Customer perception and response to ethical norms in legal services marketing

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A B S T R A C T

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 (Grishmaw, 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 & Nataraajan, 1996), rigorous research into ethical aspects of this vital sector has remained sparse. The current research aims to alleviate this sparseness.

Legal service 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

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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.

![Image](image-url)

**Table 1**

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

<table>
<thead>
<tr>
<th>Theoretical perspective</th>
<th>Authors</th>
<th>Key premise</th>
<th>Key insight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moral philosophies</td>
<td>Hunt and Vittel (1986) Reidenbach and Robin (1990)</td>
<td>Moral philosophies affect ethical decisions.</td>
<td>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. 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. 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. 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.</td>
</tr>
<tr>
<td>Equity theory</td>
<td>Adams (1963); Swan and Oliver (1989)</td>
<td>A person compares his/her input into a situation and the outcome from the situation with that of another person.</td>
<td></td>
</tr>
<tr>
<td>Reciprocity theory</td>
<td>Gouldner (1960); Regan (1971)</td>
<td>A person who receives a favor was more inclined to return the favor.</td>
<td></td>
</tr>
</tbody>
</table>

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Of the three ethics perspectives, deontological norms or guiding principles that represent personal values or rules of behavior (Vittel, Rallapalli, & Singhapakdi, 1993) are the most useful in dealing with marketing activities. Hunt and Vittel (1993) state that one’s belief system is likely to guide behavior in ethical situations, and they further depict various elements that make up the organizational environment such as informal norms, formal codes of ethics and the enforcement of codes that impact on decision making in ethical situations. Other scholars (e.g. Hosmer, 1994a,b; Mayo & Marks, 1990) consider the relationship between ethics, morals and values, and provide useful insights on the decision-making process in ethical situations. Since individuals consider ethics in decision making, it is logical to postulate that ethical norms will have an effect on perceived relationship quality and commitment by legal services consumers in Malaysia.

Equity theory is another helpful theoretical lens for understanding how ethical norms can influence relationship quality and commitment. Connock and Johns (1995) define ethics in terms of fairness, deciding what is right or wrong, as well as defining the practices and rules which underpin responsible conduct between individuals and groups. For Orme and Ashton (2003) being ethical involves taking action to ensure that these practices and rules are applied consistently in all day-to-day business situations.

According to Adams’ (1963) equity theory, a person compares his or her inputs into the situation and the outcomes from the situation with the ratio of inputs and outcomes of another person. Inputs are defined as “the participant’s contributions to the exchange, which are seen by the participant or an observer as entitling him to rewards or costs” (Walster, Berscheid, & Walster, 1973). The outcomes are the positive and negative consequences that a participant or an observer perceives the participant has incurred as a consequence of his relationship with another (Walster et al., 1973). Adams (1963) further states that inequity exists when perceived ratios of inputs and outcomes for a person and the person compared with are unequal. When inequity is felt, a sense of dissatisfaction, resentment, anger, guilt or even conflict can result, thereby motivating the individual to restore inequality or balance. Tension can also be felt between the parties, and depending upon the degree to which the person perceives the imbalance there will be the desire to reduce the tension of inequity (Adams, 1965).

Other applications of equity theory include the studies by Swan and Oliver (1989), Alwin (1987) and Lapidus and Pinkerton (1995). Research on organizational justice shows that perceived organizational fairness enhances commitment to the organization (Folger & Konovsky, 1989). Customers tend to rely on perceptions of distributive, procedural and interactional justice to infer about overall organizational fairness. The fairness theory suggests that customers expect a certain level of distributive fairness (i.e. perceived fairness of the actual outcome of an action), procedural fairness (whether the decision making process was perceived as fair or not) or interactional fairness (perceived fairness in the interaction between exchange parties) in exchange relationships (Adams, 1963; Anderson & Patterson, 2008; Homans, 1961; Palmer, Beggs, & Keown-McMullan, 2000; Thibaut & Walker, 1975). Fairness associates positively with customer satisfaction (Anderson & Patterson, 2008), and commitment (Ndubisi, 2011). Oliver (1996) states that equity in marketing relationships exists, and ranges from negative inequality (under-benefited), equity (where outcomes are justified desired) to positive equity (where outcomes are greater than deserved). In line with Palmer et al.’s (2000) finding that the concept of fairness was important, the paper reasons that because individuals often perceive fair others as ethical, this can lead to enhanced relationship quality and commitment.

