Journal of Strategic Management

Financial and Non-Financial Information on Strategy Management Process; A Systematic Literature Review

Paul Ombai, Dr. Kiflemariam Abraham & Dr. Lawrence Odollo

ISSN: 2616-8472

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

Financial and Non-Financial Information on Strategy Management Process; A Systematic Literature Review

Paul Ombai, Dr. Kiflemariam Abraham & Dr. Lawrence Odollo

[1]Catholic University of Eastern Africa

[2,3]Lecturer, Catholic University of Eastern Africa

***How to cite this article*: Ombai P., Kiflemariam A. & Odollo L. (2024). Financial and Non-Financial Information on Strategy Management Process; A Systematic Literature Review. *Journal of Strategic Management. Vol* 8(1) pp. 33-64** https://doi.org/10.53819/81018102t2343

Abstract

This paper focused on the role of both financial and non-financial information on strategy management processes using a PRISMA framework on existing literature. Specifically, this paper sought to determine the recent trends on financial and non-financial information, the varied financial and non-financial information constructs, the financial and non-financial information theories, and finally, the influence of financial and non-financial information on strategy management process. Financial ratios of liquidity, solvency and profitability are useful in assessing the impact of financial information on strategy management process. Organizations are coming to the realization that financial metrics alone do not address the needs of informed stakeholders who are keen to on a comprehensive picture of the organization and the impacts of their operations. Recent technological advances in Artificial intelligence, cloud computing and machine learning have had significant impacts on real time big data processing with accompanying realization that stakeholders will continuously demand for more information that impact the strategy management processes and success. These technological advances have also led to amplification of algorithmic trading, credit scoring and risk assessment. This study hinges on stakeholder theory, Resource Based View Theory as well as information asymmetry theory. A significant finding of the study is on the pivotal role played by non-financial information in shaping strategic decision-making processes whereas financial information has historically driven strategic planning. The study revealed the very interdependent nature of both financial and non-financial information on strategy management processes.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

1.0 Introduction

In today's dynamic and complex business environment, organizations are faced with a myriad of challenges when making strategic decisions. The availability and effective utilization of information play a crucial role in this decision-making process. Financial and non-financial information are two key types of information that organizations rely upon to assess their performance, evaluate potential opportunities, and mitigate risks (Herrador-Alcaide, & Hernandez-Solis, 2019); Manes-Rossi, Tiron-Tudor, *et al.* 2018); Tirado-Beltrán, et al. 2020); Cicchiello, *et al.* 2023). The strategic management process is a pivotal aspect of organizational success, encompassing the formulation, implementation, and evaluation of strategies to achieve long-term goals and competitive advantage (Andrades & Jorge, 2019). An essential factor in this process is the integration of both financial and non-financial information, which aids in informed decision-making and effective strategy execution (Krawczyk, 2021).

Issues related to the strategic management process encompass a range of challenges that organizations face when formulating, implementing, and monitoring their strategies (Herrador-Alcaide & Hernandez-Solis, 2019). One significant issue is the ever-changing external environment. Market dynamics, technological advancements, and global economic shifts can disrupt established strategies, requiring constant adaptation. Additionally, organizations may struggle with aligning their strategic goals with their resources effectively (Cicchiello, *et a*l. 2023). This includes allocating financial and non-financial resources efficiently to support the chosen strategy. Inefficient resource allocation can hinder strategy execution and result in missed opportunities or financial strain. Another critical issue involves communication and organizational culture (Manes-Rossi, Tiron-Tudor, *et al*. 2018). Ensuring that the strategic vision is clearly communicated throughout the organization is vital. Ineffective communication can lead to misalignment of efforts and confusion among employees, impeding the execution of the strategy. Furthermore, resistance to change within the organizational culture can hinder the adoption of new strategies (Tirado-Beltrán, et al. 2020).

Globally, financial information typically refers to quantitative data like profits, revenue, and return on investment, which are essential for assessing a company's performance and guiding strategic decisions (Manes-Rossi, Nicolò, & Argento, 2020). Non-financial information, on the other hand, includes qualitative factors like customer satisfaction, brand strength, employee engagement, and environmental impact. This blend of information is increasingly recognized as vital in the strategic management process. It provides a more comprehensive understanding of an organization's performance, beyond just financial metrics (Cicchiello, et al. 2023). The integration of both types of data helps businesses in identifying opportunities and risks, ensuring sustainable growth, and maintaining competitive advantage. This holistic approach is especially relevant in the current global business environment, where stakeholders demand greater transparency and social responsibility from corporations.

In the African context, the importance of financial and non-financial information in strategy management is increasingly acknowledged, though the approach and emphasis vary significantly compared to global norms (Al-Dmour, Abbod & Al-Balqa, 2018). African businesses often operate in environments with different economic, social, and political dynamics. Non-financial factors like community engagement, socio-economic impact, and local market dynamics are often as crucial as traditional financial metrics. In many African countries, there is a growing focus on sustainable and inclusive growth, which requires businesses to consider the broader impact of their strategies on society and the environment (Andrades & Jorge, 2019). This perspective encourages companies to adopt a more integrated approach to strategy management, considering both financial performance and the broader impact on their communities and stakeholders.

Focusing on Kenya, a dynamic and rapidly evolving economy, the blending of financial and non-financial information in the strategic management process is particularly evident (Kori, Muathe & Maina, 2020). Kenyan companies, especially those in emerging sectors like technology and renewable energy, often emphasize the importance of both types of information. Financial data remains crucial for operational and strategic decision-making, helping businesses to track progress, allocate resources effectively, and attract investment. However, non-financial information is equally important, particularly in areas like community engagement, compliance with local regulations, and environmental sustainability (Omran et al. 2021). These factors are essential for long-term success and are often a focus for Kenyan businesses seeking to build trust and a strong reputation within their local communities. The integration of these diverse data types into the strategic management process reflects the unique business landscape in Kenya, where economic growth is increasingly tied to social and environmental considerations.

Historically, the significance of financial information in strategic decision-making can be traced back to the early 20th century. Visionaries such as Alfred Sloan emphasized the importance of financial data in driving managerial decisions. Their insights laid the groundwork for modern management practices, highlighting the role of financial metrics in assessing an organization's economic health, solvency, and profitability (Cordazzo, Bini & Marzo, 2020). However, the landscape shifted in the mid-20th century with the advent of the Balanced Scorecard, a framework introduced by Kaplan and Norton. This marked a notable departure from the exclusive reliance on financial metrics. The Balanced Scorecard promoted the integration of non-financial indicators, such as customer satisfaction, internal processes, and innovation capability, into the strategy management process (Theriou, 2015; Osadchy, et al. 2018); Krištofík, et al. 2016); Haller, et al. 2017). This holistic approach recognized that financial metrics alone could not capture the complexities of organizational performance and competitiveness.

Financial information, often derived from accounting records, continues to be crucial in strategic management (Kori, Muathe & Maina, 2020). Scholars such as Jensen and Meckling (1976) underscore the alignment between financial metrics and strategic objectives, emphasizing its role in fostering accountability and connecting management actions to financial outcomes. This perspective resonates with the principles of agency theory, which highlight the utility of financial information in mitigating conflicts of interest between shareholders and management. Complementing financial metrics, non-financial information offers a broader perspective on an organization's performance (Sisaye, 2021). This encompasses qualitative and quantitative data related to various dimensions, including customer satisfaction, employee engagement, social responsibility, and environmental sustainability. Ersoy and Karabiyik (2014) advocate for the incorporation of non-financial metrics, contending that these indicators provide insights into an organization's overall health and prospects, addressing the limitations of relying solely on financial data.

In the contemporary landscape, the integration of financial and non-financial information continues to evolve in response to emerging trends (Artene, Bunget, Dumitrescu, Domil, & Bogdan, 2020). One such trend is the growing emphasis on Environmental, Social, and Governance (ESG) metrics. Organizations are recognizing the importance of aligning their

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

strategies with ESG criteria to not only ensure sustainable practices but also to cater to socially conscious stakeholders (Al-Dmour, Abbod & Al-Balqa, 2018). This shift underscores the need for a comprehensive understanding of both financial and non-financial dimensions in strategy formulation and execution. Another prevalent trend is the utilization of advanced analytics and big data. Technological advancements enable organizations to collect and analyze vast amounts of data from various sources, including financial and non-financial ones. This data-driven approach empowers organizations to derive actionable insights, forecast trends, and make agile decisions that respond to changing market dynamics (Mio & Venturelli, 2013; Manes-Rossi, Nicolò, & Argento, 2020).

The first aspect of this review searched the literature to allow us to understand the recent trends on financial and non-financial information around the globe. The second stream of literature focused on mapping and classifying published articles by reviewing frequency distributions with respect to year, methodology, and segment followed by mapping financial and non-financial information constructs and popular theories. Finally, the last section of literature concerns itself with synthesis of the impacts of financial and non-financial information on strategy management process and identify the knowledge gaps that exist in the current literature on financial and non-financial information on strategy management process on future research.

The wide range of conceptual frameworks employed, as well as the different industries covered in the various contributions, indicate that financial and non-financial information is an important issue.

The specific objectives were to;

i. Examine recent trends in financial and non-financial information.
ii. Identify diverse constructs of financial and non-financial information.
iii. Explore theories related to financial and non-financial information.
iv. Investigate the impact of financial and non-financial information on the process of strategic management.

Based on the research objectives, the following questions arise:

RQ1: What are the recent trends on financial and non-financial information?

RQ2: What are the varied financial and non-financial information constructs?

