



## Customer perception and response to ethical norms in legal services marketing



Nelson Oly Ndubisi <sup>a,\*</sup>, Rajan Natarajan <sup>b,1</sup>, Rebecca Lai <sup>c,2</sup>

<sup>a</sup> Department of Marketing, Griffith Business School, Griffith University, Gold Coast Campus, Queensland 4222, Australia

<sup>b</sup> Department of Economics, College of Liberal Arts, 0338 Haley Center, Auburn University, Auburn, AL 36849-5242, USA

<sup>c</sup> Lai Partnership, 28 Jln Sultan Ismail, 50250 Kuala Lumpur, Malaysia

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### ABSTRACT

The study here examines the relationship between ethical marketing norms, relationship quality (RQ), and commitment in the context of legal services. Through a survey of customers of legal services providers in Malaysia, data were collected. Results from a standard analysis of data show that the four dimensions of ethical marketing norms contribute significantly and explain a significant amount of variance in RQ and commitment. The results further show that three dimensions of ethical norms namely price and distribution norm, information and contract norm, and general honesty and integrity norm are significantly associated with relationship quality and commitment. Product and promotion norm has no significant relationship with relationship quality and commitment. RQ plays a mediating role in the relationship between marketing norms and commitment. The study reveals that the same three dimensions of marketing norms predict both RQ and commitment, and are useful for effective legal services marketing. These findings lead to research, managerial, contextual and policy implications that conclude the paper.

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### 1. Introduction

It is a pity that lawyers are not more conscious of the importance of their part in the administration of justice: for if they were, they would surely be less disposed to abuse their powers and their privileges. Denning (1983).

Lord Denning, one of the most celebrated English judges of the 20th century wrote his famous paper, “The Honest Lawyer”, in 1983. In this paper he lists the “charges” which the public have against lawyers, which revolve around ethics and fairness. His paper also sets out his opinion on how lawyers should behave in order to play their part in the administration of justice and to defend those “charges”. One of the “charges” against lawyers is that lawyers abuse their privileges. In Denning’s view, in order to have public confidence it is essential for lawyers to be fair and to be perceived as such (Lai & Ndubisi, 2010). The second charge against lawyers is that they distort the truth for gain – in order to get the gain lawyers service their clients at all cost. However, Denning stated that this cannot be accepted by an honest lawyer; even though there is a duty to his/her client, the lawyer’s paramount duty is to the cause of justice itself. The third charge against lawyers is that “they run up costs,” that is, they are more concerned of their fees than with the interest of their clients. Therefore they may advise clients to go make a case against another

party even though it may be best to just settle out of court. Denning recommends that in order to avoid this situation, an honest lawyer should advise his client against an action in court unless he has no other choice.

The perception that legal service providers are dishonest, lack conscience and are self-centered, is in all probability brought about by incidences of unethical behavior within the legal profession which has led to unfavorable publicity. Even though the numbers of such incidences may be small relative to the hype, it is unfortunate that when professional misconduct does happen, it tends to attract wide and unfavorable publicity. This may be because the general public tends to have higher expectations of quality of service provided by professionals (Grimshaw, 2001; Jamal & Bowie, 1995) which makes lapses in ethical behavior endanger the credibility of a whole profession (Kerr & Smith, 1995) as well as the service provider–consumer relationship. Takala and Uusitalo (1996) recognize the need for better understanding of ethical marketing and called for more studies on the link between ethical behavior and relationship management. Furthermore, Denning’s statements in the opening paragraph underscore the importance of high ethical norms and behaviors of legal practitioners and the need to understand the consequences. While perceptions of pricing in the legal sector, particularly in developing economies, have been investigated in the anecdotal and to a limited extent in the academic literature (e.g., Angur & Natarajan, 1996), rigorous research into ethical aspects of this vital sector has remained sparse. The current research aims to alleviate this sparseness.

Legal services providers should be ethical in their dealings because ethical behaviors are highly rewarding. Ethics is good business and central to the long-term success and sustainability of a company in

\* Corresponding author. Tel.: +61 7 55528897; fax: +61 7 55528085.

E-mail addresses: n.ndubisi@griffith.edu.au (N.O. Ndubisi), natarra@auburn.edu (R. Natarajan), rlai@tllp.com.my (R. Lai).

<sup>1</sup> Tel.: +1 334 844 2450.

<sup>2</sup> Tel.: +60 3 21633233.

society today (Paine, 2003). Ethical professional firms may attract the most ethical job candidates and these people tend to be more productive and their conduct will reflect well on employees. Paine (2003) further suggests that ethics is an idea—a point of view, really—that must be integral to a company's governance, leadership, and day-to-day management. High ethical norms engenders trusting relationships (Satkunasingam & Ndubisi, 2006), and many successful organizations are believed to have gained from, and understand the value of trusting relationships (Ndubisi, 2011). When the legal service provider is deemed ethical, the quality of the relationship with clients can improve, leading to greater relationship commitment. The opposite results when the legal service provider is deemed unethical. Epstein (2007) and Handy (2002) echo this perspective. As Epstein (2007) expresses, law and ethics are not mutually exclusive and legal requirements frequently derive from and incorporate ethical precepts. Markets rely on rules and laws, but those laws and rules in turn depend on truth and trust, which when concealed or eroded respectively, the game (or exchange relationship) becomes so unreliable that no one will want to play (Handy, 2002).

