of four indicators, and nonfinancial, consisting of four indicators. The exogenous construct in this study is strategic agility. Strategic agility is a company's ability to respond quickly and appropriately to environmental changes (David et al., 2025; Sikora & Baranowska-Prokop, 2025). The

strategic agility measurement model consists of 3 dimensions: sensing agility (3 indicators), decision-making agility (3 indicators), and acting agility (3 indicators) (Ermawati, 2026). The mediation construct in this study is recordkeeping. Recordkeeping is the process of accurately recording transactions and operational data to ensure transparency, accuracy, and accountability (Fida et al., 2025). Measurement model using measurement items from Fida et al (2025), which consists of two dimensions: documentation quality (4 indicators) and accessibility (3 indicators).

Population and Sample. The research population comprises all Small and Medium Enterprises (SMEs) operating in Kudus Regency in 2022, totaling 892 (Dinas Tenaga Kerja Perindustrian Koperasi Usaha Kecil dan Menengah, 2023). The sampling technique used was purposive sampling. The sampling criteria were SMEs in Kudus that had financial records. Based on Hair et al (2018), the minimum sample size for SEM PLS analysis is 10 times the number of arrows to the largest endogenous construct. This research model has the largest number of arrows to the endogenous construct: 2 multiplied by 10, which equals 20. The results of distributing questionnaires to respondents obtained 174 samples.

4. Finding and Discussion

Descriptive Statistics. Descriptive statistics are presented in Table 1 based on 174 respondents from SMEs. The average value across all constructs is high. Strategic agility with the sensing agility dimension (4.203) has the highest average value, followed by decision-making agility (3.888) and acting agility (4.024). It can be concluded that SMEs have a greater ability to identify opportunities than to make strategic decisions. The firm performance construct shows that the nonfinancial dimension (4.367) has an average value that is much higher than the financial dimension (4.011). This indicates that SMEs have better nonfinancial performance, such as customer satisfaction. In the recordkeeping construct, documentation quality (4.086) and accessibility (4.095) show high, relatively balanced average values, indicating that SMEs not only have good recordkeeping practices but also provide fairly good access to information. The standard deviation ranges from 0.347 to 0.940, indicating a moderate level of variation. This indicates that respondents' perceptions are relatively consistent across all constructs studied.

Table 1. Descriptive Statistics

Construct	N	Minimum	Maximum	Mean	Std. Deviation
Strategic Agility:					
Sensing Agility	174	3.00	5.00	4.203	0.772
Decision Making Agility	174	1.00	5.00	3.888	0.940
Acting Agility	174	2.00	5.00	4.024	0.889
Firm Performance					
Financial	174	1.00	5.00	4.011	0.347
Nonfinancial	174	1.00	5.00	4.367	0.401
Recordkeeping					

Documentation Quality	174	1.00	5.00	4.086	0.672
Accessibility	174	1.00	5.00	4.095	0.362

Source: Edited by Author, 2026

Common Method Bias Test. Table 2 shows the results of the common method bias (CMB) test using Harman's single-factor approach. The CMB test results indicate that one factor only explains 38.568% of the total variance (50%). The test results concluded that there were no serious problems in the study. Data obtained from respondents were not affected by measurement bias.

Table 2. Common Method Bias Test

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.256	38.568	38.568	9.256	38.568	38.568

Source: Edited by Author, 2026

Outer Model. The outer model is presented in Table 3. Convergent validity is measured through outer loading and average variance extracted (AVE). Outer loading for all indicators is mostly above 0.70, indicating good validity. Although SA9 is $0.646 < 0.70$, it can still be maintained because the overall construct validity still meets the criteria. All AVE values are in the range of 0.570 to 0.786, which has exceeded the minimum limit of 0.50, thus indicating adequate convergent validity. Construct reliability is tested using Cronbach's alpha, rho_a, and composite reliability (rho_c). All constructs show good internal consistency, with Cronbach's alphas ranging from 0.722 to 0.884, rho_a values above 0.70, and composite reliabilities between 0.797 and 0.921. Overall, these results indicate that the measurement model meets the criteria for convergent validity and reliability.

