ACCOUNTING-MARKETING INTERFACE: A REGULATORY COMMUNICATIONAL PERSPECTIVE

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ABSTRACT

The Marketing-Accounting Interface is a critical, though often overlooked, site where organizational legitimacy, financial integrity, and strategic viability intersect. The colonization of communicative structures by system imperatives not only distorts internal coordination but also heightens regulatory vulnerabilities. Embedding Habermasian communicative infrastructures within MAI practices is essential — both for compliance resilience and for sustainable organizational success.

The empirical findings presented in this study highlight the profound challenges that arise when communication between marketing and accounting functions is distorted, fragmented, or colonized by instrumental logics. Miscommunication, perceptual divergence, and power asymmetries within the MAI generate not only internal inefficiencies but also serious legal and regulatory vulnerabilities.

Habermas' theory of communicative action is adopted as a conceptual lens for understanding legal communication within MAI.

Keywords: Marketing-Accounting Interaction, Legal Issues, Organisational Communication.

INTRODUCTION

Regulators increasingly demand not only formal compliance but substantive transparency and ethical corporate behaviour. Yet, organizations that continue to treat communication as a strategic weapon, rather than a medium of mutual understanding, will remain at risk - legally, reputationally, and strategically. The solution lies not in more rules, audits, or reporting systems alone, but in restoring the primacy of communication at the heart of corporate life. In the context of the MAI, this means building communicative infrastructures where marketing and accounting are not adversaries or strangers, but partners engaged in the common task of crafting legitimate, transparent, and defensible organizational narratives. Only by such communicative integration can organizations fulfil not only their strategic goals, but their legal obligations, and ultimately their societal responsibilities.

Effective communication between accountants and marketers is essential for the success of any organization, especially in today's complex regulatory environment. The interplay between accounting practices and marketing strategies necessitates a regulatory perspective to safeguard *compliance*, *integrity*, and *ethical standards*. Accordingly, the communication between accountants and marketers within organizations is influenced by several regulatory perspectives that ensure compliance with **financial reporting standards** and **marketing regulations**. So, breakdown in the MAI can result in **regulatory non-compliance**, reputational damage, and governance failures. In other words, miscommunication may lead to *legal liability* (such as, misstatements, misleading ROI, unverified customer profitability claims). For example, in 2024, the UK Court of Appeal ruled that leading motor finance firms had violated financial and consumer regulations by

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failing to disclose broker commissions in auto loans. The decision triggered an industry-wide regulatory response, with the Financial Conduct Authority (FCA) launching reviews into historic mis-selling practices. Major financial institutions, including Lloyds and Santander, have set aside billions in potential compensation, with total liability estimated to reach £30 billion—paralleling the scale of the earlier Payment Protection Insurance (PPI) scandal in 2025.

A primary source of misalignment stems from the divergent ways marketing and accounting professionals **interpret performance measurement metrics** (PMMs) such as Return on Investment (ROI), Customer Lifetime Value (CLV), and brand equity. Marketers often use PMMs narratively—to support strategic storytelling and customer-centric messaging—while accountants approach them with an emphasis on auditability, control, and compliance (Mintz & Currim, 2013; Penman, 2007). These differences, when left unresolved, can lead to marketing claims that are unsupported by underlying financial data, creating serious risks under standards such as IFRS, GAAP, the Sarbanes–Oxley Act, and advertising law (Kieso et al., 2021).

This article argues that the MAI must be reconceptualized as a site of legal and institutional significance. Miscommunication between accounting and marketing is not simply an internal dysfunction—it constitutes a compliance failure that may breach statutory, regulatory, and fiduciary obligations. Legal risk emerges not only when marketing overstates performance, but also when accounting fails to verify, interpret, or communicate concerns in time.

To explore these issues theoretically, this paper draws on Jürgen **Habermas'** Theory of Communicative Action (1984, 1987). Habermas positions communication as the basis for social legitimacy: organizations achieve legitimacy through discourse grounded in mutual understanding, free from coercion or strategic distortion. When internal communication is distorted—by conflicting departmental logics, power asymmetries, or the performative use of metrics—the result is not only inefficiency but a breakdown in institutional trust and regulatory integrity (Broadbent et al., 1991; Oakes & Oakes, 2012).

By reframing MAI miscommunication through Habermas' lens, this article links internal communication breakdowns to external legal risk. It contends that achieving regulatory compliance and legal defensibility requires not just better reporting systems but more communicatively rational interactions between accounting and marketing professionals. In doing so, it offers a novel contribution to the literature on organizational communication, governance, and compliance.

