



Ethical Issues in Marketing Communication for Real Estate in India

Dhruba Jyoti Sen*

ICFAI University Jharkhand, Ranchi, Jharkhand, India. *Email: dhrub.j20@iujharkhand.edu.in

Received: 14 February 2021

Accepted: 18 April 2021

DOI: <https://doi.org/10.32479/irmm.11291>

ABSTRACT

The goal of this paper is to put forth the ethical challenges in the field of marketing communication in Indian real estate industry. It is necessary to understand the concept of ethics which the organization and the managers adopt. This paper explores the existing studies and reports to understand the ethical norms and values for marketing communication. The existing codes and regulations applicable for the real estate industry are discussed to the extent it has relation with the marketing communication. Further, this paper endeavors to analyze the reasons behind the marketers getting engaged in unethical practices and to finally recommend how the organizations can address those issues.

Keywords: Ethics, Real Estate, Marketing, Management, Business, Codes

JEL Classifications: A130, K250, M310, M370

1. INTRODUCTION

Various studies suggest that the Indian economy heavily depends on the real estate industry. On the basis of the relevant literatures, we can safely state that real estate is a globally recognized industry and in India it promises good returns on investment as per current market trend. It attracts foreign investors and multinational corporations. India as a developing nation is creating demand for infrastructure and buildings. The government's liberalization policy is also supporting this segment by reducing hassles in compliance. Real estate has got a further momentum because of the government allowing foreign investment in it. As the industry is flourishing fast, various fraternities are taking interest in it.

Real estate covers construction of industrial buildings, factories, office buildings, malls, cinema halls, hotels, restaurants and of course residential apartments and houses. Naturally it deals with transactions of large sum of money as it involves sale, purchase and development of land and construction. The industry has been infamous for lack of transparency, which however is changing with time. Introduction of codes by several bodies and regulations

by government are contributing in changing the scenario, but it is the professional approach that will make the ultimate difference.

Marketing is very important for any business including real estate as it covers a wide range of responsibilities within the business. Starting from the promotion of products and services, it deals with analyzing of data and setting strategies for growth of the organization. Indeed, the way marketing management operates, has significant impact on the elements of the business.

The primary role of marketing management is to generate revenue and get customers aligned. So, marketing communication is the duty of the marketing managers which involves enhancing awareness, better understanding, promotion and positioning of the products or services and the brand as well to attract customers.

Marketers are to keep themselves aligned with the strategic decisions of the organization and act accordingly in terms retaining and acquiring customers. A marketing manager needs to ensure that the amount invested for marketing program fetches good return for the company.

Though in general the organizations want to be known for their good reputation in the market, there are situations which may dent it. The competitive market, pressure from the management, personality trait, lack of training, absence of established standards in an organization and also other factors can lead a marketing manager perform in an unethical manner.

The Greek word “Ethos” means the manners or the character; and the English word “Ethics” has originated from it. As per Oxford dictionary, ethics means “moral principles that govern a person’s behaviour or the conducting of an activity” and also “the branch of knowledge that deals with moral principles.” It has been more than three decades now that marketing ethics came in. In a short span of time, this topic has gained significant attention in the sphere of business as well as academia.

In recent times, ethical issues in real estate industry, especially in marketing communication for it, has been drawing attention of the researchers. This paper, based upon previous studies, focuses on the aspects of marketing communication of real estate and the ethical issues in it. The importance of rules of conduct, compliance of the applicable norms, and professional ethics is also highlighted in this paper.

2. LITERATURE REVIEW

There are numerous academic literatures on ethical issues and also on real estate as an industry. However, there are not many literatures on ethical practices in real estate business in India and there is hardly any academic work happened in the past on marketing communication of real estate business.

A systematic approach for literature review has been adopted to write this paper. Literatures have been studied in two segments – firstly, ethics and its role in marketing communication and then, ethical codes in real estate industry. With collaboration of these two concepts, inferences are drawn in the end.