The third theoretical lens adopted in the study is the social exchange theory. Lawler (2001), in his paper entitled ‘The affect theory of social exchange’, explains that social relationships are a source of emotions and he characterizes the different emotional effects of different exchange structures. The theory of social exchange has been applied in a range of different contexts including support from co-workers (Huseman & Hatfield, 1990), supplier–distributor relationships (Kingshott & Pecotich, 2007) and service loyalty in relationships between firms and customers (Sierra & McQuitty, 2005).

The social exchange theory reasons that in a relationship, when a positive experience is felt by one party then the party would also act positively in the relationship. Similarly, in the context of ethical behavior the golden rule presupposes that ‘one must do as one would like others to do to them’. This is also known as the ethics of reciprocity or reciprocity norm (Gouldner, 1960). Similar to the discussions of Gouldner (1960), Rabin (1993) found that people tend to reciprocate others actions. In keeping with this line of argument, the study models ethical norms of legal practitioners as a potent trigger of perceived relationship quality and commitment by customers.

3. Conceptual framework and hypotheses

Prior studies identify that both general deontological norms and specific marketing-related norms influence ethical decisions (e.g. Hunt & Vitell, 1993, 1986). The literature also shows that many marketing decisions involve ethical considerations. But understanding is shallow in terms of how customers respond/react to un/ethical norms and behaviors of marketers.

Clearly, the concern for ethical issues in business has dramatically increased and both academics and practitioners are interested in the area (Al-Khatib, Vitell, & Rawwas, 1997). It is also clear that ethical issues between sellers and customers and other marketing related activities is not new and have been the mainstay of ethics research (Ferrell & Gresham, 1985; Hunt & Vittel, 1986). Today, the issue of un/ethical marketing and consumption practices continues to dominate in major marketing academic and practitioner journals. Studies on ethical issues from the customers’ perspective have tried to understand the ethical decision making of consumers. Services marketing literature (e.g. Parasuraman, Berry, & Zeithaml, 1985) suggest that customer dissatisfaction can result from any gap created between customer expectation and the actual outcome of the services rendered. One of the reasons for such gap may be attributable to unethical behavior of service providers (Satkunasigam & Ndubisi, 2006).

Conversely, the effort of the service provider is known to play a key role in creating customer satisfaction (Mohr & Bitner, 1995), including efforts to provide ethically sound service encounters. As such, ethical service providers more so than unethical ones are likely to achieve superior performance, build quality relationship and in turn gain customer commitment. Superior performance is important for the service provider as superior performers are thought to have unique capability that are hard to imitate, which allows them to outperform their rivals (Bharadwaj, Varadarajan, & Fahy, 1993). The goal then of a service manager is to provide a service performance that meets customers expectations (Bush, Harris, & Bush, 1997), in an ethical manner.

With respect to how un/ethical behaviors or norms of service providers affect customers the general public tends to have higher expectations on quality of service provided by professionals (Grisham, 2001; Jamal & Bowie, 1995), and lapses in ethical behavior can endanger the credibility of the whole profession (Kerr & Smith, 1995), as well as service provider–consumer relationship. In fact Takala and Uusitalo’s (1996) study concludes that the firms’ level of ethics has an influence on organizational worth and may enhance customers’ perceptions of fairness and reward obtained from an exchange. As such, a need to study the link between ethical behavior and relationship management occurs (Takala & Uusitalo, 1996).

Scholars conceptualize marketing norms and develop a norms scale dealing specifically with marketing activities (e.g., Mayo & Marks, 1990; Singhapakki & Vittel, 1991). Mayo and Marks (1990) measured teleological factors; Singhapakki and Vittel (1991) conceptualized and operationalized a marketing-related norms scale based on American Marketing Association’s code of ethics; and Redenbach...

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and Robin (1990) and Reidenbach, Robin, and Dawson (1991) developed a multidimensional scale measuring ethical perceptions in marketing. While these studies contribute to the body of knowledge, they also have their shortcomings ranging from ignoring deontological norms and lack of reliability scores, inadequate representation of the different marketing decision making activities, to generic rather than marketing-specific norms.