METHODOLOGY

A Habermasian Framework for Regulatory Communication

The study is adopting Habermas' ***theory of communicative action*** as a conceptual lens for understanding legal communication within MAI. In contemporary organizations, communication is not merely a vehicle for coordination; it is the foundation for legitimacy, trust, and accountability. Nowhere is this more critical than at the Marketing–Accounting Interface (MAI), where strategic ambitions and financial controls intersect. However, conventional organizational approaches often treat communication instrumentally - reducing dialogue to information transfer, rather than enabling genuine deliberation. In this context, Jürgen Habermas' Theory of Communicative Action (TCA) offers a powerful lens for understanding how miscommunication within the MAI generates not only internal dysfunction but also regulatory and legal risks.

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In Habermas (1984, 1987) distinguishes between two major social domains: the lifeworld and the system. The **lifeworld** represents the shared background of cultural meanings, social norms, and mutual understandings that enable communication and cooperation. The **system**, by contrast, consists of formal structures like markets, bureaucracies, and legal regimes, governed by instrumental rationality—the logic of efficiency, control, and power. On the other hand, Habermas distinguishes between communicative rationality aims for mutual understanding and consensus, while instrumental rationality pursues strategic success, often without regard for shared meanings. When organizational communication prioritizes only instrumental outcomes—such as controlling narratives or manipulating metrics—communicative rationality is suppressed, and the system encroaches upon the lifeworld (Habermas, 1987).

Moreover, Habermas warns of the colonization of the lifeworld, wherein systemic mechanisms—money, power, and law—invade and distort spaces traditionally governed by open communication (Habermas, 1987). In the MAI, this colonization is evident in the way Performance Measurement Metrics (PMMs) are used not as tools for mutual strategic dialogue but as mechanisms of control and justification. Metrics like ROI, CLV, and brand valuations often become "truth claims" that foreclose debate rather than invite it. When marketing and accounting professionals use PMMs as weapons to assert departmental dominance rather than engage in communicative negotiation, the lifeworld is colonized by instrumental logics.

Similarly, legal compliance mechanisms (e.g., Sarbanes–Oxley internal controls, GAAP disclosures) risk becoming formalistic - treated as checklist exercises rather than as frameworks ensuring genuine transparency and accountability (Power, 1997; Kraakman et al., 2017).

Furthermore, in his later work, ***Between Facts and Norms*** (Habermas, 1997), Habermas argues that law is not merely coercive regulation; rather, it is a medium of social communication. Legitimate laws emerge from discursive processes in which affected parties can participate and agree upon shared norms. Translating this insight into the organizational setting, regulatory compliance should not be understood merely as obeying external commands, but as participating in communicative processes that ensure internal transparency, fairness, and stakeholder accountability (Peters, 2011). Failures in the MAI—where financial claims are made without shared validation or deliberation—represent a breakdown of this communicative process and thus expose firms to regulatory censure and legal action.

PMMs as Steering Media: Dialogue or Domination?

In Habermas (1987) conceptualizes steering media—such as money and power—as mechanisms that coordinate complex systems without requiring mutual understanding. In the MAI, PMMs can be understood as steering media: they are intended to facilitate coordination between departments by providing common metrics. However, when PMMs are imposed unilaterally—for example, when accounting mandates ROI thresholds without dialogue, or marketing fabricates performance stories without financial verification - they cease to be communicative tools and become instruments of domination (Roslender & Wilson, 2013). This shift mirrors broader regulatory risks: when organizations treat compliance metrics purely instrumentally - seeking to satisfy auditors, regulators, or markets without engaging in genuine internal communication—they risk both internal fragmentation and external penalties (Power, 1997; Young, 2006). Thus, the role of PMMs must be reimagined: not as final declarations of truth, but as starting points for interdisciplinary dialogue about organizational goals, strategies, risks, and responsibilities.

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Linking Communicative Failures to Regulatory Risks

The failure of communicative rationality within the MAI directly generates legal risks:

- Misaligned perceptions of financial metrics lead to material misstatements (violating GAAP/IFRS).
- Inflated marketing claims based on unverified data trigger consumer protection actions (FTC Act, EU Unfair Commercial Practices Directive).
- Lack of cross-departmental validation undermines internal controls required under statutes like the Sarbanes–Oxley Act.
- As such, ensuring regulatory compliance requires more than technical reporting accuracy - it requires creating spaces for communicative action between departments, where validity claims (truth, rightness, sincerity) can be tested and harmonized (Habermas, 1984).
- In fact, using Habermas to analyze the MAI is not merely theoretical. It provides a critical-reflective framework for improving:
- Institutional design (creating structures that foster dialogue between marketing and accounting)
- Accountability (ensuring that performance claims are open to challenge, validation, and correction)
- Legitimacy (aligning internal communications with broader societal expectations of transparency and fairness)

As organizations become more data-driven and legally regulated, the challenge is not merely to generate more information but to communicate ethically and deliberatively across functions. Habermas' theory enables a profound critique of current practice and points toward building communicatively rational compliance systems that integrate strategic ambition with financial and legal integrity.