At the outset, the author endeavored to understand the concept of marketing ethics. Marketing ethics is defined as “the systematic study of how moral standards are applied to marketing decisions, behaviors and institutions” (Murphy, 2010). Studies reveal that the competition in the market and pressure of the organization existed since ages; also, the managers struggle in satisfying their customers. “The primary ethical conflict reported by marketing managers involved balancing the demands of the corporation against customer needs.” (Chonko and Hunt, 1985)

Despite adoption of ethical codes and means for transparency in business, market still faces ethical issues, rather it has increased. Ho (2018) expressed that “ethics in business nowadays are getting more and more compromised by the pressure of sales and popularity.” Hunt and Vitell (2006) argued that “situational constraints may result in behaviors that are inconsistent with intentions and ethical judgments.”

If ethics in marketing communication is compromised by a manager or the organization, it will be detrimental to its business.

Therefore, it needs to be monitored and addressed by the management. Novosad (2016) held that “despite different extend of effect, unethical behavior, once noticed, diminishes perception of the brand significantly.” Ethical practices have always been beneficial to the organizations in terms of the businesses. “Marketers’ greed can be profitable for the companies, but it would be more beneficial to them if they willingly self-complied with an appropriate ethical code in order to potentially enhance their brand equity and sustainability in the long run” (Kumar and Mokhtar, 2016).

In order to do business in an ethical environment, a company needs to adopt ethical means for marketing and ensure that the managers follow them. “Companies need to evaluate whether they are truly practicing ethical and socially responsible marketing. But, unfortunately most organizations define minimum acceptable ethical behavior and implement this level” (Caner & Banu, 2014).

Lee and Jin (2019) confirmed that “To build a relationship with the consumer, the company should hone authentic communication. When truthful and accurate information about a product, such as its price through advertising, is communicated, the consumer is likely to exhibit high trustworthiness in the corporation and its brand.”

Murphy (2002) affirmed that “Since marketing is at the forefront of a firm’s external communication, discussion of ethical issues should not be a foreign concept.” Managers should be well conceived of the ethics and code of conduct within a business environment. “Even though marketing is an occupation where certification is not always mandatory, managers may be able to increase the ethical compliance of their companies by encouraging socialization involving professional codes of practice” (McClaren et al., 2010).

The ethical decisions made in an organization can be improved if it is understood why and how the ethical decisions in a business are made by an employee or group of employees. Loe et al. (2000) stated that “There is a difference between studying ethics in the personal lives of individuals and the ethical decisions made in organizations.”

“A significant challenge to advancing marketing ethics is the perspective that ethical decisions reside inside the individual based on character, moral philosophy, beliefs, and values” (Ferrell et al., 2013). We also need to understand why unethical means are adopted by the managers. According to Hollingworth (2014) “if ethics are not part of those priorities and if the priorities are followed when tough decisions are made, unethical decisions will occur.” An unethical decision will disturb the chain of activities in a business. “Problems resulting from the failure to consider ethical issues in the design of business processes may be further complicated by the repetitive nature of many transactions” (Ferrell et al., 2013).

Real estate industry comprises all firms starting from small sized entrepreneur to big corporate houses and even the MNCs which are into development of all sorts of buildings. The industry has

transformed a big time with infusion of foreign funds. Edison (2017) finds that “Large developers, particularly those who have got themselves listed, have already begun to professionalise their organisations. They are developing unique brand identity.” In order to sustain in the competitive market and develop brand equity, faith in customers must be generated through marketing communications in line with the accepted, recognized and penetrated norms of the industry. “If the chosen behavior is consistent with such norms, it can comfortably be considered as ethical simply because no Trade, Business, Profession or Vocation can really survive for very long time with unethical practices” (Awasarikar, 2011)

Apart from the in-house marketing team, there are also the agents in real estate business who deal with the assets of the companies and such agents also need to come under the purview of ethical communication with the customers. Brinkmann (2009) stated that “An industry’s and a profession’s moral climate is a function of moral socialization, of future and of newcomer real estate agents.”

