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An interrogation of accounting–marketing interface in UK financial services organisations: Mixing cats with dogs?

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ABSTRACT

While an increasing body of literature progressively proposes that accounting–marketing integration would yield strategic marketing synergies, another stream of literature suggests ineffective accounting–marketing integration. This paper aims to bridge the dyadic research gap in the optimal business performance arising from the integration of accounting and marketing functions. Based on a survey of 162 responses (with 75 dyads) from accounting and marketing managers in UK financial services organisations, this study identifies departmental differences and boundary fencing as core relational features in this dyad. Despite the perceptual divergences in the accounting–marketing dyad, most respondents perceived an integration of these functions to be an effective tool in their respective organisations. This study illuminates the existence and influence of cultural diversity and boundary fencing behaviour in the accounting–marketing dyad with respect to impasse, accounting–marketing integration and performance. This study explains performance driven task connectivity integration between accounting and marketing.

1. Introduction

While numerous studies have explored the working relationship between the marketing function and other functional areas, ranging from marketing integration with R&D (e.g., Garrett et al., 2006; Moenaert et al., 1994; Song and Thieme, 2006) to marketing and sales integration (e.g., Le Meunier-FitzHugh and Lane, 2009; Le Meunier-FitzHugh and Piercy, 2007), the relationship between marketing and accounting has received very little empirical attention (e.g., Barker, 2008; Ratnatunga et al., 1989). This is surprising given the increasing advocacy for the illumination of accounting–marketing working relationship/interface considering the critical importance to strategic orientation (Roslender and Hart, 2003) and value enhancement in organisations (e.g., Barker, 2008; Hyman and Mathur, 2005; Roslender and Hart, 2002, 2003). Bearing in mind the interplay of costs and benefits, areas that are within the domains of accounting and marketing respectively, there is an obvious need for integration between both functions.

The body of literature on accounting–marketing integration suggests opposing views in terms of outcome – while some studies have observed strategic marketing synergies (e.g., Downie, 1997; Gleaves et al., 2008; Roslender and Hart, 2003; Roslender and Wilson, 2008), others[1] report that accounting–marketing integration has been ineffective. For example, Field and Gabhart (1981) (cited in Barker, 2008) lamented that accounting and marketing are non-integrated as 'cats and dogs', a view that is supported by arguments that accounting and marketing remain apart (Downie, 1997; Gleaves et al., 2008; Zinkhan and Verbrugge, 2000a, 2000b). These notions require empirical validation.

Over three decades after Field and Gabhart's comment, there is increasing call for ways to enhance accounting–marketing working relationship (e.g., Barker, 2008; Gleaves et al., 2008). Reporting on the matter, Wilson (2000) argued that accounting's failure to work well with marketing leads to misdirection of marketing efforts. Reportedly, this failure to work harmoniously and misdirection of marketing impact are the consequences of attitudinal issues driven impasse in the accounting–marketing interface. As repositories of knowledge in their functional domains, it is important for accounting and marketing to work effectively together and enhance organisational performance; therefore, further exploration of this dyad is necessary (Gleaves et al., 2008; Hyman and Mathur, 2005; Roslender and Wilson, 2008).

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[1] See the special issue on the marketing/accounting interface vol. 24, issue 7/8. Indeed Gleaves et al. (2008) opined that "Marketing and Management Accounting (MA) have traditionally been seen as poles apart in terms of both focus and approach." See also the *IJEIM* Special Issue on Realigning the Innovation-Entrepreneurship Interface guest edited by Madichie (2010).

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Table 1
The typical problems in the accounting/marketing interface.

Nature of problems	Definition of problems	Sources
Cognitive	1. Accountants lack understanding of marketing principles and concepts.	Harrison (1979)
	2. Accountants lack understanding of marketing policies, problems, practices and 'marketing concept'.	Foster and Gupta (1994), Wilson (1999, 2000)
Attitudinal	1. Inadequacy of accountants to identify and classify costs, and ineffective financial analysis of customers and distribution channels. Failure to understand information needs.	Foster and Gupta (1994), Wilson (1999, 2000)
	2. Inaccurate and untimely accounting reporting	Abdel-Kader and Luther (2004), Drury et al. (1993)
	3. Accountants do not accept marketing as a distinct and separate managerial function.	Wilson (2000)
	4. Accountants tend to over-emphasise cost control and are production-oriented.	Harrison (1979), Foster and Gupta (1994), Wilson (1999, 2000)
	5. Lack of minimum acceptable goal criteria	Foster and Gupta (1994), Wilson (2000)
Organisational	1. Inadequate informal communication between accountants and marketing decisions makers	Harrison (1979)
	2. Multiple reporting responsibilities of accounting, leading to priority assignment prejudicial to marketing	Harrison (1979)
	3. Information sharing problems	Abdel-Kader and Luther (2004), Drury et al. (1993)
General assessment	1. A general ineffective integration between the accounting and marketing functions	Abdel-Kader and Luther (2004),
	2. Failure of accounting to understand the Marketing function	Drury et al. (1993), Foster and Gupta (1994),
	3. Failure of Accounting to measure up to the information requirement of Marketing	Wilson (1981, 1999, 2000)
	4. There are serious integration issues between Accounting and Marketing.	Barker (2008)