Empirical Overview

This qualitative study of communication dynamics within the Marketing–Accounting Interface (MAI) tries to demonstrate that *miscommunication, perceptual divergence, and power asymmetries* within the MAI generate not only internal inefficiencies but also serious legal and regulatory vulnerabilities. The data is drawn from 20 semi-structured interviews with professionals from marketing, accounting, and finance departments across five multinational firms in the consumer goods, technology, and healthcare sectors. Participants were recruited via purposive sampling to maximize diversity of roles and organizational contexts. Interviews focused on perceptions of Performance Measurement Metrics (PMMs), cross-functional communication practices, and views on compliance and financial disclosure. Data were analysed through thematic coding, guided both inductively by the material and deductively by Habermas' Theory of Communicative Action and legal-regulatory compliance frameworks.

THE MAI - LEGAL AND STRATEGIC RISK

The Marketing–Accounting Interface (MAI) has traditionally been studied as a managerial or strategic integration issue. However, growing regulatory oversight of ***performance claims, financial disclosures, and advertising standards*** has repositioned the MAI as a domain of legal and compliance significance. Miscommunication across the interface can now result not only in strategic misalignment but in legal liability, regulatory sanctions, and financial restatements.

A - Financial Reporting Standards for Compliance

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The foundation of accounting practice is grounded in financial reporting standards, notably the Generally Accepted Accounting Principles (GAAP) and the International Financial Reporting Standards (IFRS). These frameworks stipulate the procedures for recording, reporting, and disclosing financial data, providing a structured approach for accountants to ensure transparency and accuracy in financial statements (Kieso et al., 2020).

However, the application of these standards extends beyond the realm of accounting, significantly impacting marketing practices. So, for marketers, understanding these standards is vital, as any claims made in advertising or promotional campaigns must be substantiated by accurate financial metrics. When marketers seek to leverage financial data—such as profitability or return on investment (ROI)—they must work closely with accountants to ensure compliance with these standards (Schroeder et al., 2022). In the U.S., the **SEC's Regulation S-K** demands that all performance-related claims in filings—such as in MD&A (Management's Discussion and Analysis)—must be based on material fact and reconciled with the organization's financial reporting (SEC, 2019). Marketers often utilize metrics such as profitability, earnings per share, and return on investment (ROI) to capture consumer attention and bolster their promotional campaigns. However, the utilization of these metrics carries inherent risks if they are not accurately derived from compliant financial data.

This raises the question of whether marketers are sufficiently equipped to interpret and apply financial reporting standards adequately. Some scholars argue that many marketing professionals lack the financial literacy required to navigate these standards effectively (Kumar, 2021). As a result, marketers may inadvertently make misleading claims that could lead to regulatory scrutiny and reputational damage for the organization. This perspective advocates for increased training and collaboration between accountants and marketers to bridge the knowledge gap, thus ensuring that marketing communications are not only persuasive but also compliant with GAAP and IFRS.

A robust argument for collaboration between accountants and marketers centres on the shared responsibility for organizational integrity and transparency. According to (Piercy & Lane, 2009), effective communication between these two disciplines enables the validation of marketing messages against established financial data, thereby minimizing the **risk of misrepresentation**. The collaboration can take various forms, including joint meetings, shared project teams, and integrated communication platforms. However, some practitioners may question the practicality of such collaborative efforts. Critics argue that the distinct cultures and priorities of finance and marketing departments can create challenges in achieving effective integration (Roslender & Wilson, 2008). Accountants often prioritize precision and risk management, while marketers may emphasize creativity and audience engagement. This divergence can lead to friction and hinder the flow of information. As such, organizations must cultivate a culture that fosters interdisciplinary understanding and respect to facilitate smoother collaboration.

Conversely, adhering to financial reporting standards can be positioned as a competitive advantage in marketing. In a marketplace increasingly characterized by consumer skepticism, organizations that prioritize transparency and compliance may enhance their credibility and appeal (Paine, 1994). For example, a marketing campaign that openly shares financial health metrics, accompanied by verifiable data from accountants, may resonate more deeply with consumers seeking authenticity in brand communication. Moreover, the implications of non-compliance with financial reporting standards can be profound, potentially leading to severe penalties, loss of consumer trust, and negative public perception. Therefore, building a solid collaborative framework between accountants and marketers not only ensures compliance but also positions the organization favourably in the competitive landscape. Thus, in practice, a lack of communication can lead to problematic

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marketing initiatives. For instance, if a marketing department promotes a new product based on projected financial outcomes without collaborating with accountants, it risks presenting potentially misleading information that could violate regulatory standards. This could lead to legal repercussions, not to mention damage to the organization's reputation. Therefore, to mitigate risk, accountants and marketers must establish open channels of communication to share relevant financial insights and ensure that marketing strategies are grounded in a solid understanding of financial realities (Messier et al., 2017).