Vittel et al.’s (1993) marketing norms provide a more meaningful and comprehensive set of dimensions of marketers’ deontological norms used in this study. These include: price and distribution norms, information and contract norms, product and promotion norms, and general honesty and integrity norms. Vittel’s fifth dimension (obligation and disclosure norms) was dropped on the basis of its suitability for the present research. This dimension has two components—price and research. The price items have been captured in the price and distribution norms and the research component was not relevant to our study because the small legal firms included in the study do not conduct or sponsor research. As such only the four marketing norms were modeled in the present study as direct predictors of relationship quality and commitment, as well as indirect predictors of commitment (through relationship quality).

4. Ethical norms, relationship quality and commitment

As suggested earlier, exchange relationships that are characterized by high ethical norms and behaviors have the potency to shape perceived relationship quality by exchange parties positively. Levitt (1986) defines relationship quality as a bundle of intangible values which augment products or services and results in an expected interchange between buyers and sellers. Another more general concept of relationship quality is described as the overall depth and climate of a relationship (Johnson, 1999; Ndubisi, 2007).

Relationship quality also refers to a customer’s perception of how well the whole relationship fulfills the expectations, predictions, goals and desires of customers (Jarvelin & Lehtinen, 1996). Notwithstanding the different contexts of these studies (both Johnson’s study and Jarvelin and Lehtinen’s study were carried out on B-to-B relationships whereas Ndubisi’s study was conducted in the B-to-C context), all agree that the condition and strength of a marketing relationship have strong influence on relationship outcomes.

In line with these past studies, the present research reasons that the condition of a relationship (including high ethical norms and behaviors) can engender favorable perception of relationship quality as shown in the following hypothesis.

H1. Substantial positive relationships occur among (a) price and distribution norm, (b) information and contract norm, (c) product and promotion norm, (d) general honesty and integrity norm and relationship quality.

The study also proposes that ethical norms of legal service providers not only enhance customer relationship quality perception, but also influence their (customers) commitment both directly and indirectly (via relationship quality). In buyer–seller relationship studies, argues Wilson (1995), commitment is the most common dependent variable used. Commitment is a key foundation of marketing relationship, and it is also a useful construct for gauging the likelihood of customer loyalty (Gundlach, Achef, & Mentzer, 1995; Morgan & Hunt, 1994).

Consumer research (e.g. Moorman, Zaltman, & Deshpande, 1992) defines commitment as an enduring desire to maintain valued relationship. Commitment exists only when the relationship is considered important, which leads to a higher obligation to make it succeed and mutually satisfying (Morgan & Hunt, 1994). Morey, Porter, and Steers (1982) state that since commitment is higher among individuals who believe that they received more value from a relationship, highly committed customers should be willing to reciprocate the effort on behalf of a firm. Prior research has established a positive relationship between commitment and relationship quality (Ndubisi, 2007; Wong & Sohal, 2002). Further, research on consumers (Dubinsky, Natarajan, & Huang, 2005) and marketing personnel (Bass, Barnett, & Brown, 1998) document that moral philosophy is an important determinant of individual’s reactions to business practice.

In line with these studies and as an advance over them, this paper postulates a positive relationship between ethical norms and commitment, as well as relationship quality and commitment.

H2. Positive relationships occur among (a) price and distribution norm, (b) information and contract norm, (c) product and promotion norm, (d) general honesty and integrity norm and commitment.

H3. A positive relationship occurs between relationship quality and commitment.

The mediating role of relationship quality in the relationship between ethical norms and commitment was examined. Differences in findings in the relationship between relational outcomes and their antecedents pose challenges for researchers and managers (Athanasopoulou, 2009). One potential way to reconcile the different findings is to conceptualize relationship quality as a mediator. The conceptualization of RQ as a mediator in the relationship between independent and dependent variables (Baron & Kenney, 1986; Ndubisi, 2011; Zhao, Lynch, & Chen, 2010) is consistent with our conceptualization of ethical norms as antecedents of relationship quality which in turn positively influences customer commitment. To establish mediation we follow the suggestions of Baron and Kenney (1986).

H4. Relationship quality mediates in the relationship between (a) price and distribution norm, (b) information and contract norm, (c) product and promotion norm, and (d) general honesty and integrity norm and commitment.