RQ3: What are the financial and non-financial information theories?

RQ4: What is the influence of financial and non-financial information on strategy management process?

The remaining section of this paper will be organized as follows: The immediate section presents the theoretical background relating to financial and non-financial information literature, covering the evolution of financial and non-financial information. It is followed by the methodology section, where the review process is explained, and the research questions are discussed. The findings of the literature review are reported in the next section, and the conclusion is presented in the final section.

1.1 Background of Financial and Non-Financial Information

Financial and non-financial information play crucial roles in assessing the performance, stability, and overall health of organizations across various sectors (Bhimani & Langfield-Smith, 2017). The distinction between financial and non-financial information lies in their nature and purpose. Financial information encompasses monetary figures and transactions that directly impact an organization's financial position, such as revenue, expenses, assets, and liabilities. Non-financial information, on the other hand, encompasses a broader range of qualitative and quantitative data, including environmental, social, and governance (ESG) metrics, customer satisfaction, employee engagement, and innovation (Andrades & Jorge, 2019).

Financial information primarily encompasses numerical data related to the financial transactions and activities of an entity (Krawczyk, 2021). This includes balance sheets, income statements, cash flow statements, and other financial reports. These documents offer a comprehensive view of an organization's monetary health, liquidity, profitability, and solvency (Herrador-Alcaide, & Hernandez-Solis, 2019; Manes-Rossi, Tiron-Tudor, et al. 2018); Tirado-Beltrán, et al. 2020); Cicchiello, et al. 2023).

Non-financial information constructs, on the other hand, encompass a broader spectrum of data that doesn't directly involve monetary values but still holds significant importance for evaluating an entity's overall performance and impact. These constructs encompass qualitative and quantitative data pertaining to areas such as corporate social responsibility, environmental sustainability, employee satisfaction (Osadchy, et al. 2018; Krištofík, et al. 2016; Haller, et al. 2017). Non-financial information includes metrics related to environmental, social, and governance (ESG) factors, which are increasingly recognized as crucial indicators of an organization's long-term sustainability and ethical practices.

The utilization of both financial and non-financial information has seen remarkable growth and popularity in recent times, especially within the context of international organizations (Cicchiello, et al. 2023). International organizations, such as multinational corporations and global non-governmental organizations, have increasingly recognized the importance of considering both financial and non-financial aspects in their decision-making processes. This trend has been spurred by the recognition that a comprehensive understanding of organizational performance requires the integration of both financial and non-financial perspectives (Camilleri, 2018).

The adoption of financial and non-financial information in international organizations can be attributed to several factors. The growing emphasis on corporate social responsibility (CSR) and sustainable business practices has prompted organizations to broaden their evaluation criteria beyond financial metrics Tirado-Beltrán, et al. 2020). International organizations operating in diverse cultural and regulatory environments have realized that considering non-financial factors is essential for maintaining their social license to operate and mitigate reputational risks (Krawczyk, 2021).

The increasing demand for transparency and accountability from stakeholders has driven organizations to disclose more comprehensive information (Theriou, 2015). With the rise of social media and digital communication platforms, organizations are under heightened scrutiny, compelling them to provide a balanced view of their performance that goes beyond financial indicators. Consequently, international organizations have integrated non-financial metrics into their reporting frameworks to enhance stakeholder trust and credibility (Osadchy, et al. 2018; Krištofík, et al. 2016); Haller, et al. 2017). Furthermore, the evolving expectations of investors have played a significant role in the growth of both financial and non-financial information adoption. Institutional investors and asset managers are increasingly considering ESG factors in their investment decisions to assess the long-term sustainability of organizations. This shift has incentivized international organizations to improve their ESG performance and reporting practices, thereby amplifying the importance of non-financial information (Manes-Rossi, Nicolò, & Argento, 2020).

The growth and popularity of financial and non-financial information within the context of international organizations are rooted in the changing landscape of corporate governance, stakeholder expectations, and investor demands (Cicchiello, et al. 2023). The integration of non-financial information alongside traditional financial metrics enables organizations to present a more holistic view of their performance and impact. As organizations navigate complex global challenges, the synthesis of financial and non-financial information remains instrumental in fostering sustainable and responsible business practices (Sisaye, 2021).

1.2 Strategy Management Process

The strategy management process is a crucial aspect of organizational management, encompassing a systematic approach to defining, formulating, implementing, and evaluating strategies to achieve long-term goals and objectives (Andrades & Jorge, 2019). This process plays a pivotal role in guiding an organization's direction and ensuring its alignment with its mission and vision. Understanding the background of the strategy management process is essential for comprehending its significance in contemporary business environments (Bhimani & Langfield-Smith, 2017).

Historically, the concept of strategic management dates back to the mid-20th century, with prominent scholars like Peter Drucker and Alfred Chandler contributing to its development. However, it gained widespread recognition and popularity in the latter half of the century, especially in the 1980s and 1990s. This period saw the emergence of strategic planning as a formal discipline within management, driven by the need for organizations to adapt to rapidly changing business landscapes. One of the fundamental principles underlying the strategy management process is the acknowledgment of the dynamic nature of business environments. Organizations must continually assess and adjust their strategies in response to evolving internal and external factors, such as market trends, competition, technological advancements, and regulatory changes. The strategy management process provides a structured framework for organizations to engage in this ongoing process of strategic adaptation (Al-Dmour, Abbod & Al-Balqa, 2018).

In recent years, the digital age and globalization have further transformed the landscape of strategy management. With the advent of big data, analytics, and advanced technology tools, organizations now have unprecedented access to information that can inform their strategic decisions. Moreover, the interconnectedness of global markets has necessitated a more comprehensive and holistic approach to strategy management that takes into account not only financial aspects but also non-financial factors like sustainability, corporate social responsibility, and stakeholder engagement (Andrades & Jorge, 2019).

1.3 Methodology

The search was conducted using a systematic literature review where data was gathered from the scientific databases of google scholar, research gate and science direct as these resources had adequate published articles covering the topic in this context. University repositories had a larger

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

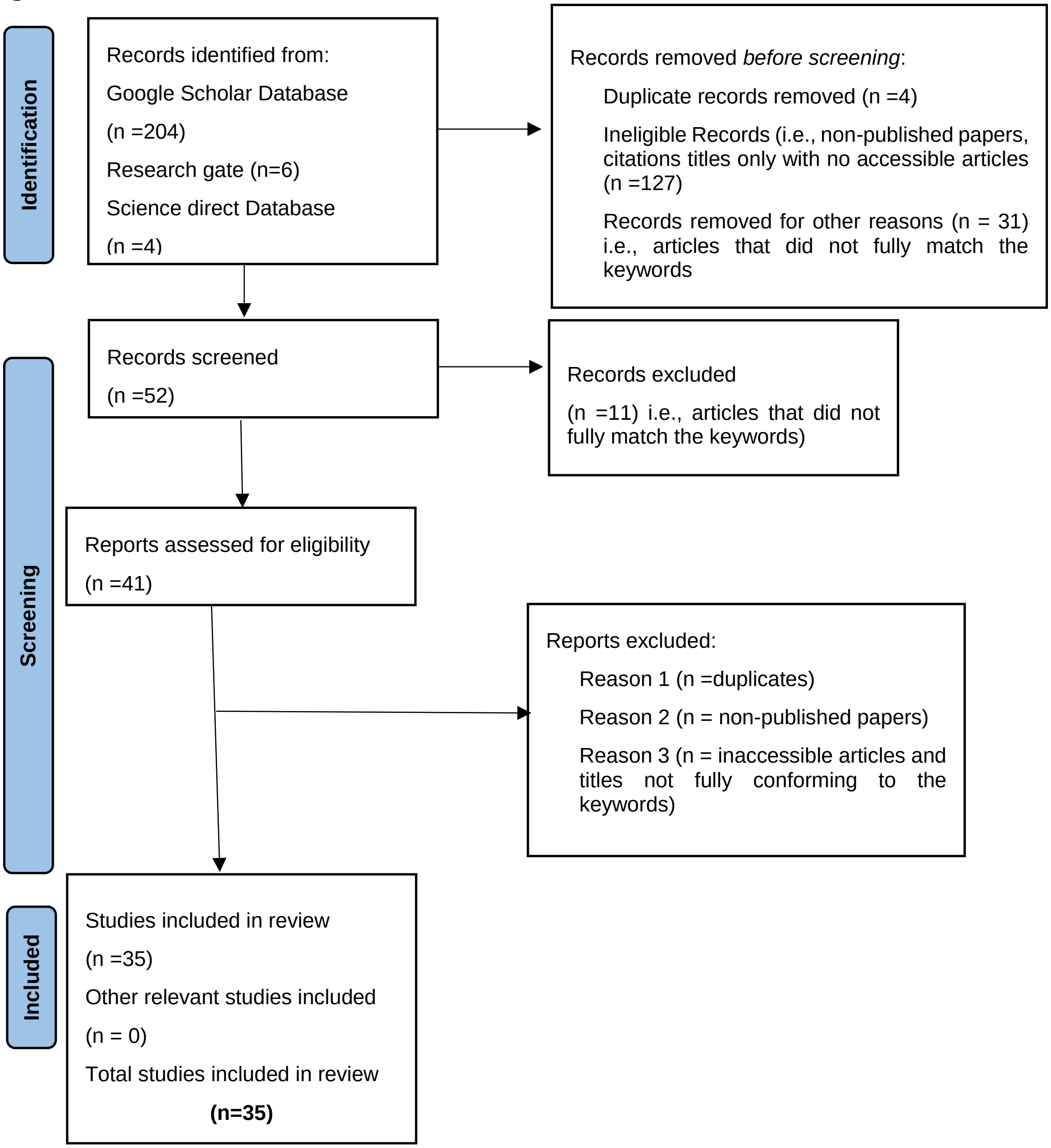
number of accessible unpublished work (thesis) on the same, presenting a window for future studies, however this study focused only on accessible published articles in top tier journals.