B - Marketing/ Advertising Regulations for Compliance

In addition to financial reporting standards, marketers must adhere to various advertising regulations that protect consumers from misleading claims. In the United States, the Federal Trade Commission (FTC) dictates that all advertising must be truthful and not misleading (Federal Trade Commission, 2023). This regulation necessitates ongoing dialogues between accountants and marketers, as marketers often rely on financial data to craft compelling advertising messages. For example, if marketers intend to promote a product based on its expected financial performance, it falls to accountants to ensure that any such claims are accurate and backed by financial evidence. For instance, Section 5 of the Federal Trade Commission (FTC) Act prohibits "*unfair or deceptive acts or practices*," which includes performance-related marketing claims such as "cost savings," "investment returns," or "projected customer value" when they are not substantiated with reliable evidence (FTC, 2023). Again, in the European Union, the Unfair Commercial Practices Directive (2005/29/EC) mandates that all claims made in advertising—especially financial or performance-related—must be clear, verifiable, and not misleading (European Commission, 2005). Failure to meet these standards may result in enforcement actions, mandatory disclosures, or fines (Luzak et al., 2023). Hence, performance measurement metrics, when used in external messaging, move from the domain of internal management to legally regulated speech. These metrics, if not coordinated and validated through the MAI, can mislead consumers and investors alike, resulting in legal exposure for the organization.

A real-world example of MAI failure with legal consequences occurred in the UK motor finance sector in 2024. A Court of Appeal ruling found that auto finance firms had systematically failed to disclose commissions paid to car dealers—despite these being central to the true cost of financing. The FCA's ensuing investigation prompted major banks such as Lloyds and Santander to set aside billions in potential compensation (BBC, 2024a). The scandal was not caused by explicit fraud, but by a failure to ensure alignment between marketing narratives ("interest-free loans") and underlying financial realities. The misalignment between marketing, compliance, and accounting illustrates how a non-integrated MAI creates risks that extend from reputational damage to class-action lawsuits and regulatory sanctions. In this example, marketing performance claims were unsupported by accounting mechanisms or not subject to compliance oversight (Luzak et al., 2023; SEC, 2019). Thus, when different departments interpret key performance metrics differently—and do not reconcile their views through open, mutual, and truthful dialogue—metrics lose meaning, legitimacy, and regulatory defensibility.

Moreover, consumers have a **right to transparency** regarding financial claims, which underscores the role of accountants in validating the information presented by marketers. The legal discourse surrounding consumers' right to transparency in financial claims has intensified in recent years, particularly with the proliferation of digital financial services. Central to this debate is the assertion that consumers are entitled to clear, accurate, and comprehensible information regarding financial products and services. This entitlement is

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enshrined in various international frameworks, such as the OECD's High-Level Principles on Financial Consumer Protection, which advocate for transparency as a fundamental consumer right (OECD, 2022). In jurisdictions like the European Union, the implementation of directives such as the Unfair Commercial Practices Directive and the Consumer Rights Directive underscores the legal obligation of businesses to communicate financial information in plain, intelligible terms. These regulations mandate that terms and conditions be drafted in plain, intelligible language, ensuring that consumers can make informed decisions without undue burden. The European Court of Justice has repeatedly emphasized that failure to do so may result in misleading practices and breach of consumer rights (Luzak et al., 2023).

Here, the legal framework posits that transparency serves as a deterrent to regulatory violations. By requiring companies to disclose all costs, risks, and commission structures clearly, deceptive or non-compliant behavior is curtailed before it can manifest. This was clearly demonstrated in the **UK Financial Conduct Authority's recent action** against car finance firms, where undisclosed commissions led to large-scale mis-selling and subsequent litigation (BBC, 2024a, 2024b). It was found that it was illegal to pay undisclosed commissions to car dealers arranging loans, highlighting the severe financial and reputational consequences businesses may face when transparency is compromised. Such cases illustrate how the legal enforcement of transparency can mitigate systemic risk and promote industry-wide compliance (Act, 2202). This proactive approach aligns with the principles outlined in the OECD's recommendations, which emphasize the integration of consumer protection into the regulatory and supervisory frameworks to enhance financial stability and consumer trust.

From a legal standpoint, transparency is not merely a compliance measure but a strategic asset that bolsters brand trustworthiness. Legally mandated transparency also serves as a mechanism for building consumer trust, which is vital for brand sustainability. Empirical studies show that consumers are significantly more loyal to brands that are perceived to operate transparently, especially in the digital marketplace where asymmetries of information are common (Luzak et al., 2023). When companies implement clear financial disclosures and adhere to ethical marketing standards, they are not only complying with legal frameworks but also enhancing their market credibility and consumer base.