The growing realization of the immense benefits individuals, organizations and societies can reap from being ethical has led to some changes in practitioner attitudes and behaviors in Malaysia's legal service sector. Unfortunately, research on the subject of ethical norms and its consequences in the legal profession in general and in Malaysia in particular, has remained very scant, leading to a poor understanding of this phenomenon. Indeed, the authors are not aware of any empirical work which has examined the impact of ethical norms on relationship outcomes in the legal service sector either in Malaysia or elsewhere. Consequently, there is a limited knowledge on how ethics-based strategies can improve (legal) services marketing, producer–consumer relationship and relationship outcomes.

In the Malaysian context, legal services providers or practitioners also known commonly as lawyers or advocates and solicitors generally practice in the government or private sector. Lawyers are professional people who are trained to act for their clients on all legal issues but they are also considered to be officers of the Court and therefore must not mislead the court or assist clients in any way to break the law. Legal practitioners are bound by strict code of conduct and rules of etiquette. All Malaysian lawyers must pass a professional ethics course before being able to be called to the Bar which is the final stage of qualification to be a lawyer. As such, Malaysia provides an appropriate context for testing the research model, which explores

the effect of ethical norms of legal services providers on customer perceived relationship quality and commitment. The paper approaches its objectives through the lens of ethical, fairness, and relationship marketing theories. The next section of the paper presents the underlying theories and extant literature in the area, followed by the research framework and hypotheses. Research method is explained next, followed by the findings and implications. The paper concludes with some future research directions and concluding remarks.

## 2. Theoretical perspectives

Recent studies (e.g., Buchholz & Rosenthal, 2006; de Graaf, 2006; Deshpande, Joseph, & Prasad, 2006; Geva, 2006; Pajunen, 2006; Thompson & Hart, 2006) have looked at the subject of ethics from the individual, organizational, and societal perspectives, covering different sectors and professions. Extant literature also shows that researchers have used many theoretical perspectives to approach the subject. Table 1 summarizes the study's underlying theories and the implications for ethical legal services marketing and consumption.

Table 1 shows that many theories offer insights as to how ethical situations arise, and how ethical norms and/or behaviors affect seller–buyer relationship and relational outcomes. However, the following three namely, moral philosophies, fairness/equity theory, and social exchange theory are of particular importance to this study and will be discussed in more detail.

*Moral philosophy* is a field of study which has been notably used to determine ethical decisions. Both general deontological norms and specific market related norms influence ethical decision-making (Hunt & Vittel, 1986). Individuals rely heavily on deontological factors (vs. theological factors) in forming ethical judgments and intentions (Hunt & Vasquez-Parraga, 1993). Ethical decisions therefore, are made up of two broad types of moral philosophies—deontological and theological philosophies. Deontological theories focus on specific actions or behaviors of an individual, whereas the focus of theological theories is on the consequences of the actions or behaviors (Hunt & Vittel, 1986). There is also a third—virtue ethics (Hartman, 1998; Whetstone, 2001). Virtue ethics refers to a qualitative characteristic, generally considered as part of a person's character, something within the person, although neither materially nor biologically identifiable (Whetstone, 2001). In contrasting the three ethics perspectives, he argues that a virtue is closer to an internal value, something of the spiritual essence of the person.

**Table 1**  
Relevant early theoretical perspectives and key insights into legal services marketing.

Theoretical perspective	Authors	Key premise	Key insight
Moral philosophies	Hunt and Vittel (1986) Reidenbach and Robin (1990)	Moral philosophies affect ethical decisions.	Legal practitioner's /profession's ethical ideology, belief system, informal and social norms are likely to guide behavior in ethical situations. A customer's decision to dis/continue service on ethical grounds depends on her/his ethical ideology.
Equity theory	Adams (1963); Swan and Oliver (1989)	A person compares his/her input into a situation and the outcome from the situation with that of another person.	Legal services providers must ensure fair treatment of all customers. Customers consider the treatments by/value from their legal service provider with that of another customer. They also compare ethical norms/behaviors of different legal service providers.
Reciprocity theory	Gouldner (1960); Regan (1971)	A person who receives a favor was more inclined to return the favor.	Ethical service providers should ensure value for customers' sacrifice. Customers tend to respond favorably to ethical legal service providers through ethical behaviors such as loyalty, positive word of mouth, and commitment; and may reward unethical legal practitioners accordingly.
Social exchange theory	Huseman and Hatfield (1990) Lawler (2001)	Social exchanges can create a sense of shared responsibility.	Service providers can create a sense of shared responsibility for ethical behaviors by acting ethically. A feeling of shared responsibility compels customers of ethical service providers to give back through ethical patronage/consumption behaviors.

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