5. Methods

This research utilizes both primary and secondary sources of data. Secondary data were used to build the body of literature and to identify the gap/s therein. To understand the perceptions and behaviors of users of legal services in Malaysia, a survey was conducted to gather relevant data. The location of the study was Kuala Lumpur, Malaysia, and the respondents included customers of legal service firms in the city with valid registration with the Malaysia Bar Council, whose list of registered members served as the study’s sampling frame. The firms were invited to participate in the study by allowing the researchers to administer the survey forms to their customers in the firm’s premises. Due to the voluntary nature of the study, only the firms that accepted the invitation to participate in the study (about fifteen in number) were involved eventually. The survey lasted for a period of four weeks and resulted in a total of 242 usable responses provided by 145 individual customers and 97 corporate customers. The key informant method was used and only customers with ongoing business relationship with the participating legal firms were requested to respond to the questions. The corporate customers were represented by the organizations’ secretary or director/manager of legal services division/department, based on key informant technique. Key informants are viewed as appropriate respondents if appropriate selection procedures are used (John and Reve, 1982). Thus, using guidelines on selecting key respondents from previous research (Campbell, 1955), key informants for corporate customers were screened and chosen on the basis of their knowledge of the research issues, their formal role in the organization and willingness to respond.

Non-respondent bias was tested by comparing early and later responses across survey items (Armstrong and Overton, 1977), and also individual and corporate customers were compared. No statistical
differences among variables were identified between the groups. The potential for bias was further mitigated by integrating demographic variables in the model as control variables.

The questionnaire items were adapted from past studies and revalidated in the present. The marketing norms scale developed by Vittel et al. (1993) was used to measure ethical norms of legal service providers. The four dimensions of the marketing norms scale relevant to the legal service sector in Malaysia namely; price and distribution norms, information and contract norms, product and promotion norms, and general honesty and integrity norms were used. Relationship quality items were adapted from Ndubisi (2007), and the items for commitment were adapted from Morgan and Hunt (1994) and Ndubisi (2011).

6. Results

6.1. Factor analysis

The results of the first factor analysis shows that 18 items loaded on four dimensions — price and distribution norms, information and contract norms, product and promotion norms and general honesty and integrity norms with total variance of 68.443%. Table 2 shows the key dimensions and items of ethical norms used in the questionnaire, the results of the loadings and communality statistics. Five items loaded on price and distribution norm dimension with a variance of 19.280%, information and contract norm’s six items contributed a variance of 18.410%, product and promotions norms with three items contributes a variance of 16.690%, and general honesty and integrity norms with four items contributes 14.084% variance.

<table>
<thead>
<tr>
<th>Key dimensions and items — ethical norms</th>
<th>Loadings</th>
<th>Communalities</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>F1 — price and distribution norms (variance = 19.280%)</strong></td>
<td></td>
<td></td>
<td>.850</td>
</tr>
<tr>
<td>PDN1. The service provider clearly identifies the cost of services to their clients</td>
<td>.633</td>
<td>.556</td>
<td></td>
</tr>
<tr>
<td>PDN2. The service provider does not manipulate the availability of types of services for the purpose of exploitation</td>
<td>.592</td>
<td>.614</td>
<td></td>
</tr>
<tr>
<td>PDN3. The service provider does not use coercion within its marketing channel</td>
<td>.677</td>
<td>.579</td>
<td></td>
</tr>
<tr>
<td>PDN4. The service provider does not discriminate in charging their clients</td>
<td>.804</td>
<td>.743</td>
<td></td>
</tr>
<tr>
<td>PDN5. The service provider does not use price war when competing with other firms</td>
<td>.746</td>
<td>.719</td>
<td></td>
</tr>
<tr>
<td><strong>F2 — information and contract norm (variance = 18.410%)</strong></td>
<td></td>
<td></td>
<td>.882</td>
</tr>
<tr>
<td>ICN1. The service provider discloses information regarding all substantial risks associated with service usage to their clients</td>
<td>.776</td>
<td>.689</td>
<td></td>
</tr>
<tr>
<td>ICN2. The service provider discloses to their clients any changes in service components that might materially change the service or impact their clients’ decision to engage the legal firm</td>
<td>.818</td>
<td>.755</td>
<td></td>
</tr>
<tr>
<td>ICN3. The service provider treats their clients fairly</td>
<td>.619</td>
<td>.674</td>
<td></td>
</tr>
<tr>
<td>ICN4. The service provider maintains confidentiality and anonymity in its professional relationships with regard to privileged client</td>
<td>.649</td>
<td>.634</td>
<td></td>
</tr>
<tr>
<td>ICN5. The service provider meets its obligations and responsibilities in timely manner</td>
<td>.672</td>
<td>.596</td>
<td></td>
</tr>
<tr>
<td>ICN6. The service provider actively supports the practice and promotion of a professional code of ethics</td>
<td>.543</td>
<td>.630</td>
<td></td>
</tr>
<tr>
<td><strong>F3 — product and promotions norm (variance = 16.690%)</strong></td>
<td></td>
<td></td>
<td>.830</td>
</tr>
<tr>
<td>PPN1. The service provider does not advertise its services</td>
<td>.806</td>
<td>.672</td>
<td></td>
</tr>
<tr>
<td>PPN2. The service provider does not conduct manipulative or misleading sales tactics</td>
<td>.804</td>
<td>.797</td>
<td></td>
</tr>
<tr>
<td>PPN3. The service provider does not carry out deceptive sales Promotions</td>
<td>.787</td>
<td>.787</td>
<td></td>
</tr>
<tr>
<td><strong>F4 — general honesty and integrity (variance = 14.084%)</strong></td>
<td></td>
<td></td>
<td>.864</td>
</tr>
<tr>
<td>GH1. The service provider always adheres to all applicable laws, regulations and customer service guidelines</td>
<td>.776</td>
<td>.760</td>
<td></td>
</tr>
<tr>
<td>GH2. The service provider always accurately represents the education, training and experience of its lawyers</td>
<td>.785</td>
<td>.751</td>
<td></td>
</tr>
<tr>
<td>GH3. The service provider is always honest in serving clients, employees and the public</td>
<td>.711</td>
<td>.724</td>
<td></td>
</tr>
<tr>
<td>GH4. The service provider does not knowingly participate in conflicts of interest without prior notice to all parties involved</td>
<td>.652</td>
<td>.638</td>
<td></td>
</tr>
</tbody>
</table>