C - Internal Control and Governance for Integrity

The integration of robust internal control systems and effective corporate governance frameworks plays a pivotal role in enhancing accounting-marketing communication and bolstering the overall trustworthiness of a brand. By ensuring the accuracy and transparency of financial information, these systems facilitate clear and consistent messaging across marketing channels, thereby fostering consumer confidence and loyalty. Internal control systems, encompassing preventive, detective, and corrective measures, are designed to safeguard assets, ensure the reliability of financial reporting, and promote operational efficiency (Pierre & Peters, 2020). These systems establish a structured environment where financial data is meticulously monitored and verified, reducing the risk of errors or fraudulent activities. Such diligence ensures that the information disseminated through marketing communications is both accurate and reliable, thereby enhancing the credibility of the brand.

For example, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework underscores the importance of a strong control environment, risk assessment, control activities, information and communication, and monitoring in achieving effective internal control. By adhering to these principles, organizations can ensure that their marketing messages align with the financial realities of the

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company, preventing discrepancies that could undermine consumer trust. Again, effective corporate governance structures, characterized by transparency, accountability, and ethical leadership, are instrumental in fostering brand trustworthiness. Critically, COSO explicitly identifies "Information and Communication" as a core pillar of internal control—aligning with Habermas' emphasis on transparent, validity-claim-driven discourse**.**

Similarly, **Section 302** of the Sarbanes–Oxley Act of 2002 (SOX) mandates that CEOs and CFOs to personally certify the accuracy and completeness of financial reports, ensuring they have reviewed and validated all information. Also, **Section 404** mandates the establishment and maintenance of effective internal controls over financial reporting, subject to annual external audits. This legal framework instils a culture of responsibility and transparency within the organization, which is reflected in its external communications. Furthermore, the concept of "tone at the top" emphasizes the influence of senior management's ethical stance on the organization's culture and operations. When leadership prioritizes integrity and ethical conduct, it permeates through all levels of the organization, ensuring that marketing communications are not only truthful but also align with the company's values.

The Sarbanes-Oxley Act of 2002 marked a significant shift in corporate governance and accountability for publicly traded companies, emphasizing the necessity for stringent internal controls (Cohen et al., 2004). This regulatory framework mandates that organizations must establish robust mechanisms for financial reporting, which directly affects how accountants and marketers operate. Effective internal controls require that all financial information disseminated—both internally and externally—must undergo rigorous validation processes. As a result, marketers are often required to consult with accountants before launching campaigns that make financial claims. Communication becomes a critical tool in ensuring that the information shared with stakeholders, including investors and consumers, adheres to compliance requirements. By fostering a collaborative environment, organizations can ensure that marketing strategies do not inadvertently undermine financial controls, thus reinforcing the credibility of both functions within the organization (Schroeder et al., 2022).

In brief, both COSO and SOX implicitly recognize that valid communication across functional boundaries (especially between marketing, accounting, and compliance) is essential for organizational legitimacy. On the other hand, internal control systems, leadership behaviors, and governance structures can act as institutional scaffolds for Habermasian communicative rationality - transforming compliance from mere procedural adherence into a genuinely deliberative, transparent organizational process. Nonetheless, the synergy between internal control systems, corporate governance, and marketing communication is crucial in establishing and maintaining brand trustworthiness. By ensuring the accuracy and transparency of financial information, organizations can craft marketing messages that resonate with consumers, thereby enhancing their trust and loyalty. As the business landscape continues to evolve, the integration of these elements will remain fundamental in sustaining a reputable and trustworthy brand.

FINDINGS

One major insight from the findings is the need for cross-functional validation of Performance Measurement Metrics (PMMs). Metrics like ROI, brand valuation, and customer profitability should not emerge from isolated departments. Instead: **Joint sign-off** procedures should be mandated for all financial and strategic claims made in marketing, investor communications, or regulatory filings. **Cross-functional committees** should review major campaigns that use financial metrics, ensuring consistency between marketing

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narratives and audited financial realities. **Pre-disclosure audits** of marketing claims could mitigate exposure to FTC false advertising actions and SEC disclosure violations. This validation process mirrors Habermas' conception of ideal speech situations, where all participants can challenge and defend claims on equal footing. Creating structures for interdisciplinary dialogue thus enhances not only compliance but also organizational legitimacy. In other words, according to Habermas, leaders must **institutionalize spaces for communicative action** rather than perpetuate instrumental control structures.

The findings demonstrated that participants repeatedly emphasized that communication between marketing and accounting was often mediated through hierarchical channels rather than direct collaboration (e.g., Angela, Ayca, Karla). Assistants and officers were structurally excluded from financial discussions, leading to decisions disconnected from operational realities. Importantly, MAI emerged in two distinct forms: **formal (contractual and outsourced)** and **informal (internal and relational)**. Formal MAI often intensified regulatory risks by weakening internal oversight. For example, Angela complains:

"We didn't really communicate a lot with accounting directly. All the information sharing would be via managers."