The keywords used were 'Financial information, Non-Financial Information, and Strategy Management Process" covering literature between **2010 to 2023,** a 2021 United Nations Conference on Trade report on Technology and innovation cites Artificial Intelligence, Internet of Things, Big data, Block chains and cloud computing as the decades technological advancement frontiers which are of importance to this study. The review included full article texts of published journals, reports, reviewed papers and book chapters excluding other literature. Additionally, for the collection of other relevant literature, the bibliographies of the results already determined were analysed.

The phrase was searched in **titles only** covering those in English language and was downloaded and saved in Mendeley application for importation and summarization in Microsoft Excel spreadsheet and irrelevant and duplicates studies were removed. The criteria for inclusion and exclusion were followed and quality criteria were applied, only fully published articles between **2010 to 2023** with strictly the title **'financial information, non-financial information, and strategy management process.** Duplicates, non-published and inaccessible papers were removed, other criteria included assessing the title, context, and research objectives. Data extraction was carried out based on the specific areas of each selected article i.e., the constructs, methodology and theory.

As indicated in the PRISMA framework in Figure 1, the author exclusively identified fully published and accessible articles. These articles were alignment with the previously outlined keywords. The study only incorporated the studies that met the threshold of the keywords; financial information, non-financial information, and strategy management process. Any non-published articles, duplicates, and citation titles lacking accessible full articles were excluded from consideration.

Figure 1. Prisma Framework



Adapted from page et al. (2021).

Throughout the search procedure, a significant observation was made regarding the substantial quantity of empirical studies conducted in this field. These studies, however, remain unpublished and are available solely in thesis format, rendering them ineligible for inclusion in this study. Consequently, it is advisable for forthcoming research endeavours to encompass thesis papers in their reviews, thereby enhancing the scope and inclusiveness of their investigations.

1.4 Results and Interpretations

The section will start by highlighting from the extant of literature and guided by the research questions of this study, distribution of articles in relation to year, methodology, segment, constructs, and theories in relation to the articles reviewed followed by its analysis.

1.4.1 Recent Trends in Financial and Non-Financial Information

In recent years, the landscape of information dissemination and utilization has undergone significant transformations, particularly in the realms of financial and non-financial data (Sisaye, 2021). This evolution has been driven by a confluence of technological advancements, regulatory changes, and shifting market dynamics (Tirado-Beltrán, et al. 2020; Cicchiello, et al. 2023). As organizations and individuals strive to navigate this complex terrain, it becomes crucial to explore the emerging trends and dimensions that are shaping the way financial and non-financial information is generated, accessed, and interpreted (Herrador-Alcaide, & Hernandez-Solis, 2019); Manes-Rossi, Tiron-Tudor, et al. 2018).

One of the most prominent trends in the realm of financial information is the increasing prominence of real-time data (Krawczyk, 2021). Traditionally, financial reports and statements were generated periodically, providing a snapshot of a company's performance over a specific period. However, the advent of advanced data analytics and cloud computing has facilitated the real-time collection, processing, and dissemination of financial data. This trend enables investors, analysts, and decision-makers to access up-to-the-minute information, leading to more informed and agile decision-making (Theriou, 2015; Osadchy, et al. 2018); Krištofík, et al. 2016); Haller, et al. 2017).

Another noteworthy dimension is the growing importance of alternative data sources (Kori, Muathe & Maina, 2020). While traditional financial data, such as balance sheets and income statements, remain crucial, there has been a surge in the utilization of non-traditional data sets. These include social media sentiment, web scraping data and satellite imagery. By harnessing these diverse data sources, financial professionals can gain deeper insights into market trends, consumer behavior, and economic indicators, supplementing traditional financial analyses (Ersoy & Karabiyik, 2014).

Furthermore, the integration of artificial intelligence (AI) and machine learning (ML) in financial analysis has become a defining characteristic of contemporary practices (Mio & Venturelli, 2013); Manes-Rossi, Nicolò, & Argento, 2020). These technologies have the capacity to process vast volumes of data at unprecedented speeds, identifying patterns and trends that might elude human analysts. Algorithmic trading, credit scoring, and risk assessment are just a few examples of applications where AI and ML are transforming the financial landscape.

In the realm of non-financial information, sustainability reporting has emerged as a pivotal trend (Cicchiello, et al. 2023). Companies are increasingly recognizing the importance of disclosing their environmental, social, and governance (ESG) performance alongside their financial data. This trend is propelled by a growing emphasis on responsible and ethical business practices, as stakeholders demand transparency regarding a company's impact on the environment and society. ESG metrics are becoming integral to investment decisions, allowing investors to align their portfolios with their values (Sisaye, 2021).

Moreover, the digital era has given rise to an era of unprecedented connectivity and communication. This has led to an explosion of user-generated content and reviews, reshaping the

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

way non-financial information is disseminated (Krištofík, et al. 2016). Online platforms and social media have empowered consumers to share their experiences, opinions, and criticisms instantly. Businesses must now monitor and engage with this stream of non-financial data to manage their reputations effectively and respond to customer feedback in real-time. The convergence of financial and non-financial data is another notable dimension. Companies are realizing that financial performance is intertwined with their broader societal impact. Integrated reporting frameworks seek to present a holistic view of a company's value creation, encompassing both financial and non-financial dimensions. This approach acknowledges that financial success is not isolated from factors like environmental stewardship, employee well-being, and community engagement (Krawczyk, 2021).

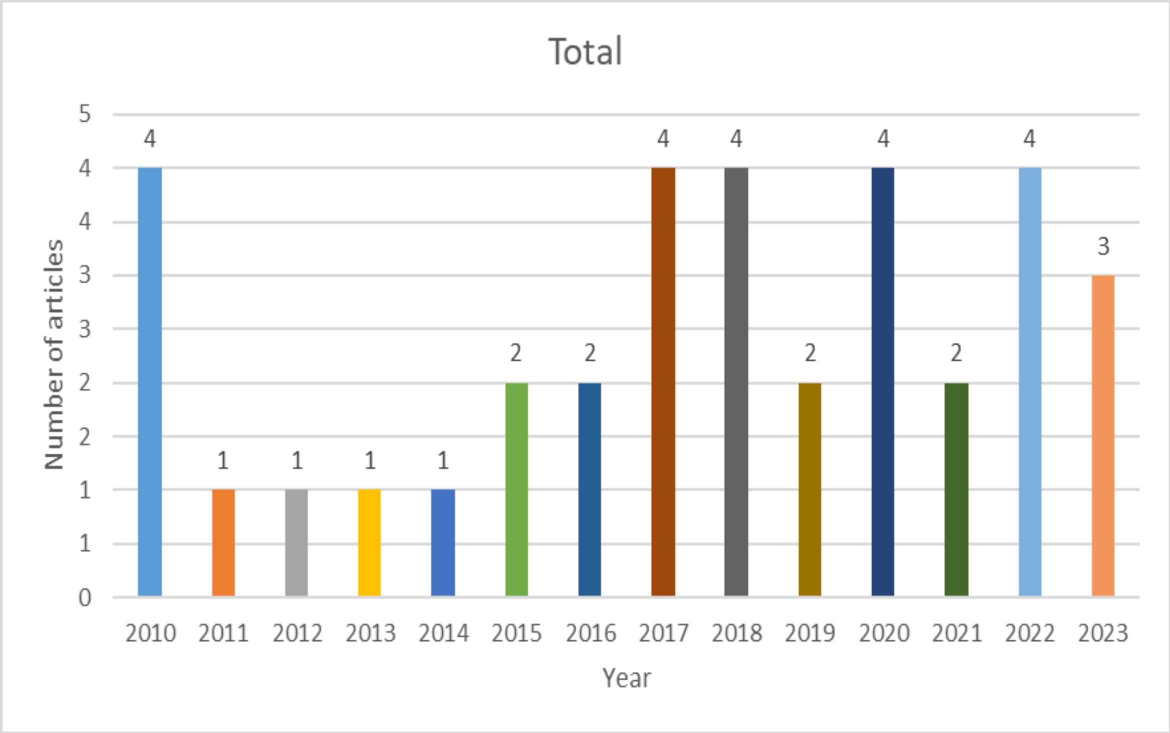
While the emergence of these trends and dimensions presents promising opportunities, they also bring forth certain challenges and implications that must be addressed (Bhimani & Langfield-Smith, 2017). One key challenge is the issue of data privacy and security. The abundance of data, especially in the digital landscape, raises concerns about unauthorized access, data breaches, and misuse. As financial and non-financial information becomes more interconnected and accessible, safeguarding sensitive data becomes paramount to maintaining trust and integrity in the information ecosystem (Tirado-Beltrán, et al. 2020).

Additionally, the democratization of data access has introduced the challenge of information overload. With an influx of real-time data, alternative sources, and user-generated content, there is a risk of overwhelming individuals and organizations. Navigating through this vast sea of information requires advanced filtering mechanisms, analytical skills, and the ability to distinguish between relevant insights and noise (Haller, et al. 2017). Furthermore, the drive for sustainability reporting and ESG metrics introduces the challenge of standardization. As more companies voluntarily disclose their non-financial performance, the lack of uniform reporting frameworks can lead to confusion and inconsistency. The development of globally accepted standards for measuring and reporting ESG indicators is crucial for making informed comparisons across companies and industries (Andrades & Jorge, 2019).

