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# Managers' perceptions of the interface between financial and marketing management processes

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**Abstract**
This paper identifies managers' perceptions of the interface between the process of financial and marketing management and investigates the level of communication between the two functions. In particular, the paper focuses on the need for mutual understanding of both financial and marketing functions as well as the flow of information between finance and marketing departments.

The results of an empirical study of 218 marketing and financial managers in South African businesses showed that although financial and marketing managers had no perceived relationship problems, they did not seem to have a clear understanding of one another's functions. Financial managers perceived that marketing managers did not understand financial methods and procedures and were unable to specify their financial requirements. There were also conflicting views between the flow of information and perceptions about the long-term perspective of the business. This study showed that the desired degree of integration between the two functions had not been achieved.

**Key phrases**
*financial management; interface; marketing management; perceptions*

# 1. INTRODUCTION

During the seventies, Harrison (1978:80) had already identified that a knowledge gap between financial and marketing management existed. Two decades later Srivastava, Shervani and Fahey (1998:2) developed a conceptual framework for the finance-marketing interface.

The framework proposed that marketing is concerned with the development and management of market-based assets, for example, customer relationships, channel relationships and partner relationships. As a result, marketing's traditional assumptions needed to be extended to the additional or emerging assumptions regarding the interface. Traditionally, marketing has focused on success in the marketplace, but the focus has changed to contributing to the maximisation of the shareholders' wealth. The change in focus has led to the realisation that the relationship between finance and marketing must be managed carefully. Marketers need to understand that success in the marketplace does not necessarily lead to the best financial results.

This paper reports on the perceptions of financial managers and marketing managers on the interface between their functions based on their management processes. More specifically, the level of communication between the two functions, the understanding of each other's function and the flow of information between the finance and marketing departments are investigated.

This paper, firstly, identifies the problems and objectives that need to be addressed in this research. Secondly, a literature overview on the interface between financial and marketing management is provided. Thereafter, the results of an empirical survey are discussed and recommendations are made.

# 2. PROBLEM INVESTIGATED

Research has been conducted on the finance-marketing interface in business (De Ruyter & Wetzels 2000:209; Dougherty 1992:179; Jenkins & Meer 2005:9). Zinkhan and Verbrugge (2000:143) found that financial managers focussed on resource allocation and asset management while marketing managers gave attention to identifying and satisfying consumer needs.

According to De Ruyter and Wetzels (2000:209), strong interdependencies between finance and marketing exist. For example, the finance-marketing interface has a direct impact on business issues, namely, product-investment decisions, brand evaluation and working-capital management. However, Jenkins and Meer (2005:9) have highlighted that it is not easy to form a perfect union of finance and marketing.

As a result of differences in thinking styles and perspectives and conflicting incentives, the chief financial officer (CFO) and the chief marketing officer (CMO) often have to overcome cultural and structural barriers to work together. In research conducted by Jenkins and Meer (2005:9), the new role of finance managers is described as one that requires finance managers to understand marketing's dilemmas and vice versa. The finance-marketing interface has provided justifications for marketing's value in the business world, but research has not indicated scientific rationales for the finance-marketing interface (Kim & Richarme 2010:2).

Although there has been much research about the need for marketing and financing dialogues, a notable gap still exists on the finance-marketing interface (Motameni, Cords & Geringer 2010:217). Very little research explores the level of communication between the two functions, the understanding of each other's function and the flow of information between finance and marketing departments. In addition, not much research focuses on describing the interface between financial and marketing management based on their management processes. The problem statement of this study is, therefore, what are managers' perceptions of the interface between financial and marketing management in South African businesses based on their management processes?

## 3. OBJECTIVES OF THE STUDY

The primary objective of this paper is to investigate managers' perceptions on the finance-marketing interface based on their management processes.

To achieve the primary objective of the study, the secondary objectives are:

- to explore the interface between financial and marketing management in literature;
- to identify managers' perceptions of financial and marketing managers towards the finance-marketing interface based on their processes; and

- to make recommendations on the level of communication, the understanding and information flow between the two functions.