Table 3. Outer Model

Construct	Dimension	Indicator s	Outer Loadin g	AVE	Cronbac h Alpha	Rho_ a	Rho_ c
Strategic Agility	Sensing Agility	SA1	0.772	0.659	0.740	0.740	0.853
		SA2	0.859				
		SA3	0.801				
	Decision Making Agility	SA4	0.708	0.582	0.739	0.753	0.806
		SA5	0.740				
		SA6	0.835				
	Acting Agility	SA7	0.820	0.570	0.722	0.747	0.797
		SA8	0.787				
		SA9	0.646				
Firm Performance	Financial	FP1	0.866	0.668	0.833	0.831	0.889
		FP2	0.826				

Construct	Dimension	Indicators	Outer Loading	AVE	Cronbach Alpha	Rho_a	Rho_c
	Nonfinancial	FP3	0.840	0.745	0.884	0.888	0.921
		FP4	0.731				
		FP5	0.841				
		FP6	0.923				
		FP7	0.888				
		FP8	0.795				
Recordkeeping	Documentation Quality	RK1	0.841	0.705	0.861	0.862	0.905
		RK2	0.856				
		RK3	0.837				
		RK4	0.825				
	Accessibility	RK5	0.918	0.786	0.862	0.874	0.917
		RK6	0.935				
		RK7	0.801				

Source: Edited by Author, 2026

Discriminant validity was assessed using the HTMT and Fornell-Larcker criteria. The HTMT values ranged from 0.516 to 0.696, which are lower than the conservative limit of 0.90, indicating that all constructs are empirically distinct. Furthermore, the Fornell-Larcker criterion results showed that the square root of the AVE value for each construct was greater than the correlation between constructs. This indicates that each construct is better at explaining its own variables than the others. Thus, the measurement model in this study meets the criteria for discriminant validity.

Table 4. Heterotrait-monotrait ratio (HTMT)

	Firm Performance	Recordkeeping	Strategic Agility
Firm Performance			
Recordkeeping	0.604		
Strategic Agility	0.696	0.516	

Source: Edited by Author, 2026

Table 5. Fornell-Larcker criterion

	Firm Performance	Recordkeeping	Strategic Agility
Firm Performance	0.898		
Recordkeeping	0.517	0.980	
Strategic Agility	0.559	0.459	0.852

Source: Edited by Author, 2026

Figure 2 below shows the results of the outer model test which has been fulfilled.

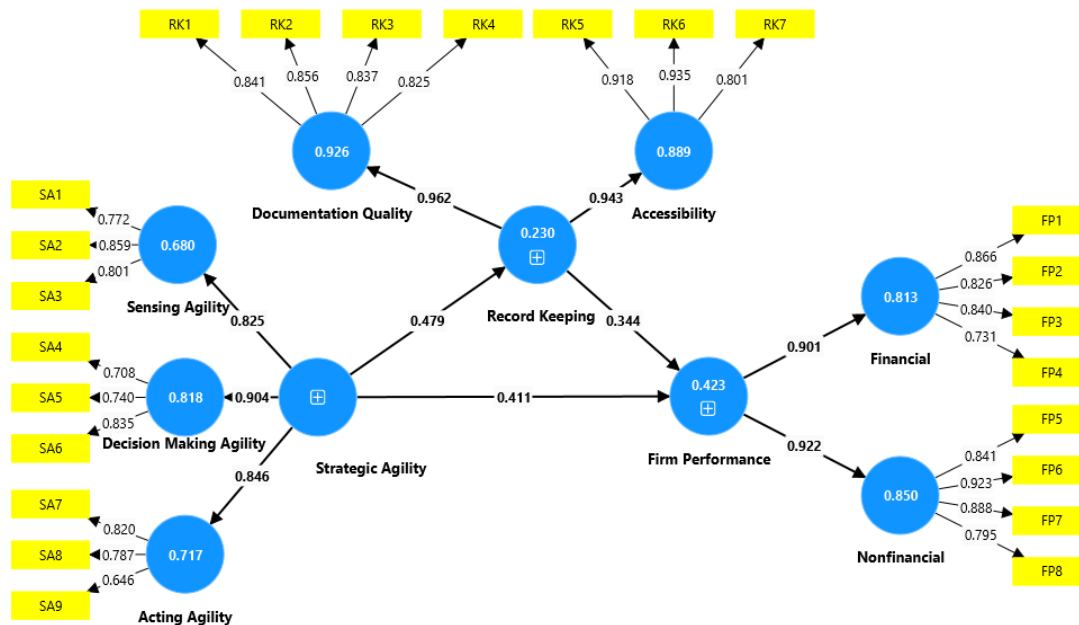


Figure 2. Outer Loading Results (Edited by Author, 2026)