Eight items loaded on the two dimensions, including 5 items of relationship quality and 3 items of commitment. Two commitment items “I am very committed to the relationship with the legal firm” and “I intend to indefinitely maintain the relationship with the legal firm” were excluded because of high cross loadings. The final five items of relationship quality and three items measuring commitment appear in Table 3.

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</thead>
<tbody>
<tr>
<td><strong>Table 3</strong> summarizes results of the second factor analysis conducted on relationship quality (mediating variable) and commitment (dependent variable). Total of explained variance is 82%, and relationship quality contributes 49% of the variance while commitment had a variance of 33%.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Eight items loaded on the two dimensions, including 5 items of relationship quality and 3 items of commitment. Two commitment items “I am very committed to the relationship with the legal firm” and “I intend to indefinitely maintain the relationship with the legal firm” were excluded because of high cross loadings. The final five items of relationship quality and three items measuring commitment appear in Table 3.

Table 2 summarizes results of the second factor analysis conducted on relationship quality (mediating variable) and commitment (dependent variable). Total of explained variance is 82%, and relationship quality contributes 49% of the variance while commitment had a variance of 33%.

6.2. Direct effect of ethical norms on relationship quality and commitment

The direct effects of the four dimensions of ethical norms on relationship quality and commitment were examined. The results summarized in Table 4 show that overall, price and distribution norm (PDN), information and contract norm (ICN), product and promotion

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norm (PPN), and general honesty and integrity norm (GHIN) contribute significantly (F=93.904; p-value<.001) and account for 62% of the variations in relationship quality. Further observations made from the results include: a significant association between PPN (β=.306; p-value<.001), ICN (β=.269; p-value<.001), GHIN (β=.233; p-value<.001) and relationship quality at 5% significance level. There is no significant relationship between PPN (β=.020; p-value=.886) and relationship quality at 5% significance level. These results provide strong evidence for the acceptance of hypotheses H1a, H1b and H1d and the rejection of hypothesis H1c.

The results in Table (4) also show that overall, price and distribution norm (PDN), information and contract norm (ICN), product and promotion norm (PPN), and general honesty and integrity norm (GHIN) contribute significantly (F=41.202; p-value<.001) and account for 41% of the variations in commitment. Further observations include: a significant association between PDN (β=.206; p-value<.001), ICN (β=.218; p-value<.001), GHIN (β=.233; p-value<.001) and commitment at 5% significance level. There is no significant relationship between PPN (β=.100; p-value=.104) and commitment at 5% significance level. These results provide strong evidence for the acceptance of hypotheses H2a, H2b and H2d and the rejection of hypothesis H2c. A plausible explanation for the lack of a significant effect of product and promotion norms on relationship quality and commitment may be the restriction of legal firms in Malaysia by the government from promoting or advertising their offerings to the public. Thus, clients may not be in a position to assess this dimension and its effect on their perceived relationship quality and commitment to their legal services providers.