Such structural fragmentation suppresses open dialogue, encourages steering via metrics and budgeting, and leads to incomplete information transfer — increasing regulatory exposure.

Theme 1: Divergent Interpretations of Performance Measurement Metrics (Pmms)

Participants described marketing and accounting as representing distinct and often conflicting organizational logics: creativity vs control, vision vs compliance, future-orientation vs historical record-keeping (e.g., Georgina, Leila, Tim). For example, Alex claims:

"Marketing loves to take risks. We [finance] keep them grounded."

This cultural divide embedded competing perceptions at various levels, contributing to breakdowns in communicative rationality and amplifying regulatory risks.

A key finding was the pervasive **divergence** between marketing and accounting professionals in interpreting PMMs such as ROI, Customer Lifetime Value (CLV), and brand equity. Marketing professionals tended to view PMMs as **strategic storytelling tools**:

"Metrics are a way to tell investors and customers where we're heading, not a rigid measure of what's already happened."(Participant A, Senior Marketing Manager).

Conversely, accounting professionals framed PMMs as **auditable financial artifacts**:

"Every figure must be verifiable, documented, and traceable — otherwise it's a compliance liability." (Participant B, Financial Controller).

Thus, findings revealed that marketing was assessed using qualitative and intangible metrics (e.g., brand awareness, engagement), whereas accounting relied on hard financial indicators (e.g., ROI, cost recovery). These divergent metrics reflected underlying departmental objectives and created systemic misalignments. This is clear in Yaw's statement:

"Accounting looks at numbers. Marketing looks at visibility and awareness. They're very different worlds."

This duality complicated integrated reporting, weakened audit trails, and increased risk of misstatement under regulatory frameworks like SOX and IFRS.

Furthermore, some marketing staff even described PMMs as aspirational targets, while accountants criticized them as unsubstantiated assumptions. This divergence represents a profound distortion of communicative rationality (Habermas, 1984). Thus, where mutual

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understanding should prevail, conflicting validity claims emerge — threatening the integrity of both financial disclosures and marketing communications. Here, the legal and regulatory risks are:

- **Material Misstatements:** Divergent PMM interpretations can result in disclosures that violate GAAP and SEC Regulation S-K**.**
- **Misleading Advertising:** Public marketing narratives based on unvalidated PMMs may breach the FTC's truth-in-advertising requirements and the EU Unfair Commercial Practices Directive**.**

"We don't always double-check if the ROI we report matches audited numbers — that's finance's job, right?" (Participant C, Marketing Analyst).

Such misunderstandings can create serious exposure to regulatory penalties and investor lawsuits**. In addition, p**articipants highlighted that marketing activities increasingly required *ad hoc* financialization — estimating the monetary value of brand awareness, customer engagement, or loyalty (e.g., Poly, Yaw, Delusha). For example, Poly explained:

"Sometimes you have to show how your campaign leads to income, even if it's mostly engagement and reputation."

Participants acknowledged the difficulty in converting qualitative outputs (e.g., 'buzz', 'morale') into compliant financial disclosures, exposing gaps under Sarbanes-Oxley and SEC regulations. Especially in creative industries like film and education, participants emphasized the critical but non-quantifiable role of morale, vibe, and team cohesion. A producer – Tim – has asserted:

"The vibe on set is a metric too. It's just measured with emotional intelligence, not numbers."

In this sense, the failure to formally integrate emotional and relational metrics blindsides compliance programs and weakens internal audit systems.

In other instances, participants talked about ongoing tensions regarding marketing budget approvals, with accounting departments focusing on cost control and marketing on brand investment and growth potential (e.g., Karla, Tim, Yaw). Delusha compares:

"Marketing sees it as an investment; finance sees it as an expense."

Where dialogue is absent, financial rationality dominates strategic decision-making, eroding risk resilience and innovation capacity. However, participants acknowledged a general lack of awareness across departments about financial reporting obligations, advertising standards, and consumer protection requirements (e.g., Ruk, Chris). For example, Ruk admits:

"I didn't even know if what I was doing had regulatory implications. I was just doing my tasks."

Such blind spots are direct risk vectors for enforcement action, material restatements, and shareholder litigation.

Theme 2: One-Way Communication and Power Asymmetries

The study also revealed persistent power asymmetries between accounting and marketing departments. Accounting often controlled PMM definitions and imposed metrics without consultation.

"The numbers are handed down to us. There's no opportunity to explain market dynamics that might affect the figures." (Participant D, Brand Manager).

Several marketers described feeling coerced into framing their strategies around financial metrics they did not help create — an organizational manifestation of Habermas' concept of lifeworld colonization (Habermas, 1987). Finance professionals acknowledged this asymmetry but justified it through compliance imperatives:

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“At the end of the day, finance is legally responsible for reporting. Marketing can't introduce uncertainty”. (Participant E, Finance Business Partner).