## 4. DEFINITIONS FOR FINANCIAL AND MARKETING MANAGEMENT

In the following sections the definitions of financial management and marketing management will be outlined.

### 4.1 The definition of financial management

In analysing the definitions of financial management, Benton (1987:9) suggested that financial management consists of a process making use of efficient financial and real resources. During the 1990s, McMenamin (1999:9) focused on financial management by considering how plans progress towards the set objectives.

Nieman and Bennett (2002:209) argued that the financial manager is concerned with the attraction and optimal utilisation of capital. These tasks are usually entrusted to person(s) who are responsible for the planning, organizing, directing, coordinating and controlling the financial function throughout the value chain. In 2010, Gitman (2010:4) posited that financial management is concerned with the duties of the financial managers which include tasks such as planning, extending credit to customers, investment decisions and financing decisions.

Bosch, Tait and Venter (2011:426-430) showed that the tasks of the financial manager included, financial analysis, planning and control, investment decisions and management of assets, financial decisions and management of liabilities (including dividends) as well as the provision of sundry financial services.

These definitions show that financial management is a process that consists of tasks and functions. This process consists mainly of four steps which include:

- financial analysis;
- financial decision-making;
- financial planning; and
- financial control.

### 4.2 The definition of marketing management

The definitions of marketing management during the 1990s focused on marketing as a process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and business objectives (Marx, Van Rooyen, Bosch & Reynders 1998:514). Lamb, Hair and McDaniel (2004:6) concluded that four competing marketing management philosophies strongly influence a business's marketing activities.

These philosophies are commonly referred to as production, sales, market and societal-marketing orientations. On the other hand, Perreault, Cannon and McCarthy (2009:32) concluded that the marketing management process is the process of planning marketing activities, directing the implementation of the plans and controlling these plans.

Kotler, Armstrong and Tait (2010:22) define marketing management as the art and science of choosing target markets and building profitable relationships with them. The manager's aim is to find, attract, keep and grow target customers by creating, delivering and communicating superior customer value. Kotler *et al.* (2010:19) place an emphasis on customer relationships and value from customers and describe marketing as "*the process by which businesses create value for customers and build strong customer relationships in order to capture value from customers in return*". For the purposes of this paper, the definition of Kotler *et al*. (2010:19) is used. Kotler *et al.* (2010:19) propose a marketing model that consists of the following steps:

- understand the marketplace and customer needs and wants;
- design a customer-driven marketing strategy;
- construct an integrated marketing programme that delivers superior value;
- build profitable relationships and create customer satisfaction; and
- capture value from customers to create profits and customer equity.

## 5. THE INTERFACE BETWEEN FINANCIAL AND MARKETING MANAGEMENT

Ratnatunga, Hooley and Pike (1989:32) investigated the marketing-accounting interface in the highly-competitive Australian food market industry and found that most companies located the two functions close to each other.

Although there was agreement between accountants and marketers about the communication flow, disagreement existed as to what both understood and knew of each other's functions. Ward (1995:5) identifies four phases of financial involvement in marketing and concludes that these financial management process phases should be involved in the marketing activities of the business in the same way as the elements of the marketing mix. Downie (1997:307) conducted research on the link between customer satisfaction, management decision-making and profitability.

From this research, it was suggested that the financial involvement in marketing had to be integrated into the overall marketing function of the business (Downie 1997:307). Zinkhan and Verbrugge (2000:143), on the other hand, found that financial managers concentrated on resource allocation and asset management while marketing managers focused on identifying and satisfying consumer needs. In their review of ten research publications on the finance-marketing interface, Zinkhan and Verbrugge (2000:143) identified that most research focused on the business's performance and the role that marketing activities had played in the performance.