Inner Model. Table 6 shows the results of the hypothesis testing. The results of the first hypothesis test indicate that strategic agility has a positive effect on firm performance, as the p-value is $0.000 < 0.05$. The higher the strategic agility capability, the better the firm performance. Strategic agility also has a significant effect on recordkeeping (p-value $0.000 < 0.05$), indicating that more agile SMEs tend to have better recordkeeping systems. Furthermore, recordkeeping has been shown to positively affect firm performance (p-value $0.000 < 0.05$). In addition, the mediation test results indicate that recordkeeping partially mediates the relationship between strategic agility and firm performance. This indicates that strategic agility not only has a direct impact on firm performance but also indirectly improves the quality of recordkeeping.

Table 6. Hypothesis Testing Results

	Original sample (O)	t statistics	P values
Strategic Agility -> Firm Performance	0.411	5.711	0.000
Strategic Agility -> Recordkeeping	0.479	6.518	0.000
Record Keeping -> Firm Performance	0.344	4.854	0.000
Strategic Agility -> Recordkeeping -> Firm Performance	0.165	3.770	0.000

Source: Edited by Author, 2026

Model Fit. Model fit is assessed by the coefficient of determination (R^2) and predictive relevance ($Q^2_{predict}$). Table 7 shows that sensing agility ($R^2 = 0.680$), decision-making agility ($R^2 = 0.818$), and acting agility ($R^2 = 0.717$) have moderate to strong explanatory power. This indicates that the model has strong explanatory power for the strategic agility construct, with decision-making agility as the dimension with the highest explanatory value. Furthermore, constructs related to the recordkeeping dimension exhibit very high R^2 values, particularly for documentation quality ($R^2 = 0.889$) and accessibility ($R^2 = 0.926$). These findings indicate that the model explains most of the variance in both constructs. Similarly, firm performance construct demonstrate strong explanatory power, with financial performance ($R^2 = 0.813$) and nonfinancial performance ($R^2 = 0.850$) both in the high category. However, recordkeeping ($R^2 = 0.230$) and firm performance ($R^2 = 0.423$) have relatively lower explanatory power, indicating that other variables outside the model influence these two constructs.

In terms of predictive relevance, all $Q^2_{predict}$ values are positive (>0), indicating that the model has adequate predictive ability. High $Q^2_{predict}$ values are seen for sensing agility (0.715), decision-making agility (0.815), and acting agility (0.715). Meanwhile, relatively lower $Q^2_{predict}$ values are found for documentation quality (0.173), accessibility (0.194), financial (0.289), and non-financial (0.249), indicating that although the model still has predictive ability, its out-of-sample predictive power for these constructs still needs to be improved. Overall, these results indicate that the model has quite good explanatory and predictive ability, especially in explaining the dimensions of strategic agility, although there is still room to improve predictive accuracy for certain constructs.

Table 7. R^2 and $Q^2_{predict}$

Dimension	R^2	$Q^2_{predict}$
Sensing Agility	0.680	0.715
Decision Making Agility	0.818	0.815
Acting Agility	0.717	0.715
Documentation Quality	0.889	0.173
Accessibility	0.926	0.194
Financial	0.813	0.289
Nonfinancial	0.850	0.249
Record Keeping	0.230	0.205
Firm Performance	0.423	0.323