Despite the Indian real estate market attracting global investors, there is still a huge gap between the demand and the supply. Further, fair and professional practices are also still missing on a larger scale. Shah and Gottipati (2015) argued that “Current market practices in Indian real estate are not transparent and competitive enough for the long-term wellbeing of the players and inclusive growth considerations of the society.” Similar view is held by Puri (2015) although he warned that “unethical practices in real estate are the product of a short-term, mercenary approach to the business.”

Committee on National Competition Policy (2012) in its report on Real Estate Sector highlighted the view of Competition Commission of India (CCI) that “The absence of any single sectoral regulator to regulate the real estate sector in totality, so as to ensure adoption of transparent & ethical business practices and protect the consumers, has only made the situation in the real estate sector worse.”

Real Estate Regulation Act (RERA), 2016 aims to address the issues pertaining to transparency and accountability in real estate transactions. Under this act, the projects that fall under the purview of it, requires registration for promotion, advertisement, marketing or selling. “The implementation of an act like RERA is a firm step in the right direction to bring awareness in terms of customers, promoters, builders etc.” (Khan, 2020).

Ethics are liable to change with time as they evolve and also, they are industry specific when we talk about ethics in business or marketing communications. Kelly et al. (2020) stated that “History is filled with examples of practices that in one century were regarded as ethical and are now regarded as abhorrent.” While real estate industry has been evolving, codes and regulations are also introduced to set parameters, basis which we can judge ethics. The established standards of the organizations are the basis for evaluating the managers’ ethics. Therefore, Kopicko (2018) justified “the need for firms to educate the employees on the various forms of unethical practices.”

The Firms which belong to the organized sector have their code of conduct and ethics which their managers need to follow. There are various bodies to which firms become members in order to get professional supports and in turn the members need to comply with the codes. National Association of Realtors – India asserts that its members “shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction.” Royal Institution of Chartered Surveyors (RICS) claims that it follows standards adopted and enforced by qualified professionals. Five principles that RICS adopts are proportionality, accountability, consistency, targeting and transparency.

Shirina et al. (2017) discussed on important ethical practices by Indian Real Estate Firms while they found that to institute code of ethics, compliance with law, handling complaints with written reprimands, fairness, accountability, integrity and trust are very important. They recommended that “efforts are made to reduce eventually corruption from the system.”

From the observation of the studies, it is certain that ethical principles are important; however, there are issues in the real estate industry, especially in marketing communication those need to be identified and addressed.

3. METHODOLOGY

Sekaran and Bougie (2016) stated “Rigorous research involves a good theoretical base and a carefully thought-out methodology” which enable the researchers to “collect the right kind of information” and minimizes the bias. For this paper, the initial aim was to understand the real estate industry and the laws, norms and practices involved in it; and to do this, the relevant acts, regulations and codes applicable for the industry and various literatures were studied and referred to. Marketing communication for both real estate and other industries in context of international and domestic market are studied through reviewing various papers. Next elements to understand were the concept of ethics and their use in marketing communication for which additional literatures have been relied upon. Finally, a synchronization was done among all the aspects – real estate industry, prevailing norms, marketing communication, ethics and ethical/ unethical practices. However, this one being a review article, no primary data was collected for it.

4. CONCEPT OF ETHICS

Ethics relates to the decisions people make. It is a system guided by moral principles. The term derived from the Greek word “ethos” means the manners or the character. While the concept of ethics is based on moral philosophy and it is concerned with what is good for the members of the society, a person’s moral philosophy is driven by culture and religions. Ethics deal with dilemmas like what is good or bad, right and wrong language etc. Shaw and Barry (2016) stated “Ethics deals with individual character and the moral rules that govern and limit our conduct. It investigates questions of right and wrong, fairness and unfairness, good and bad, duty and obligation, and justice and injustice, as well as moral responsibility and the values that should guide us.”