Table 3

<table>
<thead>
<tr>
<th>Key dimensions and items — relationship quality and commitment.</th>
<th>Loadings</th>
<th>Communalities</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>F1 — relationship quality (variance = 49.218%)</strong></td>
<td><strong>.796</strong></td>
<td><strong>.776</strong></td>
<td><strong>.948</strong></td>
</tr>
<tr>
<td>RQ1. My relationship with the service provider is desirable</td>
<td><strong>.804</strong></td>
<td><strong>.815</strong></td>
<td></td>
</tr>
<tr>
<td>RQ2. My relationship with the service provider meets my goals</td>
<td><strong>.882</strong></td>
<td><strong>.867</strong></td>
<td></td>
</tr>
<tr>
<td>RQ3. My relationship with the service provider fulfills my expectations</td>
<td><strong>.858</strong></td>
<td><strong>.851</strong></td>
<td></td>
</tr>
<tr>
<td>RQ4. The service provider shows a high level of professionalism</td>
<td><strong>.836</strong></td>
<td><strong>.843</strong></td>
<td></td>
</tr>
<tr>
<td>RQ5. Overall, I have a good relationship with the service provider</td>
<td><strong>.797</strong></td>
<td><strong>.783</strong></td>
<td></td>
</tr>
</tbody>
</table>

6.3. Direct effect of relationship quality on commitment

The study also evaluated the direct effect of relationship quality on commitment. The outcome of this analysis shows that relationship quality contributes significantly (F=326.178; p-value<.001) and account for 58% of the variations in commitment. There is a significant direct relationship between relationship quality and commitment (β=.760; t-value = 18.060; p-value<.001). The positive sign of the estimates shows that the higher the relationship quality, the greater the level of commitment. There is therefore strong acceptance for H3 of this study. Table 5 shows the results of this analysis.

6.4. Mediating effect of relationship quality

The mediating effect of relationship quality in the association of ethical norms with commitment was examined next. This examination was based on Baron and Kenny’s (1986) recommendation that a variable functions as a mediator when it meets the following conditions: (a) variations in levels of the independent variable significantly account for variations in the presumed mediator, (b) variations in the mediator significantly account for variations in the dependent variable, and (c) when item (a) and item (b) are controlled, a previously significant relation between the independent and dependent variables is no longer significant or it is significantly decreased.

To test for the mediating effect of relationship quality, PDN, ICN, PPN and GHIN were introduced in the regression model in stage 1 and relationship quality in stage 2, with commitment as the dependent variable. Table 6 shows the results of this analysis.

Relationship quality mediates in the association of PDN, ICN and GHIN with commitment. Table 6 shows an increase of 17% in the coefficient of determination (R²) occurring between model 1 and model 2. Furthermore, the beta coefficients have decreased significantly between model 1 and model 2 for all dimensions of ethical norms. Such increase in R² and decrease in beta coefficients explain the mediating effect of relationship quality in the association of PDN, ICN and GHIN with commitment.

No mediation effect of relationship quality occurs for the association of PPN with commitment. This is because the result for this dimension violates the condition (a) of the test of mediation (i.e. variations in levels of the independent variable significantly account for variations in the presumed mediator). These findings provide strong evidence for the acceptance of H4a, H4b and H4d and the rejection of H4c.

7. Implications

7.1. Theoretical implications

The framework of the study was developed from existing theories of ethics, equity and social exchange. The dimensions of ethical norms namely, price and distribution norms, information and contract norms, product and promotion norms and general honesty and integrity norms were examined in the context of legal services marketing and were found to be strong predictors of relationship quality and