In terms of implications, the evolving landscape of financial and non-financial information has redefined the skill set required by professionals in these fields (Krištofík, et al. 2016). Analysts, investors, and decision-makers need to be well-versed not only in financial analysis but also in data analytics, data privacy regulations, and ethical considerations surrounding AI and ML. Interdisciplinary knowledge is becoming increasingly valuable as the boundaries between finance, technology, and social responsibility blur (Artene, Bunget, Dumitrescu, Domil, & Bogdan, 2020). The evolving information landscape also has regulatory implications. As data becomes more valuable and influential, governments and regulatory bodies are seeking ways to ensure its accuracy, transparency, and fairness. Striking a balance between fostering innovation and safeguarding the interests of consumers and investors is a delicate task that requires ongoing collaboration between industry stakeholders and regulators. Ultimately, the convergence of financial and non-financial information underscores the interconnectedness of business performance and societal impact. As stakeholders increasingly demand transparency, accountability, and ethical behaviour from organizations, the ability to holistically assess value creation across these dimensions will become a distinguishing factor in long-term success (Osadchy, et al. 2018).

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

1.4.1. a. Financial and Non-Financial Information: Article Distribution over the last 13 Years



The trend of journal article publication between 2010 and 2023, focusing on the key terms "financial information," "non-financial information," and "strategy management process," suggests a growing interest in exploring the multifaceted landscape of corporate reporting and decision-making. The initial years of this period saw a strong emphasis on investigating the dichotomy between financial and non-financial information, potentially reflecting a quest for a holistic understanding of performance evaluation beyond traditional financial metrics. As time progressed, the focus expanded to encompass the integration of both types of information within the broader framework of strategy management processes, indicating a shift towards recognizing the interplay between financial and non-financial aspects in strategic decision-making. This trend underscores an evolving recognition of the importance of non-financial information in shaping corporate strategy.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

1.4.1. b. Journal Distribution in Financial and Non-Financial Information Research

Journal	Number of Times
Jurnal Akuntansi Dan Keuangan Islam	1
International Review of Economics and Management	1
Journal of Business and Socio-economic Development	1
European Research Studies	4
International Business Research	1
Accounting, Organizations and Society	1
Sustainability	4
Environment-Behaviour Proceedings Journal	1
Advances in Accounting	1
Journal of International Financial Management & Accounting	1
Forests	1
Academy of Accounting and Financial Studies Journal	1
Baltic Journal of Management	1
Journal of Risk and Financial Management	1
Business Administration and Management	3
Corporate Social Responsibility and Environmental Management	2
Corporate Communications: An International Journal	1
Long Range Planning	1
Accounting and Business Research	2
Management Accounting Research	1
Accounting, Economics, and Law: A Convivium	1
International Journal of Accounting Information Systems	1
Meditari Accountancy Research	1
Total Quality Management & Business Excellence	1
Business Strategy and the Environment	1
Grand Total	**35**

The trend in journal article publications from 2010 to 2023 reveals a significant academic interest in the intersections of financial and non-financial information within the context of strategic management processes. With a total of 35 articles focused on these themes, the academic community's attention underscores the growing recognition of the importance of integrating both financial and non-financial data in strategic decision-making. The surge in research reflects a recognition of the complex landscape of contemporary business, where traditional financial metrics are being complemented and sometimes even surpassed by non-financial indicators in evaluating organizational performance and sustainability. This trend signifies a substantial shift in the way organizations approach strategy, moving beyond purely financial considerations and embracing a more comprehensive and holistic approach to achieve competitive advantage. Just as the multidisciplinary nature of strategic management research has enriched the field's knowledge base, the increasing focus on financial and non-financial information signals its evolving strength and relevance in guiding organizations towards more effective and responsible decision-making in an ever-changing business environment.

1.4.1. c Methodology Distribution

Methodology	Record
Descriptive Research Design	27
Exploratory Research Design	3
Literature Review	3
Mixed Method Design	2
Grand Total	**35**

The trend of journal article publications between 2010 and 2023 with keywords such as "financial information," "non-financial information," and "strategy management process" demonstrates a growing interest in exploring the relationship between these concepts. The increasing number of publications over this period suggests a heightened focus on understanding how financial and non-financial information influence strategic management processes within organizations. The dominance of descriptive research design in the methodological distribution table reflects the inclination of researchers to accurately describe and systematically analyse the multifaceted interactions between financial and non-financial factors in strategic decision-making. The prevalence of quantitative research tools underscores the intention to uncover empirical relationships and correlations among these variables. This trend implies a strong need for insights into how organizations leverage both financial and non-financial information to enhance their strategic management approaches, possibly signalling a broader shift towards more holistic and data-driven decision-making strategies in the business world.

1.4.1. d. Segment Distribution

Segment	Record
Banking	7
Insurance	1
NGO’s	9
Hotel Industry	4
Manufacturing Industries	6
Education	2
State Corporation	6
Grand Total	**35**

1.4.2 Financial and Non-Financial Information Constructs

Financial and Non-Financial Information Constructs are crucial components within the realm of business and accounting. These constructs provide valuable insights into an organization's performance, position, and prospects, aiding decision-making processes for various stakeholders.

Financial information primarily encompasses numerical data related to the financial transactions and activities of an entity. This includes balance sheets, income statements, cash flow statements, and other financial reports. These documents offer a comprehensive view of an organization's monetary health, liquidity, profitability, and solvency Herrador-Alcaide, & Hernandez-Solis, 2019; Manes-Rossi, Tiron-Tudor, et al. 2018); Tirado-Beltrán, et al. 2020); Cicchiello, et al. 2023).

Non-financial information constructs, on the other hand, encompass a broader spectrum of data that doesn't directly involve monetary values but still holds significant importance for evaluating an entity's overall performance and impact. These constructs encompass qualitative and quantitative data pertaining to areas such as corporate social responsibility, environmental sustainability and employee satisfaction. Non-financial information includes metrics related to environmental, social, and governance (ESG) factors, which are increasingly recognized as crucial indicators of an organization's long-term sustainability and ethical practices (Krištofík, et al. 2016; Haller, et al. 2017).

In recent years, the importance of non-financial information constructs has been accentuated by the growing emphasis on corporate social responsibility and ethical business practices. Stakeholders, including investors, customers, employees, and regulatory bodies, are demanding more transparent reporting on non-financial aspects of business operations. This demand stems from a recognition that financial metrics alone do not provide a comprehensive picture of an organization's value creation, risk management, and societal impact (Andrades & Jorge, 2019).

The interplay between financial and non-financial information constructs is integral for a holistic understanding of a company's performance. While financial information offers quantitative insights into profitability, liquidity, and financial stability, non-financial information sheds light on the organization's relationships with its employees, customers, communities, and the environment. For instance, non-financial indicators like employee satisfaction scores or carbon emissions data can influence an organization's long-term success by affecting its reputation, talent retention, and operational efficiency (Sisaye, 2021).

Furthermore, the integration of financial and non-financial information constructs is becoming more prominent in corporate reporting frameworks. Initiatives such as integrated reporting aim to combine both types of information in a cohesive narrative that portrays a comprehensive view of an organization's value creation process. This approach acknowledges the interconnectedness of financial and non-financial aspects and encourages businesses to articulate their strategies, risks, and opportunities more holistically (Artene, Bunget, Dumitrescu, Domil, & Bogdan, 2020).

1.4.3 Strategy Management Process Constructs

The Strategy Management Process is a fundamental framework that organizations employ to achieve their long-term goals and objectives (Herrador-Alcaide, & Hernandez-Solis, 2019). It involves a systematic approach to creating, executing, and assessing strategies. The critical constructs in this process include: Formulation, Implementation, and Evaluation and Control. These constructs play pivotal roles in guiding organizations through the complexities of strategic decision-making, ensuring that financial and non-financial information are effectively utilized to drive success (Manes-Rossi, Tiron-Tudor, et al. 2018).

Formulation represents the initial stage of the Strategy Management Process. Here, organizations identify their goals and objectives, assess their internal and external environments, and develop strategies to align with their vision. The role of financial and non-financial information in this stage cannot be overstated. Financial data helps in assessing the feasibility and resource allocation for strategic initiatives, while non-financial information, such as market trends and customer feedback, informs the strategic direction (Haller, et al. 2017).

Implementation is where strategies are put into action. This construct bridges the gap between strategic planning and execution. Financial information becomes indispensable during this phase as it aids in budgeting, resource allocation, and monitoring financial performance against the set objectives. Non-financial information is equally crucial for tracking the progress of strategic initiatives, assessing customer satisfaction, and ensuring that the organization's culture aligns with the strategy (Tirado-Beltrán, et al. 2020).

The final construct, Evaluation and Control, ensures that strategies are on track and achieving desired outcomes. This phase involves constant monitoring and adjustment of strategies based on both financial and non-financial data. Financial information helps assess whether financial goals are being met, while non-financial data helps in gauging the broader impact of strategies on the organization's reputation and market position. Effective evaluation and control are essential for adapting strategies in response to changing internal and external dynamics (Krištofík, et al. 2016)

1.4.4 Financial and Non-Financial Information Theories

Financial and non-financial information theories play a crucial role in understanding various aspects of business and economics. These theories provide frameworks that help organizations and researchers analyse and interpret data, make informed decisions, and predict future trends.