This one-way communication dynamic distorts dialogue, marginalizes strategic input from marketing, and undermines internal accountability mechanisms. Here, the Legal and Regulatory Risks are:

- **Internal Control Failures**: Failure to integrate marketing into PMM validation processes risks violating SOX Section 302 (responsibility for internal controls and disclosures).
- **Material Omissions**: Marketing campaigns based on incomplete financial data could breach materiality standards in SEC filings.

"We found out months later that our 'high-ROI' campaign was based on flawed cost assumptions. Nobody asked us."(Participant F, Marketing Campaign Manager).

Thus, communication asymmetries are not merely operational issues — they are compliance failures with direct legal consequences (Habermas, 2015). Again, a strong theme emerged regarding the role of top management in shaping and interpreting PMMs. Managerial preference for tangible, quantitative outputs systematically marginalized marketing contributions. Top management’s bias toward financial rationality constrained communicative engagement, mirroring Habermas' depiction of systemic colonization. For example, Marianne claims:

"Top management only cares about the numbers, not the engagement or brand growth." Such distortions heighten risk when strategic decisions rest on incomplete or misrepresented organizational health indicators.

Theme 3: Misuse and Misunderstanding of Metrics

A third major theme was the **misuse and misunderstanding** of PMMs, exacerbated by inadequate training and opaque reporting. Marketers frequently admitted using figures without understanding their **derivation**:

"We used a CLV number from an old deck because it sounded impressive. I didn’t know it was based on outdated churn assumptions."(Participant G, Junior Brand Associate).

Accounting professionals similarly acknowledged that they often failed to communicate the limitations and assumptions behind PMMs.

“We don't always spell out every assumption. It’s implied. Maybe we shouldn’t assume that.” (Participant H, Senior Accountant).

Here, this information asymmetry creates significant risks:

- Marketing campaigns based on invalid metrics may be construed as false or misleading advertising under the FTC Act.
- Investor communications based on misunderstood assumptions may lead to violations of SEC Rule 10b-5. (prohibition against fraudulent statements).

Misuse of metrics also reflects the colonization of communication by **instrumental rationality** — where success metrics are deployed strategically without sufficient communicative deliberation.

Table 1
Communication Breakdowns and Legal Risks

Communication Breakdown	Specific Regulatory Risk	Real Participant Example
Divergent PMM Interpretations	GAAP material misstatements; SEC S-K violations; FTC misleading claims	Participant A & B: ROI narrative vs audit artifact
One-Way Communication and Power Asymmetries	SOX Section 302 failures; SEC disclosure misstatements	Participant D & E: Financial control over PMMs without marketing input
Misuse and	FTC false advertising liability; SEC Rule	Participant G & H: Use of

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Misunderstanding of Metrics	10b-5 fraud risk	outdated CLV assumptions

The findings demonstrate that legal and regulatory risks at the MAI are rooted not only in technical reporting errors but in systematic communication failures**.** Without creating communicative spaces where PMMs are mutually validated and critically examined across departments, organizations will remain vulnerable to: *Misstatements, Regulatory enforcement actions, Investor lawsuits,* and *reputational harm.* Thus, ensuring compliance requires moving beyond formal controls toward structural reforms in communication practices — restoring the lifeworld of dialogue, transparency, and mutual understanding that legitimate organizations in the eyes of both regulators and stakeholders (Habermas, 1997).

DISCUSSION

The empirical findings presented in this study highlight the profound challenges that arise when communication between marketing and accounting functions is distorted, fragmented, or colonized by instrumental logics. Rather than merely producing internal inefficiencies, the Marketing–Accounting Interface (MAI) emerges as a critical site of legal and regulatory vulnerability**.** This section discusses the broader theoretical, practical, and regulatory implications of these findings, suggests pathways for reform, and outlines avenues for future research.

The findings have indicated that internal controls are not merely mechanical safeguards - they are institutional scaffolds designed to protect communicative rationality inside organizations. If properly implemented, they force validity claims to be tested across disciplines, enable risk assessments, and allows for mutual understanding of what is being reported externally. In this sense, COSO and SOX frameworks, while technical, embody Habermasian ideals: **truthfulness** (accurate financial data), **rightness** (ethical treatment of consumers and investors), and s**incerity** (transparent internal deliberation). Failures in internal controls represent failures of communicative structures, not just technical glitches.

Traditional organizational research treats the MAI largely as a strategic coordination challenge. However, this study demonstrates that failures at the MAI - ***divergent interpretations of performance metrics, power asymmetries, and metric misuse*** - generate direct risks under regulatory frameworks such as: GAAP and IFRS (financial reporting misstatements), SOX Section 302 and 404 (internal control failures), SEC Regulation S-K (material misstatement risks), FTC advertising standards (false or misleading marketing), and EU Unfair Commercial Practices Directive (consumer deception). Internal communicative distortions prevent the validation of financial performance claims, rendering marketing disclosures potentially unsubstantiated, misleading, and legally actionable. Thus, effective MAI management is no longer merely a strategic imperative—it is a compliance necessity.