<table>
<thead>
<tr>
<th>Direct effect of ethical norms on relationship quality and commitment.</th>
<th>Relationship quality</th>
<th>Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variables</strong></td>
<td><strong>β (t-value; p-value)</strong></td>
<td><strong>β (t-value; p-value)</strong></td>
</tr>
<tr>
<td>Price and distribution norm (PDN)</td>
<td>.306 (.5065; .0000)</td>
<td>.206 (2.769; .0006)</td>
</tr>
<tr>
<td>Information and contract norm (ICN)</td>
<td>.269 (.4320; .0000)</td>
<td>.218 (2.83; .0005)</td>
</tr>
<tr>
<td>Product and promotion norm (PPN)</td>
<td>.020 (.405; .686)</td>
<td>.100 (1.633; .104)</td>
</tr>
<tr>
<td>General honesty and integrity norm (GHIN)</td>
<td>.304 (.5144; .0000)</td>
<td>.233 (3.192; .002)</td>
</tr>
<tr>
<td><strong>R</strong></td>
<td>.785</td>
<td>.640</td>
</tr>
<tr>
<td><strong>R²</strong></td>
<td>.616</td>
<td>.410</td>
</tr>
<tr>
<td>AR²</td>
<td>.610</td>
<td>.400</td>
</tr>
<tr>
<td>F (Sig)</td>
<td>93.904 (.000)</td>
<td>41.202 (.000)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Direct effect of relationship quality on commitment.</th>
<th>Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variables</strong></td>
<td><strong>β (t-value; p-value)</strong></td>
</tr>
<tr>
<td>Constant</td>
<td>(5.7466; .0000)</td>
</tr>
<tr>
<td>Relationship quality</td>
<td>.760 (.18060; .000)</td>
</tr>
<tr>
<td><strong>R</strong></td>
<td>.760</td>
</tr>
<tr>
<td><strong>R²</strong></td>
<td>.577</td>
</tr>
<tr>
<td>AR²</td>
<td>.575</td>
</tr>
<tr>
<td>F (Sig)</td>
<td>326.178 (.000)</td>
</tr>
</tbody>
</table>
commitment. The outcome of this study corroborates and provides an advance over some of the earlier studies (Ndubisi, 2007, 2011; Vittel et al., 1993) by locating the connection between ethical norms and relationship marketing constructs in the legal service sector in Asia. The strong empirical evidence for a direct effect of ethical norms on relationship quality and commitment, and the indirect effect of ethical norms on commitment through relationship quality, supports the integration of relationship quality in modeling the effect of ethical norms of service providers on long-term commitment of customers.

Recent writings on ethical relationship marketing (e.g., Murphy, Laczniak, & Wood, 2007) argue that the underpinnings of ethical relationship marketing are the virtues of commitment among others (the model though was not tested empirically). Murphy et al. (2007) define marketing ethics as “the systematic study of how moral standards are applied to marketing decisions, behaviors and institutions” (p. xvii). The current study extends previous academic writings and provides empirical evidence for a direct impact of ethical norms of legal practitioners on relationship quality perception and commitment of customers. The study also reveals the mediating effect of relationship quality in the ethical norms-commitment link. Altogether, the hypotheses support the perspective that ethical norms can enhance relational outcomes. The study also contributes to the theories of ethics, equity, and social exchange, and presents them as appropriate lenses for understanding ethical norms and relationship outcomes in legal services marketing.

7.2. Managerial implications

In terms of practice, the results suggest that in order to create quality legal practitioner–customer relationship leading to commitment, it is important to build on the ethical norms of the legal firm. Thus, legal service providers that desire to build relationship quality with customers and have committed customers should strive to ensure high ethical standards. This can be done by maintaining high price and distribution norm (including clearly identifying all costs associated with service, not manipulating service availability in order to exploit customers, not using coercion against its marketing channel members, no discrimination in charging fees and not using price war against other firms to attract customers).

Second, they should disclose all information regarding all substantial risks associated with service usage to clients, disclose changes in service components which might change the service or impact on clients’ decision to or not engage the legal firm, treat clients fairly, maintain confidentiality, and meet obligations in a timely manner. By so doing, the service provider is ensuring high ethical norm of information and contract. Legal service providers should also ensure high ethical standards in terms of general honesty and integrity norm. This can be done by adhering to all applicable laws, regulations and customer service guidelines, accurately representing the education, training and experience of its lawyers, being honest in serving customers, employees and the general public, and avoiding any situation that can lead to conflict of interest and compromise.

Legal practitioners should consider and approach their relationships with customers from an ethical point of view. This action would be very useful in the current marketing environment, where customers scrutinize and evaluate firms to reward those that carry out their activities ethically and to punish unethical misconducts by service providers. It is well documented in the literature that customers support ethical service providers and carry negative word or mouth communications against errant service organizations and even try to persuade other customers to defect to the competition (Ndubisi, 2013). As the study shows, practitioners’ ethical standards can potentially influence their personal and organizational worth. High moral standards can enhance customers’ perception of fairness and increase the reward obtained from exchange which leads to long run survival of the business (Ndubisi, 2013; Takala & Uusitalo, 1996).