One of the foundational theories in the realm of financial information is the Efficient Market Hypothesis (EMH). Proposed by Eugene Fama in the 1960s, the EMH posits that financial markets are efficient in incorporating all available information into stock prices. This theory comes in three forms: weak, semi-strong, and strong efficiency. The weak form suggests that past price movements are already reflected in current prices, making technical analysis ineffective. The semi-strong form argues that all publicly available information is immediately reflected in stock prices, leaving fundamental analysis incapable of consistently outperforming the market. The strong form contends that all information, both public and private, is instantly integrated into prices, rendering even insider trading futile. While the EMH has been subject to criticism and debate, it remains a central concept in financial market discussions (Haller, et al. 2017).

Moving beyond financial data, non-financial information theories gain significance, especially in the context of corporate social responsibility (CSR) and sustainability reporting. One such theory is the Stakeholder Theory, which posits that organizations should consider the interests of all stakeholders, including employees, customers, communities, and the environment, rather than solely focusing on maximizing shareholder wealth. This theory encourages businesses to adopt a more holistic approach to decision-making, taking into account the broader impacts of their actions (Osadchy, et al. 2018)

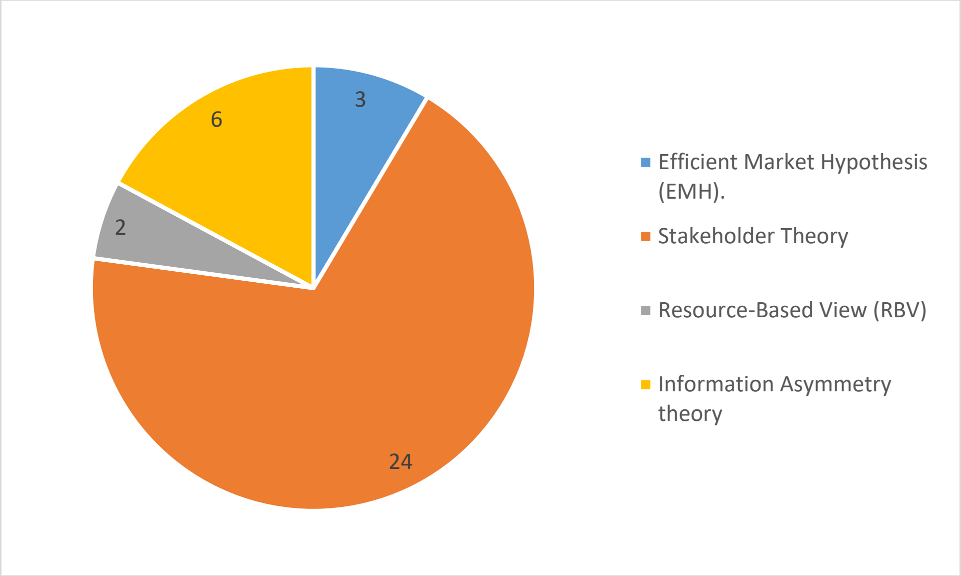
The Resource-Based View (RBV) of the firm, a pivotal theory in strategic management, was primarily developed by scholars like Birger Wernerfelt, Jay Barney, and R. M. Grant in the 1980s and 1990s. Wernerfelt's 1984 paper 'A Resource-Based View of the Firm' laid the groundwork by suggesting that a firm's resources and capabilities could be more important for strategy than the external market focus highlighted in previous models. Barney further developed this idea, identifying that resources must be valuable, rare, inimitable, and non-substitutable (VRIN) to provide sustainable competitive advantage. Grant's work emphasized the importance of how resources are integrated and utilized within a firm. Over the years, the RBV has evolved to include more emphasis on dynamic capabilities, recognizing that in rapidly changing markets, the ability of a firm to adapt and transform its resources is as important as the resources themselves. This perspective has proven highly relevant across various areas of business strategy, especially in knowledge-intensive and rapidly evolving sectors. In these areas, the unique resources and capabilities of a firm, like innovative capacity, skilled workforce, and adaptive organizational culture, are often the key determinants of competitive success. By focusing on internal strengths rather than just external market conditions, the RBV provides a comprehensive framework for firms to develop strategies that capitalize on their unique assets and capabilities.

In recent years, the Information Asymmetry theory has gained prominence in both financial and non-financial contexts. Information Asymmetry theory, initially proposed by George Akerlof in 1970 in his seminal paper "The Market for 'Lemons'", has significantly impacted various fields, including strategic management. Akerlof's work, alongside contributions from Michael Spence and Joseph Stiglitz, who further developed these concepts in the 1970s, primarily focused on the disparities in information access between two parties in a transaction. Their collective work earned them the Nobel Prize in Economics in 2001. This theory centers on how one party's superior access to information can lead to imbalances in transactions, a phenomenon prevalent in markets dealing with goods of variable quality.

In the realm of strategic management, Information Asymmetry theory plays a crucial role. It helps explain how differences in information access among competitors, stakeholders, and within an organization can influence strategic decisions. For instance, a company with more comprehensive market intelligence can make more informed strategic choices, gaining a competitive edge. This theory also underscores the importance of internal information dissemination, ensuring that decision-makers at all levels are well-informed. In contemporary studies, this theory remains highly relevant, especially in the era of big data and analytics. Today, strategic management increasingly relies on acquiring, processing, and effectively using information, making the principles of Information Asymmetry more pertinent than ever. Firms now focus on reducing information asymmetry internally and externally to optimize strategic decision-making and enhance competitiveness in rapidly evolving markets (Krištofík, et al. 2016).

Financial and non-financial information theories intersect in areas like sustainability reporting, where companies disclose both financial and non-financial performance metrics. The Integrated Reporting framework seeks to integrate financial, environmental, social, and governance information into a coherent narrative that provides a more comprehensive view of a company's value creation and long-term viability (Haller, et al. 2017). Figure 2 below shows the number of times each theory was used as per the literature.

Figure 2. Strategic Management Theories



Source: Author, 2023

1.4.5 Financial and Non-Financial Information and Strategy Management Process

In this section, the researcher will identify studies from five segments with higher frequencies based on how recent the studies are, those with bigger sample size, and different contexts for inter-industry comparisons and report their findings. Thus, Banking, NGOs, Hotel Industry, Manufacturing Industries and State Corporation have been selected. The selection of Banking, NGOs, Hotel Industry, Manufacturing Industries, and State Corporations reflects a desire to cover a diverse range of sectors with distinct operational dynamics and strategic management needs, offering a comprehensive inter-industry analysis.

Andrades Peña and Jorge (2019) explored the disclosure of mandatory non-financial information by Spanish state-owned enterprises on strategy management processes. Their study revealed that the level of mandatory non-financial information disclosure varied among these enterprises, indicating the presence of influencing variables. This underscores the complexity of non-financial information disclosure practices and the need to understand the underlying factors driving such practices. Bhimani and Langfield-Smith (2017) delved into the role of financial and non-financial information in on strategy management process. Their research highlighted that while financial information remains important, non-financial information plays a crucial role in shaping strategic decisions and facilitating effective execution. This suggests that organizations need to consider a holistic range of information sources to ensure successful strategy formulation and implementation.

Cardinaels and van Veen-Dirks (2010) explored the impact of information organization and presentation in a Balanced Scorecard, focusing on the comparison between financial and non-financial information on strategy management processes. They found that how information is organized and presented can affect how it is used in decision-making processes. This highlights the importance of effective communication and visualization of both financial and non-financial information to enhance strategic understanding and alignment. Cicchiello et al. (2023) examined

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

the relationship between non-financial disclosure regulations and environmental, social, and governance (ESG) performance in the context of EU and US firms. Their study revealed that firms subject to non-financial disclosure regulations tended to exhibit better ESG performance on strategy management process. This suggests that regulatory frameworks can drive improvements in non-financial performance and disclosure practices therefore enabling on implementation of strategy management process.

Ersoy et al. (2014) investigated the effect of non-financial information on financial performance and implementation of strategy management processes in the context of Turkey. They found a positive relationship between non-financial information and financial performance, indicating that non-financial factors can impact a firm's financial outcomes. This underscores the interconnectedness of different performance dimensions and the need to consider a broader set of factors in performance assessment. Hernaus et al. (2012) explored the influence of a strategic approach to business process management (BPM) on both financial and non-financial performance. Their study highlighted that a strategic approach to BPM positively correlated with improved financial and non-financial performance on implementation of strategy management processes. This suggests that a well-defined strategic orientation can lead to enhanced overall organizational outcomes.

Krištofík et al. (2016) focused on the standardization of non-financial information reporting on the implementation of strategy management processes. They discussed the rationale for standardization and its potential benefits, emphasizing the importance of consistent and comparable non-financial information for decision-making and stakeholder communication. This indicates the relevance of standardized reporting practices in the context of non-financial information. Al-Dmour et al. (2018) investigated the relationship between the quality of financial reporting and non-financial business performance, focusing on the influence of organizational attributes such as type, size, and experience. They found that higher-quality financial reporting positively correlated with improved non-financial business performance. This suggests that accurate financial reporting can contribute to better decision-making and operational outcomes.

Rezaee and Tuo (2017) investigated the voluntary disclosure of non-financial information and its association with implementation of strategy management processes. Their research found a positive relationship between the extent of non-financial information disclosure and implementation of strategy management processes, suggesting that organizations that disclose more non-financial information tend to have better sustainability outcomes. Artene et al. (2020) focused on non-financial information disclosures related to environmental protection in Romania and Greece and its impact on strategy management processes. Their study highlighted the role of non-financial information in environmental sustainability efforts. By examining the practices of firms in different contexts, they shed light on the importance of considering local factors when analyzing the impact of non-financial disclosures.