Source: Edited by Author, 2026

Empirical Findings on the Effect Strategic agility on Firm Performance. Test results show that strategic agility can improve firm performance. The test results confirm that SMEs' ability to respond to change quickly and appropriately is a key factor in improving firm performance (Yildiz & Aykanat, 2021). These findings indicate that strategic agility is a strategic capability

for the sustainability of SMEs. These test results support the dynamic capabilities theory, which states that SMEs achieve competitive advantage by effectively utilizing internal and external resources and by reconstructing their strategies when faced with environmental changes (Ermawati, 2026). In line with Solichin et al (2026),), who emphasize that SMEs with high strategic agility can respond to opportunities and threats to achieve success and competitive advantage, thereby improving firm performance. Based on dynamic capabilities theory, strategic agility aligns strategies with the challenges of environmental change, thereby improving firm performance (Hendrawidjaja et al., 2026). Joma et al (2025) found that companies can manage unexpected changes by responding quickly with new products that meet customer needs, thereby improving firm performance. These findings support prior empirical research, which confirms that strategic agility has a positive effect on firm performance (Arici & Gok, 2023; Duangekanong, 2025; Hussin et al., 2025; Mata et al., 2024; Viktora-jones et al., 2024). SMEs with high strategic agility achieve better profitability than less agile SMEs. This is because SMEs with high strategic agility are more flexible in responding to environmental changes, which increases innovation, improves decision-making, and ultimately enhances firm performance. However, some previous research has found inconsistent results. Sikora & Baranowska-Prokop (2025) found no evidence of a relationship between strategic agility and firm performance among SMEs in Poland and Finland. Similarly, findings from Purwanto et al (2023) found evidence that strategic agility does not have a significant direct effect on firm performance, especially in crisis conditions such as the COVID-19 pandemic. Thus, the findings of this study make an important contribution by confirming that, within the context of this research, strategic agility is a key determinant of improved firm performance. A company's ability to quickly perceive change, make appropriate decisions, and act effectively is key to responding to the increasingly complex and uncertain dynamics of the business environment.

Empirical Findings on the Mediating Role of Recordkeeping in the Relationship between Strategic Agility and Firm Performance. This study found evidence that recordkeeping mediates the effect of strategic agility on firm performance. The results indicate that strategic agility in SMEs does not directly impact firm performance but relies on other mechanisms that transform internal capabilities. This finding contrasts with previous literature that posits a positive effect of strategic agility on firm performance (Duangekanong, 2025; Solichin et al., 2026; Viktora-jones et al., 2024) by demonstrating that, without adequate information system support, the benefits of strategic agility may be under-realized. These findings fill a conceptual gap in the strategic agility literature, which focuses more on SMEs' strategic capabilities in addressing environmental change but relatively ignores the micro-organizational mechanisms that enable these capabilities to be translated into firm performance (Clauss et al., 2021; Luo et al., 2026). This study positions recordkeeping as a bridge to address the missing link between strategic agility and firm performance. The results support the dynamic capabilities theory, which posits that strategic agility is a dynamic capability of SMEs, requiring support from information management capability to ensure data accuracy and timeliness, and the ability to make appropriate decisions when environmental changes occur. This information management capability is demonstrated through recordkeeping, which ensures data accuracy, completeness, and timeliness, enabling more effective decision-making. Empirical evidence shows that

strategic agility influences knowledge management, reflecting information management capabilities (Abuanzeh et al., 2022). Based on these findings, recordkeeping can be seen as part of an information system that can be improved in more agile companies for effective decision-making. Furthermore, recordkeeping can be an important factor in effective decision-making in SMEs operating in an uncertain environment (Joma et al., 2025). Based on RBV theory, quality accounting information can be regarded as a valuable organizational resource that enables SMEs to achieve and sustain a competitive advantage (Afifa & Nguyen, 2024). The availability of high-quality accounting information largely depends on effective recordkeeping practices, which ensure that financial data are accurate and timely. Such information supports managerial decision-making by reducing uncertainty and providing a reliable basis for planning and control (Ajape & Adelowotan, 2025; Fida et al., 2025). Previous studies have demonstrated that high-quality accounting information contributes positively to firm performance (Budiarto et al., 2022; Nguyen et al., 2025; Tran et al., 2026). Furthermore, effective recordkeeping enables firms to generate accurate information (Hamdy et al., 2025; S. Khan & Gupta, 2025). Evidence also suggests that firms with well-maintained records and adequate financial controls tend to achieve better performance outcomes than firms with weaker recordkeeping systems (Halabí & Lussier, 2014). In a dynamic business environment, effective recordkeeping not only provides reliable information for decision-making but also supports firms in responding more quickly and appropriately to environmental changes. Therefore, recordkeeping is expected to play an important role in translating strategic agility into improved firm performance.