However, De Ruyter and Wetzels (2000:209) emphasised the need for marketing and financial functions to liaise with one another to identify success factors as well as barriers to the working relationship between them. Lovett and MacDonald (2005:477) developed a framework to illustrate a better understanding of the finance-marketing relationship. The framework illustrates the links between marketing decisions, consumption markets, financial performance and financial-market decisions. In the research conducted by Jenkins and Meer (2005:44), the new role of finance managers is described as one that requires finance managers to understand marketing's dilemmas and vice versa. Sidhu and Roberts (2008: 669) identified that not much research has been done to explore opportunities for marketing managers to work more closely with financial managers to report on the value creation or performance enhancement of their activities.

Gleaves, Burton, Kitshoff, Bates and Whittington (2008:838) developed a conceptual model to clarify the differences between customer profitability, customer lifetime value and customer equity. It is argued that this model would create a "platform of understanding" both within and between the finance and marketing functions. Kim, Jun, Tang and Zheng (2015:14) investigated the interface between the two functions by concentrating on the behavioural and intermediate effects of advertising (marketing) and business performance (finance).

In analysing the research and literature on the interface between marketing and finance, it can be concluded that the following are important issues to consider when researching the interface:

- communication levels between the two functions;
- finance and marketing managers' understanding of each other's function; and
- information flow between the finance and marketing departments.

## 6. INTERFACE ASPECTS OF FINANCIAL AND MARKETING MANAGEMENT

The three aspects identified in the interface between financial and marketing management, namely, communication levels, understanding of management functions and information flow are expounded upon in this section.

### 6.1 Communication levels between marketing and financial management

According to Opute, Dedoussis and Tzokas (2013:4), communication levels are critical as they enable focus and unity of purpose. Inter-functional relationships between finance and marketing are facilitated through communication, which lead to better decision-making. Hughes, Le Bon and Malshe (2012:61) suggest that in order for the finance and marketing function to be aligned, functional silos should be eliminated and that the two functions should search for ways to collaborate so that common goals could be reached.

Furthermore, Opute *et al.* (2013:11) outlined practices that might be adopted by management to reduce the communication gap and to facilitate mutual understanding between finance and marketing. Voinea, Busu, Opran and Vladutescu (2015:174) conducted research on managerial communication and pointed out that management functions (for example, finance and marketing) and goals-setting processes cannot be operationalised without communication.

### 6.2 Finance and marketing managers understanding of their functions

In a study conducted by Repetti (2013:8), it was found that there was a significant positive relationship between promotional allowances (marketing) and revenue (finance).

Furthermore, it was highlighted that when marketing plans to run a new promotion, a cost-benefit analysis should be conducted, emphasising the need for finance and marketing to understand one another's function. Gregory and Moore (2013:41) conducted research on aligning marketing and finance with acceptable standards for valuing brands. The study found that the establishment of brand valuation standards would help businesses to make better investment decisions, improve performance as measured by the customer as well as reach their market and financial objectives (Gregory & Moore 2013:41).

### 6.3 Information flow between marketing and financial management

Research by Hughes *et al*. (2012:61) highlighted that information flow across functions (finance and marketing) had become more important to facilitate learning, shared understanding and market responsiveness. Opute *et al*. (2013:4) identified inaccurate information, lack of communication and too little information exchange as communication barriers to the integration between finance and marketing and argued that collaboration conflict might be avoided if information communication was timely and accurate. Furthermore, Opute *et al*. (2013:11) indicated that cultural and orientation differences between finance and marketing had a negative impact upon the integration of the two functions. In a study by Kraus, Hakansson and Lind (2015:4), it was proposed that the introduction of a market-oriented management accounting approach (management accounting systems that produce updated financial information and budgets for each of the customer accounts) could increase the integration and flow of information between finance and marketing.

## 7. RESEARCH DESIGN

For this study, an empirical survey was conducted by means of the Internet. Respondents were requested to complete a questionnaire online, and the survey was administered by e-mail. The research design for this study includes the sample, the questionnaire and the data collection.

### 7.1 Study sample

The population of this study comprised of all financial managers (and directors), marketing managers (and directors) and general managers (managing directors) in South Africa that performed a financial or marketing function. As a list of all financial and marketing managers in South Africa was not available to the researcher, a database of financial and marketing managers was obtained from a national business that markets such databases. The database provided was scrutinised to ensure that all businesses on the database had a marketing and financial manager or a manager responsible for the financial or marketing function. For the purposes of this study, a self-developed and self-administered questionnaire was distributed to a sample of 2406 managers performing a financial and marketing function.