Arvidsson (2011) investigated the disclosure of non-financial information and the implementation of strategy management processes in annual reports from a management team perspective. Their research emphasized the significance of non-financial information in conveying the broader aspects of organizational performance and strategy. This underscores the role of non-financial information in providing a holistic view of an organization's activities and impact. Camilleri (2018) provided theoretical insights on integrated reporting, which involves the inclusion of non-financial capitals in corporate disclosures. The study highlighted the importance of considering various forms of capital beyond financial resources, such as intellectual, human, and social capital in implementation of strategy management processes. Integrated reporting can enhance stakeholders' understanding of how an organization creates value beyond traditional financial metrics.

Hadi et al. (2022) explored the value of both financial and non-financial information in implementation of strategy management processes in the context of non-profit organizations. Their study emphasized the relevance of both types of information in enhancing the performance and effectiveness of non-profit entities. This underlines that non-financial information is not exclusive to for-profit organizations and has implications for various sectors. Haller, Link, and Groß (2017) conducted a semantic analysis of the term "non-financial information" in corporate reporting. Their research underscored the need for clear definitions and understanding of non-financial information, which is essential for effective implementation of strategy management processes. The study contributes to clarifying the terminology and conceptualization of non-financial information.

Krawczyk (2021) discussed non-financial reporting and implementation of strategy management processes for the SME sector. The study emphasized the challenges and opportunities associated with implementing non-financial reporting standards in small and medium-sized enterprises. This indicates the evolving landscape of non-financial reporting practices and the efforts to tailor them to different organizational contexts. Manes-Rossi et al. (2020) conducted a structured literature review on non-financial reporting and implementation of strategy management processes in public sector organizations. The study highlighted the need for clear and standardized formats for non-financial reporting, especially in the public sector. Standardized reporting can improve transparency and accountability in public organizations' performance and sustainability efforts.

Monteiro et al. (2022) investigated the impact of information systems and non-financial information on company implementation of strategy management processes. The study highlighted the role of information systems in facilitating the collection, analysis, and dissemination of both financial and non-financial information. This indicates the technological dimension of effectively managing and leveraging diverse information sources. Omran et al. (2021) proposed a mediating model that links non-financial performance measures disclosure, quality strategy, and organizational implementation of strategy management processes. Their research emphasized the role of non-financial performance measures in mediating the relationship between quality strategy and financial outcomes. This underscores the potential for non-financial measures to bridge the gap between strategic intent and financial results.

Sisaye (2021) explored the influence of non-governmental organizations (NGOs) on the development of voluntary sustainability accounting reporting rules. The study highlighted the role of NGOs in shaping reporting practices and promoting transparency and accountability in sustainability efforts. This demonstrates the broader ecosystem within which non-financial reporting practices evolve. Tirado-Beltrán et al. (2020) investigated how donors react to non-financial information covering social projects in nonprofit organizations. The study highlighted the importance of non-financial information in influencing donor perceptions and implementation of strategy management processes. This underscores the role of non-financial disclosures in fostering stakeholder engagement and support. Venturelli et al. (2018) examined the state of corporate social disclosure before the introduction of the non-financial reporting directive and implementation of strategy management processes. Their research provided insights into the

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

landscape of non-financial reporting practices across different countries. The study's findings contribute to understanding the historical context of non-financial reporting development.

These studies collectively demonstrate the multifaceted nature of the relationship between financial and non-financial information and the strategic management process. They highlight the importance of accurate reporting, effective communication, regulatory influences, and the interconnectedness of different performance dimensions. Moreover, they underscore the need for organizations to consider both financial and non-financial information in their decision-making processes to ensure well-rounded and informed strategic choices. As organizations continue to navigate the complex landscape of strategic management, these insights from research provide valuable guidance for optimizing the use of financial and non-financial information for enhanced performance and sustainability.

2.0 Discussion

This study aimed to present a review of the literature between 2010 to 2023 on the empirical studies that have focused on financial information, non-financial information, and strategic management process. Using the PRISMA framework, the study accessed google scholar, research gate and science direct databases as the sources of information.

The extensive body of literature presented in the studies highlights the intricate interplay between financial and non-financial information and its profound influence on the strategic management processes within organizations. A recurring theme across these works is the growing recognition of the pivotal role played by non-financial information in shaping strategic decision-making. While financial data has historically driven strategic planning, it's becoming evident that a broader set of information, encompassing non-financial dimensions such as environmental, social, and governance factors, significantly contributes to a more holistic understanding of an organization's performance and its strategic trajectory.

The studies collectively emphasize that financial and non-financial information are not isolated entities but rather interdependent aspects of organizational performance. The quality of financial reporting is found to be correlated with non-financial business performance, underlining the importance of accurate financial data for decision-making. However, this linkage also raises questions about how organizations can effectively bridge the gap between financial and non-financial aspects to develop a unified strategic vision.

Moreover, the studies point to the varied nature of non-financial information disclosure practices. This variation underscores the complexity of organizational motivations, external pressures, and regulatory frameworks that shape disclosure behaviours. It's evident that organizations navigate a complex landscape in which factors like stakeholder expectations, competitive pressures, and regulatory mandates play a significant role in shaping their disclosure strategies.

Non-financial information is also increasingly seen as a bridge between strategic intent and financial outcomes. The studies suggest that considering non-financial dimensions such as social and environmental impact can lead to better financial performance. However, the challenge lies in identifying the specific non-financial factors that exert the most influence on financial outcomes and understanding the mechanisms through which this relationship operates.

Standardization emerges as a key consideration, with discussions around the need for consistent reporting formats. However, the tension between standardization and the unique characteristics of different organizations, industries, and contexts remains a central challenge. Striking the right

https://doi.org/10.53819/81018102t2343

balance between standardization and adaptability is crucial to ensuring that reported information remains relevant and useful for decision-makers.

Technology's role in integrating financial and non-financial information is also highlighted. Information systems are recognized as vital tools for collecting, analysing, and presenting these diverse data streams. Yet, the complexity of integrating different data sources and ensuring data accuracy and security presents a substantial challenge.

The studies illuminate the dynamic and complex relationship between financial and non-financial information and the strategic management processes of organizations. They underscore the need for a holistic approach to information management, where financial and non-financial data are not siloed but integrated seamlessly to inform strategic decisions. As organizations continue to grapple with the evolving landscape of performance management and sustainability, the insights from these studies offer valuable guidance for leveraging financial and non-financial information effectively.

2.1 Research Gap

The existing literature presents a detailed examination of various aspects of financial and non-financial information in strategy management processes, ranging from disclosure practices and the influence of organizational attributes to the role of regulatory frameworks and information systems. However, there are several methodological and contextual gaps that remain unaddressed. For instance, most studies focus on specific sectors or geographic regions, limiting the generalizability of the findings. This is especially evident in studies that examine state-owned enterprises, public sector organizations, or specific countries. Additionally, the methodologies employed are often qualitative in nature or rely on case studies, leaving room for more comprehensive quantitative analyses that can offer robust statistical evidence. There's also a lack of longitudinal studies that track the evolution of financial and non-financial information disclosure and its impact on strategy management over time, which can provide insights into the long-term benefits or drawbacks of various practices.

Conceptually and theoretically, the literature seems to treat financial and non-financial information as distinct entities without deeply exploring their synergistic effects on strategy management processes. Studies that focus on the importance of non-financial information like environmental, social, and governance (ESG) criteria or Balanced Scorecard metrics could benefit from integrating financial metrics to develop a more holistic model. Additionally, while there is some work on the role of information systems, the rapidly evolving landscape of data analytics, machine learning, and artificial intelligence in strategy management remains underexplored. The literature also leans towards examining larger organizations, leaving a gap in understanding how small and medium enterprises (SMEs) or startups integrate financial and non-financial information into their strategy management processes.

3.0 Conclusion

The exploration of the extensive literature surrounding financial and non-financial information reveals insightful conclusions that shed light on recent trends, diverse constructs, prevalent theories, and the influence of this information on the strategy management process.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

3.1 Recent Trends in Financial and Non-Financial Information (RQ1):

The literature reflects a shifting paradigm where the significance of non-financial information is gaining prominence alongside traditional financial data. Organizations are recognizing the need to provide a comprehensive picture of their operations and impacts, driven by increasing stakeholder demands for transparency and accountability. This trend is underscored by studies that highlight the growing importance of non-financial disclosure, integrated reporting, and the consideration of non-financial capitals such as social and environmental factors. The recent emphasis on sustainability and corporate social responsibility further amplifies the role of non-financial information as a vital component of organizational narratives.

3.2 Financial and Non-Financial Information Constructs (RQ2):

The studies reviewed depict a wide spectrum of constructs within both financial and non-financial information domains. Financial constructs encompass traditional financial ratios, performance metrics, and accounting data. Non-financial constructs, on the other hand, encompass a diverse array of factors such as environmental impact, social responsibility, governance practices, and ethical considerations. This indicates a recognition of the multidimensionality of organizational performance, wherein both financial and non-financial aspects play pivotal roles in shaping stakeholder perceptions and influencing strategic choices.