Accounting and marketing must integrate effectively to contribute to strategic marketing efforts (Gleaves et al., 2008; Roslender and Hart, 2003) – a precondition for profitable customer satisfaction (Gleaves et al., 2008). Services marketing literature (Xu et al., 2014) adds to this integration–performance logic: resource integration between customers and employees yields service co-creation.

Inspired by highlighted research gaps, this study draws upon concepts from organisational behaviour, marketing and management to investigate the accounting–marketing working relationship in UK financial services organisations. Utilising interpersonal relationship insight (e.g., Opute, 2012, 2015) and affective reaction view of interpersonal relationship (e.g., Greer et al., 2008; Opute, 2015), this study focuses on the attitudinal behaviour perspective of accounting–marketing integration. Specifically, the study illuminates the nature of attitudinal factors (cultural and orientation differences, and role flexibility), their influence on accounting–marketing integration, and their interconnectedness. Integration relevance may be interface dependent (e.g., Griffin and Hauser, 1996), and since human beings are a bundle of emotions their ability to interact and work harmoniously hinges on their emotional capacity. We argue that the perspective proposed in this study is critical to optimising the benefits of the integration between accounting and marketing.

This study makes two contributions to the knowledge about accounting–marketing integration. First, this study illuminates the nature and existence of attitudinal factors and combined influence on the integration between accounting and marketing. Second, this study contributes to the understanding of task-connectivity integration in the accounting–marketing interface. Within this latter context, this study explains the inter-connectedness between culture and orientation differences and role flexibility and integration influence, through a careful examination of routine and strategic marketing process integration.

It must be pointed out that this study does not disaggregate accounting and finance but treats them interchangeably. While this might be a limitation, the central argument is not lost as the call for marketing–accounting/finance integration is the main thrust and especially expedient when it comes to marketing of financial services.

2. The accounting–marketing dyad

Research suggests problems in the accounting–marketing relationship (e.g., Abdel-Kader and Luther, 2004; De Ruyter and Wetzels, 2000; Drury et al., 1993; Foster and Gupta, 1994; Wilson, 2000). These problems reflect cognitive, attitudinal and organisational features that lead to what Krohmer et al. (2002) once described as a 'detrimental disharmony' (see Table 1) and ultimately resulting in negative organisational performance. Wilson (2000) elaborates that accounting neither understands nor meets (accurately and timely) the information needs of marketing, while Barker (2008, p. 325) notes that "marketers see more contradiction in the information they receive, which raises quality concerns."

Furthermore, the observed impasse in the accounting–marketing literature suggests cultural differences-driven features (e.g., Durden, 1988; Gleaves et al., 2008), a view that connects to mainstream literature about "Culture Thought Worlds" in inter-functional relationships (Griffin and Hauser, 1996, p. 196; Kotler et al., 2006; Maltz, 1997). As Snow (1993, p. 16) argues, such culture differences cause 'a gulf of mutual incomprehension' leading to disharmonious working between both parties. As further literature underlines, such culture differences culminate in tension and increased conflict potentials (Barker, 2008; Wilson, 2000) and hinder effective cross-functional relationship (De Ruyter and Wetzels, 2000; Maltz, 1997). Based on these facts, it seems right to agree that there is ineffective accounting–marketing integration, and this paper aims to enhance knowledge in this area.

3. Inter-departmental integration dimensions

Integration essentially refers to the 'strategic linking' of functionally specialised groups for corporate success (Plakoyiannaki and Tzokas, 2002). To optimise the strategic linking, accounting and marketing must engage in effective symbiotic interrelating. Inspired by the view that organisations that adopt a comprehensive integration approach would increase their performance (e.g., Kahn and Mentzer, 1998; Krohmer et al., 2002), this paper invokes both information sharing (Barker, 2008; Xie et al., 2003) *inter alia*[2] and team *esprit de corps* (Kahn and Mentzer, 1998; Parry and Song, 1993; Xie et al., 2003) theories to examine accounting–marketing integration. Specifically, this study conceptualises three integration dimensions, namely 'information sharing', 'unified effort' and 'involvement'.

[2] For more details on this please see Chimhanzi (2004), Kahn and Mentzer (1998), Kahn (1996), and Krohmer et al. (2002).

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