Denning’s earlier observations show that traditionally, building customer relationship has neither been the strength of focus of legal practitioners, as such it is suggested that legal practitioners should carefully consider and apply the findings of the study. By applying its outcomes, this study can help lawyers to increase the quality of their relationship with customers as well as increase their customers’ commitment. But not only legal practitioners, service providers in general can increase perceived customer relationship quality and commitment by applying high ethical norms. As firms and nonprofit organizations emphasize service as a dominant logic (Vargo & Lusch, 2004), the sector will experience greater public scrutiny and public reaction (favorable or unfavorable); as such service organizations and individual providers must increase their ethical standards.

7.3. Policy implications

The behavior and conduct of legal practitioners in Malaysia and in many countries of the world fall short of current requirements and can be enhanced and controlled through codes, regulations and laws. Hence, there are many regulations created for this purpose by government policy makers. Notwithstanding the existence of these regulations, the profession still has the reputation of being unethical, so alternative approaches need to be considered by policy makers. If the legal service sector is made conscious of the individual and organizational worth of creating services in an ethical environment, there may be less of such unethical behaviors.

Therefore, rather than creating more coded and regulated laws there may be a need to create greater consciousness of the aftermaths of un/ethical behaviors (such as poor/enhanced relationship quality and customer defection/commitment). This is one area where government policy makers can contribute to the overall ethical climate of Malaysian legal service sector, and services in general.

8. Limitations and future research directions

Getting people to openly discuss their relationship with lawyers is difficult. It is easier to get individual customers to answer the questionnaire based on personal experience rather than give their views on behalf of their company’s relationship with its lawyer/s. Yet finding appropriate persons to approach to complete the questionnaire was necessary as it can only be answered by persons who have used legal services and have some relationship with the service provider. This research context is in line with the key informant technique (Campbell, 1995) where key informants are chosen on the basis of their knowledge of the research issues as well as their formal role and their willingness to respond (Ndubisi, 2013). This method results in a relatively low response by corporate customers. Future research should try to improve the response from corporate customers of legal service providers.

Future research should explore the link between ethical norms and dimensions of relationship quality such as trust, communication, conflict handling, and empathy which are thought to enhance firm—
customer relationship. Other constructs which may be integrated into the ethical norms model are customer satisfaction and loyalty, as these are important and desirable relational outcomes for the service industry.

This study’s scope was limited to customers of legal firms in Malaysia. Their perception of legal practitioners and the quality of service provider–customer relationship may differ from elsewhere around the world. As such a replication or adaptation of the study in other contexts will add much value by enabling generalization of outcomes. Future studies may take the form of cross-cultural/country analysis as such studies can help to better understand the role of culture on ethical norms of legal practitioners in different cultural settings – e.g. low/high power distance, long/short term oriented, and low/high uncertainty avoidance.

Further research in this area may consider the possible moderating effect of demography and ethical ideologies in the relationship between ethical norms and relational outcomes. Ethical ideologies such as idealism and relativism, for example, are thought to play important roles in determining an individual’s perception of what is ethical or unethical, as such, the relationship between ethical standards of legal service providers and customer relationship quality perceptions and commitment could depend on a customer’s ethical ideology.

9. Conclusions

This study achieved its objective of estimating whether or not ethical norms of legal practitioners have significant impact on perceived relationship quality and commitment of customers. Based on data collected from customers of legal practitioners in Malaysia, the study provides evidence confirming that ethical norms do have significant impact on relationship quality and customer commitment. Customers tended to perceive greater relationship quality and commitment when legal practitioners possessed high ethical norms.

Ethical norms in the study include price and distribution norms, information and contract norms, product and promotion norms, and general honesty and integrity norms. Except for product and promotion norm, all other dimensions of ethical norms are strong predictors of relationship quality and commitment. The insignificant impact of promotion norm can be attributed to the restrictive nature of professional advertising and promotion in Malaysia, leading to customers not having the experience of that aspect of legal service to provide an informed decision or perception. Nonetheless, taken together, the findings of the study suggest that legal practitioners can approach building quality relationship with customers and customer commitment through increased ethical norms.

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