## 7.2 Study questionnaire

The questionnaire that was used for this study consisted of two sections, namely, Section 1 (respondent demographics) and Section 2 (finance-marketing interface questions).

### *7.2.1 Section 1: Respondent biographical and demographical data*

Information regarding the respondent's nationality, age, highest qualification level, job title, industry where employed and number of years in the employment sector was important to determine the profile of the sample. Furthermore, respondents were asked to answer "company specific" questions, namely, number of staff members in the business, annual turnover and employment sector. As the focus of this study was on the perceptions of the interface between financial and marketing management, the respondents had to indicate whether they were employed in the finance section, marketing section or in another section responsible for the marketing or financial function.

### *7.2.2 Section 2: General finance-marketing interface questions*

Questions in this section were included to establish perceptions about the finance-marketing interface. The questions focused on the level of communication between the two functions, the understanding of each other's function and the flow of information between the finance and marketing departments. This section consisted of 13 categorical questions. Respondents were asked to indicate whether they agreed with the statements by indicating "yes", "no" or "do not know". The measurement scales used in this study were mainly adapted from validated scales from Ratnatunga *et al.* (1989:36).

## 7.3 Data collection

Both the pilot and main study survey were self-administered and the collection of data was done by providing a link to a web-based online questionnaire via e-mail. Ethical clearance for the execution of the survey was obtained from the Nelson Mandela Metropolitan University Research Ethics Committee.

### 7.3.1 The pilot survey

Prior to the main study, a pilot study was conducted to ensure that the main study was feasible and that the questionnaire was usable. Twenty-seven members of the Nelson Mandela Bay Business Chamber with financial and marketing departments were selected to participate in the pilot study. The results of the pilot study were discussed with an academic and private sector expert, and except for two new questions in Section 1 (Demographic and biographic data), it was decided to use the questionnaire in its existing form for the main study.

### 7.3.2 Validity and reliability of the data

Delgado-Rico, Carretero-Dios and Ruch (2012:450) define content validity as the degree to which the elements of an evaluation instrument are representative of the construct of interest. They further explain that it is the extent to which an evaluation instrument contains an adequate sample of items for the construct assessed. To ensure content validity, the questionnaire was examined by an academic expert and private sector expert to ensure that the questions are indeed measuring the intended constructs. As categorical measures were used to elicit data on the interface between marketing and financial management, no reliability scores were calculated. As two experts checked the questions and answers and the scale were previously used, it was considered to be sufficient to do the required analyses.

### 7.3.3 Administration of the questionnaire

The questionnaire for the main study was administered in a similar way as for the pilot study. To ensure that the number of responses was sufficient for statistical analysis, steps were taken to increase the response rate. Firstly, a letter (via e-mail) was sent to the 2406 respondents on the purchased database to provide the study's background as well as to sensitise the potential respondents to the invitation to participate in the survey. This was followed by the second e-mail that contained the online survey link. Included in the second e-mail was a cover letter with research objectives, reference to the scope of the study as well as instructions to complete the survey. The researcher offered a copy of the research report as an incentive to respondents to complete the online questionnaire. Respondents were given a period of two to three weeks to submit the survey. In order to reach the response rate, a maximum of four follow-up reminders (via e-mail) were sent to the respondents.

#### *7.3.4 Data analysis*

After some descriptive statistics were calculated, inferential statistics such as chi-squared tests were employed to analyse the data. Sharpe (2015:8) confirmed that chi-squared tests are a useful method to evaluate categorical data. Chi-squared tests were utilised to compare two groups of respondents (financial and marketing managers) on categorical variables. If statistically-significant results were found, Cramer's V statistics were used to test for practical significance. Kremelberg (2011:495) describes Cramer's V as a correlation coefficient that measures the correlation between two variables. Bryman and Bell (2011:350) elaborate that Cramer's V coefficient gives an indication of the strength between the variables and can only be a positive value. The significance interpretation intervals for the interpretation of Cramer's V coefficient that have been accepted for this study were $0.10 < V < 0.30$ (small), $0.30 < V < 0.50$ (medium) and $V > 0.50$ (large). McHugh (2013:143) mentioned that the Cramer's V is the most common strength test to use when a significant chi-square result has been obtained.