This expectation is supported by previous studies highlighting the importance of mediating mechanisms in the relationship between strategic agility and firm performance. For example, Lutfi et al (2022) found that accounting information system practices, which reflect recordkeeping activities, serve as a mediating mechanism linking internal capabilities to enhanced firm performance. Similarly, Mabula & Ping (2018) demonstrated that recordkeeping practices mediate the effect of technology adoption on organizational performance. Prior studies have also identified several mediating variables that explain how strategic agility contributes to firm performance, including supply chain integration (Solichin et al., 2026), business model innovation (Clauss et al., 2021), absorptive capacity (Luo et al., 2026), and organizational innovation (Yildiz & Aykanat, 2021). Building on this stream of research, the present study proposes recordkeeping as a strategic mediating mechanism that links strategic agility to firm performance.

The contribution of this study lies in demonstrating that recordkeeping, which is often viewed merely as an administrative function, also plays a strategic role in enhancing organizational performance. Effective recordkeeping practices improve transparency, strengthen financial control, and provide reliable information for managerial decision-making (Fida et al., 2025). By enabling firms to respond more effectively to environmental changes and make better strategic decisions, recordkeeping can help transform strategic agility into sustainable performance improvements.

5. Conclusion

This study aims to analyze the role of strategic agility in improving firm performance. Furthermore, it examines recordkeeping as a mediating mechanism in the relationship between strategic agility and firm performance. The results indicate that strategic agility positively affects firm performance. This finding confirms that SMEs' ability to respond to environmental changes quickly, accurately, and adaptively is a key factor in improving firm performance.

Furthermore, this study found evidence that recordkeeping mediates the effect of strategic agility on firm performance. The results indicate that the effect of strategic agility is not entirely direct, but rather relies on internal information-based mechanisms. This finding suggests that dynamic capabilities, such as strategic agility, may benefit from operational capability support in the form of effective recordkeeping systems, which facilitate the provision of information for organizational decision-making.

Theoretically, this study contributes to dynamic capability theory and the Resource-Based View (RBV) by emphasizing that competitive advantage is determined not only by a company's adaptive capabilities but also by its ability to manage information accurately, timely, and relevantly through recordkeeping practices. Thus, this study successfully identifies recordkeeping as a key intervening mechanism that bridges the relationship between strategic agility and firm performance.

Practically, these findings imply that SMEs not only need to improve their strategic agility capabilities but also strengthen their information recording and management systems as a basis for effective decision making. Without adequate recordkeeping support, strategic agility's potential to improve firm performance will not be optimally achieved. Overall, this study confirms that integrating strategic capabilities (strategic agility) with information-based operational capabilities (recordkeeping) is key to improving firm performance in a dynamic, uncertain business environment.

This study has several limitations. First, the use of a cross-sectional design limits its ability to capture the dynamics of relationships between variables over the long term. Second, the focus on SMEs in Kudus Regency limits the generalizability of the findings to other regional and sectoral contexts. Third, self-reported data potentially introduces bias into respondents' perceptions. Fourth, this study only examines one mediating mechanism, namely recordkeeping, and therefore fails to account for the possible role of other variables such as innovation or absorptive capacity.

Future research is recommended to use a longitudinal design to capture the dynamics of strategic agility and recordkeeping and to examine their influence on firm performance over time. Furthermore, expanding the sample to different industrial sectors and regions is important to increase the generalizability of the findings. Future research could also integrate other variables, such as innovation, absorptive capacity, or supply chain integration, as mediators or moderators to gain a more comprehensive understanding. Furthermore, the use of more objective measurement methods, such as secondary financial data, as well as alternative

methodological approaches, can strengthen the validity and causality of the relationships between variables.

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