3.3 Financial and Non-Financial Information Theories in Kenya (RQ3):

While the reviewed literature does not explicitly focus on Kenya, scholars globally have drawn on various theories to analyse the relationship between financial and non-financial information. Agency theory, stakeholder theory, and legitimacy theory are frequently employed to understand how information is used to align managerial actions with stakeholder interests and expectations. Resource-based view theory also emerges, emphasizing the strategic advantage that can be gained through the effective utilization of both financial and non-financial resources. It's crucial to note that local contextual factors could influence the choice and adaptation of theories within the Kenyan context.

3.4 Influence of Financial and Non-Financial Information on Strategy Management Process (RQ4):

A consistent thread across the literature is the acknowledgement of the profound influence of both financial and non-financial information on the strategy management process. Organizations are increasingly recognizing that financial metrics alone cannot provide a comprehensive understanding of performance. Non-financial information, such as ESG factors, sustainability practices, and social impacts, significantly contributes to shaping strategic decisions. Studies underscore the need for a holistic approach where these dimensions are integrated seamlessly to foster a well-rounded understanding of an organization's positioning, challenges, and opportunities. This integration enhances the formulation and execution of strategies that align with stakeholder expectations and long-term sustainability goals.

In conclusion, the literature reflects a transformative shift in the way financial and non-financial information are perceived and utilized. Organizations are navigating a landscape where both dimensions are seen as critical components of organizational success, transparency, and sustainability. The amalgamation of financial and non-financial information is recognized as a powerful tool in enhancing decision-making processes, refining strategic choices, and ensuring alignment with broader stakeholder interests.

https://doi.org/10.53819/81018102t2343

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

4.0 Suggestions for future research

The domain of financial and non-financial information holds exciting avenues for future research. Further studies can delve into the intricate dynamics of integrating financial and non-financial information within specific industries and sectors, considering their unique challenges and opportunities. Research should aim to develop comprehensive frameworks that guide organizations in systematically harnessing both dimensions for strategic decision-making, encompassing methodologies for effective data aggregation, analysis, and communication. Additionally, exploring the influence of evolving technology, such as AI and blockchain, on the integration and utilization of diverse information sources presents a promising avenue. Investigating the role of regulatory frameworks in shaping disclosure practices and their impact on strategy management can offer valuable insights for both theory and practice. Furthermore, in the context of the Kenyan landscape, research could focus on adapting existing theories and frameworks to local contexts, considering cultural, economic, and institutional factors that influence the use and impact of financial and non-financial information. Overall, the future research agenda should be oriented towards guiding organizations in maximizing the potential of integrated financial and non-financial information for sustainable strategic management.

5.0 Significant Empirical Studies on Financial and Non-Financial Information and Strategy Management Process

Author	Year	Construct	Dimensions	Theory	Methodology	Findings
Al-Dmour et al.	2018	Financial Reporting and Business Performance	Quality of financial reporting, non-financial business performance, organizational attributes	Stakeholder Theory	Descriptive Research Design	This study found that high-quality financial reporting positively influences non-financial business performance. It also identified that organizational attributes like size and experience moderate this relationship.
Andrades Peña & Jorge	2019	Non-Financial Disclosure	Amount of mandatory non-financial information, potential influential variables	Stakeholder Theory	Descriptive Survey Design	The study revealed a significant amount of mandatory non-financial information disclosed by Spanish state-owned enterprises.
Anggraini & Wulan	2015	Islamic Social Reporting (ISR)	Financial-non financial factors, Islamic Social Reporting (ISR)	Stakeholder Theory	Census Survey	This study found a significant relationship between financial and non-financial factors and the level of Islamic Social Reporting (ISR) disclosure.
Artene et al.	2020	Non-Financial Information and Environment	Non-financial information disclosures, environmental protection	Stakeholder Theory	Descriptive Research Design	The findings indicated a link between non-financial information disclosures and environmental protection, with specific insights from Romania and Greece.
Arvidsson	2011	Non-Financial Disclosure	Non-financial information in annual reports	Stakeholder Theory	Literature Review	This study found that non-financial information disclosure in annual reports is influenced by the perspectives of the management team, impacting the company's intellectual capital.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

Author	Year	Construct	Dimensions	Theory	Methodology	Findings
Bhimani & Langfield-Smith	2017	Financial and Non-Financial Information	Importance in strategy development and implementation	Stakeholder Theory	Literature Review	The research emphasized the importance of both financial and non-financial information in strategic development and implementation, highlighting their roles in organizational structure and formality.
Camilleri	2018	Integrated Reporting	Inclusion of non-financial capitals in corporate disclosures	Stakeholder Theory	Literature Review	The study provided theoretical insights on integrated reporting, emphasizing the importance of including non-financial capitals in corporate disclosures.
Cardinaels & van Veen-Dirks	2010	Financial and Non-Financial Information	Impact of information organization and presentation in a Balanced Scorecard	Stakeholder Theory	Literature Review	The findings indicated that the organization and presentation of financial versus non-financial information in a Balanced Scorecard significantly impacts managerial decision-making processes.
Cicchiello et al.	2023	Non-Financial Disclosure and ESG Performance	Non-financial disclosure regulation, ESG performance	Stakeholder Theory	Literature Review	This study found that non-financial disclosure regulations have a meaningful impact on the Environmental, Social, and Governance (ESG) performance of firms in the EU and US
Cordazzo et al.	2020	EU Directive on Non-Financial Information	Influence on value relevance of ESG disclosure	Stakeholder Theory	Descriptive Research Design	The findings indicated that the EU Directive on non-financial information has a positive impact on the value relevance of ESG disclosures in Italian firms.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

Author	Year	Construct	Dimensions	Theory	Methodology	Findings
Dossi & Patelli	2010	Financial and Non-Financial Performance	Performance measures in multinational companies	Resource-Based View (RBV)	Case Study Research Design	Multinational companies that integrate both financial and non-financial performance measures tend to experience enhanced learning and performance improvements.
Ersoy et al.	2014	Non-Financial Information and Financial Performance	Effect on financial performance	Efficient Market Hypothesis (EMH)	Correlation Research Design	Incorporating non-financial information into business strategies positively influences financial performance
Hadi et al.	2022	Financial and Non-Financial Information	Value towards non-profit organizations	Stakeholder Theory	Descriptive Survey Design	Financial and non-financial information significantly contribute to the effectiveness and efficiency of non-profit organizations.
Haller et al.	2017	Non-Financial Information	Semantic analysis of the term 'non-financial information' in corporate reporting	Stakeholder Theory	Literature Review	The study revealed that the term 'non-financial information' is subject to varied interpretations and plays a crucial role in both current and future corporate reporting practices.
Hernaus et al.	2012	Strategic Approach to BPM	Influence on financial and non-financial performance	Stakeholder Theory	Literature Review	Organizations that strategically approach Business Process Management (BPM) witness improvements in both financial and non-financial performance metrics.
Herrador-Alcaide & Hernandez-Solis	2019	Non-Financial Disclosure and Consumption	Non-financial disclosure for social conscious consumption	Stakeholder Theory	Descriptive Survey Design	The study demonstrated a significant relationship between non-financial disclosure and socially conscious consumer behaviors in Spain's e-credit market.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

Author	Year	Construct	Dimensions	Theory	Methodology	Findings
Kori et al.	2020	Financial and Non-Financial Measures	Role of strategic intelligence in evaluating performance	Stakeholder Theory	Descriptive Survey Design	The incorporation of strategic intelligence in evaluating performance using both financial and non-financial measures yields better outcomes.
Krawczyk	2021	Non-Financial Reporting	Standardization options for SME sector	Information Asymmetry theory	Literature Review	Advocates for the standardization of non-financial reporting in the SME sector to enhance risk and financial management.
Krištofík et al.	2016	Non-Financial Reporting	Rationale for standardization of non-financial information	Information Asymmetry theory	Literature Review	Highlighted the growing importance and rationale for standardizing the reporting of non-financial information in businesses.
Manes-Rossi et al.	2020	Non-Financial Reporting Formats	Non-financial reporting formats in public sector organizations	Stakeholder Theory	Literature Review	Reviewed various non-financial reporting formats in public sector organizations, underlining the need for structured approaches to enhance effectiveness.
Manes-Rossi et al.	2018	Non-Financial Disclosure	Ensuring sustainable reporting using non-financial disclosure	Stakeholder Theory	Literature Review	Found that implementing non-financial disclosure in Europe led to more sustainable reporting, with significant improvements observed in both de facto and de jure practices.
Mio & Venturelli	2013	Non-Financial Information and Sustainability	Sustainable development and environmental policy in annual reports	Stakeholder Theory	Literature Review	Established a trend where listed companies in Italy and the UK increasingly reported sustainable development and environmental policies in their annual reports.
Monteiro et al.	2022	Information Systems and	Impact of information systems and non-financial	Stakeholder Theory	Descriptive Research Design	Found that information systems and non-financial information positively impact company success,

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

Author	Year	Construct	Dimensions	Theory	Methodology	Findings
		Company Success	information on company success			emphasizing the strategic importance of these factors.
Omran et al.	2021	Non-Financial Performance Measures	Non-financial measures, quality strategy, organizational financial performance	Resource-Based View (RBV)	Literature Review	Identified a positive relationship between non-financial performance measures disclosure and organizational financial performance, with quality strategy acting as a key mediator.
Orens & Lybaert	2010	Sell-Side Analysts' Use of Non-Financial Information	Determinants of sell-side financial analysts' use of non-financial information	Information Asymmetry theory	Descriptive Survey Design	Determined that non-financial information is a crucial factor for sell-side financial analysts, influencing their decision-making process significantly.
Osadchy et al.	2018	Financial Statements and Decision-Making	Financial statements as an information base for decision-making	Information Asymmetry theory	Case Study Research Design	Demonstrated that financial statements serve as a vital information base for decision-making in transforming economies, emphasizing the need for comprehensive reporting.
Pizzi et al.	2022	Sustainable Development Goals	Voluntary disclosure of Sustainable Development Goals in non-financial reports	Stakeholder Theory	Literature Review	Found that the voluntary disclosure of Sustainable Development Goals in mandatory non-financial reports is moderated by cultural dimensions, affecting the extent and manner of disclosure.
Rezaee & Tuo	2017	Non-Financial Disclosure and Sustainability	Voluntary disclosure and its association with sustainability performance	Information Asymmetry theory	Literature Review	Revealed a strong association between the voluntary disclosure of non-financial information and improved sustainability performance.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