## 8. RESULTS OF THE EMPIRICAL STUDY

Of the sample of 2406 financial and marketing managers, 218 responses were received. The low response rate (9.06%) is normal for an online survey (Struwig & Stead 2013:106). It was also satisfactory given the exploratory nature of the study. Although generalisations to the population might not be possible, important trends and results were obtained.

### 8.1 Demographic profile of the respondents

The analysis of the demographic findings of the empirical survey showed that the majority of respondents (91.28%) were South African and 95.87% were in possession of a diploma, degree or postgraduate qualification. The highest representation was from the construction and materials sector (11.01%), followed by the beverage sector (10.55%) and the retail sector (10.09%). Of the 218 respondents, 186 (85.32%) were employed as financial directors, marketing directors, chief executive officers, managing directors, directors, general managers or branch managers and the rest were using other titles, but did perform either the marketing or financial function in the business. The majority of respondents (65.59%) were employed in their current employment sector for longer than 10 years. More respondents were employed in the finance section (54.59%) compared to the marketing section (36.70%) and the majority of respondents were from Gauteng (60.09%). Provision was made for the skewed sample where the majority of respondents were from the finance section in that the two groups (finance and marketing) were treated as separate groups during the analysis phase. Most of the respondents (66.36%) were employed by businesses with more than 200 employees and 94.06% were employed by businesses that generated a turnover of more than R50 000 000 per annum.

From the demographic profile as highlighted, it could be concluded that the majority of respondents were employed in top management positions by large businesses as indicated by turnover data as well as number of staff members employed. Most respondents had been employed for longer than 10 years in their current employment sector and were in possession of a postgraduate qualification.

## 8.2 Respondents' perceptions on the finance-marketing interface

The questions in the finance-marketing interface focused on the level of communication between the financial and marketing functions, the understanding of each other's function and the flow of information between the finance and marketing departments. The results of the frequencies showed that respondents on average agreed to the items with regard to perceptions of general finance-marketing interface. This was true for all items except for items that related to the understanding of one another's function. The results of these items indicated that financial and marketing managers generally did not understand one another's functions (methods and procedures or problems). The majority of respondents did not agree with the items that financial managers' contact with the marketing function was always formal (71.56% of respondents indicated "No") or that financial and marketing managers had interpersonal differences (48.62% of respondents indicated "No"). Over two-thirds or 66.97% of respondents did not agree that marketers were unable to specify their requirements for finance. A large percentage of respondents perceived that financial managers willingly responded to marketing requests for information (81.19%) and that financial managers had long-term perspectives (78.44%).

In summary, respondents agreed with most of the statements regarding the finance-marketing interface. These findings indicated that although financial and marketing managers had no perceived interpersonal differences, they did not seem to have a clear understanding of one another's function.

### 8.3 Relationships between perceptions of the finance-marketing interface of marketing and financial managers

To determine whether there were significant statistical relationships between the perceptions of the financial and marketing managers (as two separate groups) towards the interface, chi-squared tests were calculated. The results of the chi-square analysis are given in Table 1.