Theoretically, this paper extends **Habermas' Theory of Communicative Action (TCA)** into the regulatory compliance domain within corporations: the **Lifeworld** – the organisation – is **colonised** by accounting metrics and legalistic compliance procedures, and this stifles open dialogue across departments. Most often, the s**teering media** (PMMs like ROI, CLV, brand equity scores) substitute for genuine interdisciplinary communication. Then, **validity claims** (truth, sincerity, rightness) are routinely compromised in favour of strategic or instrumental outcomes. So, communicative rationality within the MAI is persistently undermined by systemic imperatives — budgets, KPIs, and schedules — that colonize interdepartmental relations. The MAI was supressed by distorted steering mechanisms, such

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as: hierarchical information flows, prioritizing efficiency and cost control over creativity and relational legitimacy, and defining performance narrowly by quantifiable outputs, ignoring holistic organizational health. Money, financial metrics, and budget constraints operate as steering media, stifling deliberative democracy within the organization. Habermas' concept of "colonization of the lifeworld" aptly describes how accounting logic dominates marketing discourse, creating hidden compliance risks.

The findings have revealed that a distorted MAI has ***Legal and Regulatory Implications*:** Improper financialization of marketing outcomes inflates revenue projections, risking Sarbanes-Oxley and SEC 10-K breaches, Poor collaboration leads to missing disclosures on intangible assets or customer relations, a regulatory red flag, Disconnected reporting between departments compromises SOX Section 404 internal control attestations, and Gaps between marketing messaging and deliverables attract FTC enforcement. Therefore, communicative dysfunction in MAI is not merely an operational problem — it is a latent compliance liability.

By reframing compliance not as mere legal obedience but as a communicative process, this study highlights that organizations must foster deliberative spaces to validate and challenge financial and marketing claims. Without such communicative mechanisms, regulatory compliance becomes ritualistic, and legal exposure grows. This argument contributes to Habermasian organizational studies by showing how distorted communication undermines legal accountability. It also contributes to the MAI literature by shifting the analysis from operational misalignment to legal and governance failures. Moreover, it contributes to the corporate compliance research by offering a communicative foundation for understanding internal control effectiveness.

As for practical implications, the study advocates that firms must move beyond surface-level compliance checklists and build communicatively rational structures at the MAI. So, PMMs must be jointly developed between marketing, accounting, and compliance departments. Then, definitions, assumptions, and methodologies must be transparent and negotiated. Thus, before public disclosure, performance metrics should undergo cross-functional communicative validation, and all departments should have an opportunity to challenge, clarify, and refine reported figures. Accordingly, compliance must be reframed not as control but as dialogue and mutual responsibility. Meanwhile, marketing teams should receive basic financial literacy and legal compliance training. Then, accounting teams should be trained in narrative risks and stakeholder communication ethics.

CONCLUSION

The paper has demonstrated that the communication isn't just an organizational matter - it has legal and regulatory stakes. Only by embedding communicative practices at the heart of compliance frameworks can organizations meet both strategic and regulatory obligations.
The researchers have tried to bridge critical theory, empirical insights, and legal structures. The findings of this study entail regulatory recommendations and policy **implications**: for **regulators**, they need to encourage cross-functional audits for performance metrics used in public marketing claims, and promote disclosure rules that require marketing-finance co-validation. Thus, regulators need to scrutinize communicative structures within firms as part of corporate governance and disclosure audits. For **organizations**, they need to establish interdisciplinary compliance committees for marketing-finance decisions, and implement training in financial literacy for marketers and communication ethics for accountants. As for **lawmakers**, they need to consider mandating integrated reporting standards that bridge operational and promotional metrics.

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As a **theoretical contribution,** this study advocates for communicative legitimacy as a regulatory objective, not just technical compliance. Meanwhile, it highlights the potential for future research, such as: comparative legal systems, AI-driven PMMs, consumer law and algorithmic marketing.

LIMITATIONS AND FUTURE RESEARCH

This study is based on a qualitative, interview-based methodology, which provides rich insights but limits generalizability. Hence, future research could conduct quantitative studies on the prevalence of MAI communication failures and their correlation with regulatory breaches. Other potential research could perform longitudinal case studies on firms that reform their communicative processes and observe resulting compliance outcomes. Also, sectoral differences could be explored, such as: whether highly regulated industries (like finance or healthcare) exhibit different MAI dynamics compared to less regulated ones.
Additionally, further application of Habermasian frameworks in corporate governance and regulatory design could yield new models for strengthening internal transparency.

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