Author	Year	Construct	Dimensions	Theory	Methodology	Findings
Sisaye	2021	NGOs and Sustainability Accounting Reporting	Influence of NGOs on the development of voluntary sustainability accounting reporting rules	Stakeholder Theory	Literature Review	Showed that NGOs play a significant role in the development of voluntary sustainability accounting reporting rules, influencing practices and standards.
Sonnerfeldt & Pontoppidan	2020	Assurance on Non-Financial Reporting	Challenges of assurance on non-financial reporting	Efficient Market Hypothesis (EMH)	Literature Review	Identified challenges in assuring non-financial reporting, highlighting the complexity and need for more robust assurance processes.
Theriou	2015	Strategic Management Process	Importance of structured formality, financial and non-financial information	Information Asymmetry theory	Literature Review	Emphasized the importance of a structured formal strategic management process, incorporating both financial and non-financial information for better decision-making.
Tirado-Beltrán et al.	2020	Non-Financial Information and Donor Reaction	Donor reaction to non-financial information covering social projects in nonprofits	Stakeholder Theory	Case Study Research Design	Found that non-financial information about social projects significantly influences donor reactions in Spanish nonprofits.
Venturelli et al.	2018	Corporate Social Disclosure	State of art of corporate social disclosure before introduction of non-financial reporting directive	Stakeholder Theory	Literature Review	Reported that corporate social disclosure practices varied significantly before the introduction of non-financial reporting directives, with noticeable differences across countries.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 1||Page 33-64 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

References

Al-Dmour, A. H., Abbod, M., & Al-Balqa, N. S. (2018). The impact of the quality of financial reporting on non-financial business performance and the role of organizations demographic' attributes (type, size and experience). *Academy of Accounting and Financial Studies Journal.* Volume 22, Number 1, 1-18

Andrades Peña, J., & Jorge, M. L. (2019). Examining the amount of mandatory non-financial information disclosed by Spanish state-owned enterprises and its potential influential variables. *Meditari Accountancy Research*, *27*(4), 534-555.

Anggraini, A., & Wulan, M. (2015). Faktor financial-non financial dan tingkat pengungkapan Islamic Social Reporting (ISR). *Jurnal Akuntansi Dan Keuangan Islam*, *3*(2), 161-184.

Artene, A., Bunget, O. C., Dumitrescu, A. C., Domil, A. E., & Bogdan, O. (2020). Non-financial information disclosures and environmental protection—evidence from Romania and Greece. *Forests*, *11*(8), 814.

Arvidsson, S. (2011). Disclosure of non-financial information in the annual report: A management-team perspective. *Journal of intellectual capital*, *12*(2), 277-300.

Bhimani, A., & Langfield-Smith, K. (2017). Structure, formality and the importance of financial and non-financial information in strategy development and implementation. *Management accounting research*, *18*(1), 3-31.

Camilleri, M. A. (2018). Theoretical insights on integrated reporting: The inclusion of non-financial capitals in corporate disclosures. *Corporate Communications: An International Journal*, *23*(4), 567-581.

Cardinaels, E., & van Veen-Dirks, P. M. (2010). Financial versus non-financial information: The impact of information organization and presentation in a Balanced Scorecard. *Accounting, organizations and society*, *35*(6), 565-578.

Cicchiello, A. F., Marrazza, F., & Perdichizzi, S. (2023). Non-financial disclosure regulation and environmental, social, and governance (ESG) performance: The case of EU and US firms. *Corporate Social Responsibility and Environmental Management*, *30*(3), 1121-1128.

Cordazzo, M., Bini, L., & Marzo, G. (2020). Does the EU Directive on non-financial information influence the value relevance of ESG disclosure? Italian evidence. *Business Strategy and the Environment*, *29*(8), 3470-3483.

Dossi, A., & Patelli, L. (2010). You learn from what you measure: financial and non-financial performance measures in multinational companies. *Long Range Planning*, *43*(4), 498-526.

Ersoy, A. P., Tuba, B. O. R. A., & Karabiyik, L. (2014). Effect of non-financial information on financial performance: evidence from Turkey. *International Review of Economics and Management*, *2*(1), 1-18.

Hadi, H. A., Bakar, A. N., Noor, N. H. M., & El Ashfahany, A. (2022). The Value of Financial and Non-Financial Information towards Non-profit Organisations. *Environment-Behaviour Proceedings Journal*, *7*(21), 349-355.

Haller, A., Link, M., & Groß, T. (2017). The term 'non-financial information'–a semantic analysis of a key feature of current and future corporate reporting. *Accounting in Europe*, *14*(3), 407-429.

Hernaus, T., Pejić Bach, M., & Bosilj Vukšić, V. (2012). Influence of strategic approach to BPM on financial and non-financial performance. *Baltic Journal of Management*, *7*(4), 376-396.

Herrador-Alcaide, T., & Hernandez-Solis, M. (2019). Empirical study regarding non-financial disclosure for social conscious consumption in the Spanish e-credit market. *Sustainability*, *11*(3), 866.

Kori, B. W., Muathe, S., & Maina, S. M. (2020). Financial and non-financial measures in evaluating Performance: the role of strategic intelligence in the context of commercial banks in Kenya. *International Business Research*, *13*(10), 130-130.

Krawczyk, P. (2021). Non-financial reporting—standardization options for SME sector. *Journal of Risk and Financial Management*, *14*(9), 417.

Krištofík, P., Lament, M., & Musa, H. (2016). The reporting of non-financial information and the rationale for its standardisation. *Business Administration and Management*. 2, XIX, 157-175. DOI: 10.15240/tul/001/2016-2-011

Manes-Rossi, F., Nicolò, G., & Argento, D. (2020). Non-financial reporting formats in public sector organizations: a structured literature review. *Journal of Public Budgeting, Accounting & Financial Management*, *32*(4), 639-669.

Manes-Rossi, F., Tiron-Tudor, A., Nicolò, G., & Zanellato, G. (2018). Ensuring more sustainable reporting in Europe using non-financial disclosure—De facto and de jure evidence. *Sustainability*, *10*(4), 1162.

Mio, C., & Venturelli, A. (2013). Non-financial information about sustainable development and environmental policy in the annual reports of listed companies: Evidence from Italy and the UK. *Corporate Social Responsibility and Environmental Management*, *20*(6), 340-358.

Monteiro, A. P., Vale, J., Leite, E., Lis, M., & Kurowska-Pysz, J. (2022). The impact of information systems and non-financial information on company success. *International Journal of Accounting Information Systems*, *45*, 100557.

Omran, M., Khallaf, A., Gleason, K., & Tahat, Y. (2021). Non-financial performance measures disclosure, quality strategy, and organizational financial performance: a mediating model. *Total Quality Management & Business Excellence*, *32*(5-6), 652-675.

Orens, R., & Lybaert, N. (2010). Determinants of sell-side financial analysts' use of non-financial information. *Accounting and Business Research*, *40*(1), 39-53.

Osadchy, E. A., Akhmetshin, E. M., Amirova, E. F., Bochkareva, T. N., Gazizyanova, Y. Y., & Yumashev, A. V. (2018). Financial statements of a company as an information base for decision-making in a transforming economy. *European Research Studies Journal.* Volume *XXI, Issue 2, 339-350.*

Pizzi, S., Del Baldo, M., Caputo, F., & Venturelli, A. (2022). Voluntary disclosure of Sustainable Development Goals in mandatory non-financial reports: The moderating role of cultural dimension. *Journal of International Financial Management & Accounting*, *33*(1), 83-106.

Rezaee, Z., & Tuo, L. (2017). Voluntary disclosure of non-financial information and its association with sustainability performance. *Advances in accounting*, *39*, 47-59.

Sisaye, S. (2021). The influence of non-governmental organizations (NGOs) on the development of voluntary sustainability accounting reporting rules. *Journal of Business and Socio-economic Development*, *1*(1), 5-23.

Sonnerfeldt, A. & Pontoppidan, C. (2020). The Challenges of Assurance on Non-financial Reporting. *Accounting, Economics, and Law: A Convivium*, *10*(2), 20180050. https://doi.org/10.1515/ael-2018-0050

Theriou, N. G. (2015). Strategic management process and the importance of structured formality, financial and non-financial information. European Research Studies, Volume XVIII, Issue (2). 3-28

Tirado-Beltrán, J. M., Fuertes-Fuertes, I., & Cabedo, J. D. (2020). Donor reaction to non-financial information covering social projects in nonprofits: A Spanish case. *Sustainability*, *12*(23), 10146.

Venturelli, A., Caputo, F., Leopizzi, R., & Pizzi, S. (2018). The state of art of corporate social disclosure before the introduction of non-financial reporting directive: A cross country analysis. *Social responsibility journal*, *15*(4), 409-423.