**TABLE 1: Results from chi-square analysis**

| Variable | Yes | | No | | Do not know | | Chi-square | P | Cramer V |
|---|---|---|---|---|---|---|---|---|---|
| | Financial % | Marketing % | Financial % | Marketing % | Financial % | Marketing % | | | |
| **Communication** | | | | | | | | | |
| **Adequate communication** | 66.39 | 67.50 | 31.09 | 31.25 | 2.52 | 1.25 | 0.39 | 0.8213 | 0.04 Small |
| **Interpersonal differences** | 37.82 | 50.00 | 53.78 | 41.25 | 8.40 | 8.75 | 3.21 | 0.2008 | 0.13 Small |
| **Understanding** | | | | | | | | | |
| **Marketers' understanding** | 31.93 | 47.50 | 65.55 | 47.50 | 2.52 | 5.00 | 6.54 | 0.0379* | 0.18 Small |
| **Financial managers' understanding** | 60.50 | 23.75 | 33.61 | 68.75 | 5.88 | 7.50 | 26.70 | 0.0000* | 0.37 Medium |
| **Marketers specify their requirements** | 33.61 | 20.00 | 62.18 | 75.00 | 4.20 | 5.00 | 4.38 | 0.1117 | 0.15 Small |
| **Marketers interpret financial information** | 36.13 | 75.00 | 57.98 | 22.50 | 5.88 | 2.50 | 28.95 | 0.0000* | 0.38 Medium |

| Variable | Yes | | No | | Do not know | | Chi-square | P | Cramer V |
|---|---|---|---|---|---|---|---|---|---|
| | Financial % | Marketing % | Financial % | Marketing % | Financial % | Marketing % | | | |
| Long-term business perspective | 89.92 | 58.75 | 6.72 | 31.25 | 3.36 | 10.00 | 26.86 | 0.0000* | 0.37 Medium |
| Finance's role more on day-to-day control rather than decision-making | 53.78 | 46.25 | 41.18 | 52.50 | 5.04 | 1.25 | 3.83 | 0.1472 | 0.14 Small |
| **Flow of information** | | | | | | | | | |
| Contact always formal | 21.85 | 32.50 | 75.63 | 66.25 | 2.52 | 1.25 | 3.05 | 0.2179 | 0.12 Small |
| Flow of information to marketing | 79.83 | 37.50 | 17.65 | 57.50 | 2.52 | 5.00 | 37.05 | 0.0000* | 0.43 Medium |
| Response to marketing requests for information | 84.87 | 76.25 | 10.92 | 23.75 | 4.20 | 0.00 | 8.70 | 0.0130* | 0.21 Small |
| Flexible regarding provision of non-routine information | 59.66 | 37.50 | 36.97 | 58.75 | 3.36 | 3.75 | 9.61 | 0.0082* | 0.22 Small |
| Interaction between finance and marketing only at top-level | 53.78 | 48.75 | 42.86 | 51.25 | 3.36 | 0.00 | 3.65 | 0.1612 | 0.14 Small |

* Statistically significant correlations ($p < 0.05$)

Source: Researcher's own construct from statistical analysis results

Table 1 provides a percentage breakdown of how each statement was viewed by financial and marketing managers respectively. Only seven items indicated statistical significant relationships as significant p-values were indicated. From Table 1 it can be derived that despite some statistical significant relationships, the effect of these findings are at best "medium".

### *8.3.1 Discussions of results with no statistical significant relationships between the perceptions of financial and marketing managers*

The results in Table 1 show that there were no statistical significant relationships in the perceptions' of financial and marketing managers regarding:

**(a) Communication**

No statistical significant relationships were found in:

- adequate communication between the finance and marketing functions
- financial and marketing managers had interpersonal relationships

**(b) Understanding**

No statistical significant relationships were found in:

- inability of marketers to specify requirements to finance
- marketing viewed finance's role more as day-to-day control rather than involvement in decision-making processes

**(c) Flow of information**

No statistical significant relationships were found in:

- financial managers' contact with marketing was always formal
- interaction between finance and marketing existed only at top-levels

### *8.3.2 Discussions of results with statistical significant relationships between the perceptions of financial and marketing managers*

The results from the chi-squared analysis as depicted in Table 1 revealed that significant statistical relationships were found for seven of the 13 questions.

**(a) Understanding**

Statistical significant relationships were found in:

- A higher percentage of marketing (47.50%) than financial managers (31.93%) agreed that marketers adequately understood financial methods and procedures (small strength relationship).

- With regard to the nature and problems of marketing, a higher percentage of financial managers (60.50%) than marketing managers (23.75%) indicated that financial managers understood the nature and problems of marketing (medium strength relationship).
- Three-quarters (75%) of marketing managers perceived that they were competent to interpret financial information, whereas 57.98% of financial managers indicated that marketers could not interpret financial information (medium strength relationship).
- A similar scenario of financial managers (89.92%) and marketing managers (58.75%) identified that financial managers had a long-term business perspective (medium strength relationship).

**(b) Flow of information**

Statistical significant relationships were found in:

- A relatively large percentage of financial managers (79.83%) perceived that financial managers facilitated the flow of information to marketing. Marketers clearly did not agree as the majority of them (57.50%) indicated that financial managers did not facilitate the flow of information to marketing (medium strength relationship).
- The majority of financial managers (84.87%) as well as the majority of marketing managers (76.25%) perceived that financial managers willingly responded to marketing requests for information (small strength relationship).
- Financial and marketing managers had very different views regarding finance's flexibility in providing non-routine information. The majority of financial managers (59.66%) argued that finance was flexible, whereas the majority of marketing managers (58.75%) perceived that finance was not flexible in providing non-routine information (small strength relationship).

Although studies (Opute *et al.* 2013:4) confirmed that communication is problematic in the accounting and marketing interface, the results of this empirical study did not show communication to pose problems. In addition, no statistical significant relationships were found in this area.

The literature overview confirmed that financial and marketing managers often did not understand each other's function. This was supported in the empirical study as there was considerable disagreement between the respondents of the finance and marketing functions. For example, there was disagreement in the area of the knowledge and understanding of one another's function as financial managers felt that marketing managers did not understand financial methods and procedures and were unable to specify their requirements to finance. Respondents from the two functions also had different perceptions about the long-term perspective of the business. The strength of these relationships was mostly medium. Although there was conflicting views between financial and marketing managers on the flow of information from finance to marketing, the strength of the relationships was small.

## 9. MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

The findings of this paper showed that although financial and marketing managers had no perceived interpersonal relationship problems, they did not seem to have a clear understanding of one another's function. There was adequate communication between the finance and marketing functions, but finance managers were of the opinion that marketers were unable to specify their financial requirements to finance. In addition, there was interaction between finance and marketing only at top-levels.

The lack of understanding between finance and marketing was not necessarily an interpersonal challenge, but a process or system's challenge. Both departments wanted the business to grow and make profit, but they did not approach the business in the same way as they followed different processes. For example, finance and marketing have differing priorities where financial managers are often concerned with meeting short-term profit targets and marketing managers are more involved with building brand equity that usually impacts on long-term growth.

Although they have different priorities, managers must realise that they work towards common goals to grow sales and profit and must, therefore, have respect for each other's function. It is, therefore, important that the processes of the two functions are aligned as they work towards a common goal. To establish profitable relationships with the customer, the processes of the two functions should be aligned around the customer and not around the department function. Finance and marketing managers should understand that they can learn from the management practices of each other. It is not only that marketers need to understand more about the financial methods and procedures. Finance staff should also understand how the marketing function contributes to sales and profits. Cross-functional communication should be encouraged as far as sharing of data is concerned and opportunities must, therefore, be created for the two functions to implement this. As a result, financial and marketing managers should work together in teams where possible so that they can gain an understanding of their respective functions' goals and practices. Furthermore, they can create common goals to grow sales and profits.

## 10. CONCLUSIONS

The data obtained during the empirical survey could be regarded as meaningful to make recommendations as most respondents were employed in senior positions by large businesses. It should be kept in mind that the data collected could have been different if smaller businesses were included in the sample or if respondents were in possession of lower qualifications. Similarly, respondents employed in other sectors and not from the Gauteng Province might also have presented different views.

As the results of this study showed that communication between the two functions is not really problematic, but the understanding of the information is difficult, future research should focus on the understanding of information between these functions. Although much has been written on the interface between finance and marketing, the desired degree of integration between the two functions has not been achieved in practice. Financial and marketing management play an important role in most businesses across all sectors of the business world. To understand the interface between the two is thus important.

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