Moral philosophers are inclined to understand the nature and basic concepts of morality, characteristics of moral reasoning, how to justify moral judgments, and how to differentiate the right actions from the wrong actions. Our actions are therefore controlled and governed by moral rules driven by ethics. “Philosophers nowadays tend to divide ethical theories into three areas: metaethics, normative ethics and applied ethics” (BBC, n.d.). Meta-ethics, in metaphilosophy and ethics, is the study of nature and meaning of moral judgment. Normative ethics deals with the moral standards that decide what is right and what is wrong. Applied ethics addresses difficult moral questions and controversies.

A set of rules and regulations comprises in laws, breach of which lead to punishment, but unethical activities do not necessarily lead to punishment. Ho (2018) believes that though laws and ethics relate, they are distinct and there lies “a thin line between being unethical and being illegal.” When the marketers cross this line, the public policy is invoked because there is a close association between the ethical and the legal issues. “Marketing ethics as a subfield of marketing generally is viewed as falling under the umbrella of marketing and society” (Murphy, 2002). It is necessary to understand the ethical considerations based upon which marketing policies are developed with the goal of consumer welfare and competitiveness. According to Christensen (2014) stated “Ethics is an important part of marketing and the Marketing Laws, but since the perspective may differ depending on society, situations and culture, it is necessary to understand what ethics is and how it is used in the society.”

While explaining moral foundation of ethical research, Price et al. (2015) stated that “Ethics is the branch of philosophy that is concerned with morality—what it means to behave morally and how people can achieve that goal. It can also refer to a set of principles and practices that provide moral guidance in a particular field.” Since ethics relates to decision making, business ethics relates to the conduct within the environment of a business or organization as a result of right or wrong decision.

The moral values and judgments in an environment driven by various social factors and time of occurrence create ethical problems. Ethical business is practicing the society’s set of rules and principles while doing the business and that its no conduct is beyond such norms. “Business ethics is one of the world’s greatest oxymoron and down through the centuries there have been many who have believed that business per se is unethical and all business transactions involve exploitation of mankind by mankind” (Jain and Mahajan, 2011)

Hunt and Vitell (2006) stresses in their model “the importance of cultural environment in influencing the process of ethical decision making.” They suggested through their model that as components of culture “researchers focus attention on religion, legal systems, and political systems.”

4.1. Ethical Norms and Values

Every industry in modern era of business finds ethics extremely relevant and the firms give utmost importance to the marketing ethics. Jain and Mahajan (2011) observed that in the field of

marketing ethics, “ethical beliefs and behaviours” is one among the crucial research areas. “Being an area that interfaces with consumer and general public, marketing has been receiving maximum criticism with respect to potentially unethical marketing practices” (Chonko and Hunt, 1995 as cited in Jain and Mahajan, 2011).

When we refer to the real estate sector, we must know that it is dependent on the other industries, services and stakeholders. Only transparent practices can “ensure the long-term sustained growth of property sector” (Shah and Gottipati, 2015). As the current market practices are not “transparent and competitive enough for the long-term wellbeing” of the firms and societal growth, Shah and Gottipati (2015) stated that “For smooth running of the business and fair competition between the players of the industry, and to protect the end user and investor interest, strong diligence systems and rigorous implementation to avoid regulatory capture is essential.”

National Association of Realtors – India (NAR-INDIA) formed in the year 2008 claims to be “the top representative body and advocacy group for those in the Real Estate Transaction Advisory” while providing support and education to its members encourages them “to follow the highest professional and ethical standards in the industry.” According to NAR–India, its objective is “to promote ethical and standard business practices in real estate consulting in Indian real estate market” (National Association of Realtors – India, n.d.) It states that “the obligations of the law must take precedence” over the code of ethics whenever there is a conflict even though “the code of ethics establishes obligations” that are “higher than those mandated by law.”

Vargo and Lusch (2004) while underscored the importance of looking at the change in worldview of marketing, affirmed that “marketing has moved from a goods-dominant view, in which tangible output and discrete transactions were central, to a service-dominant view, in which intangibility, exchange processes, and relationships are central.” This “transition from an Industrial Era to a Services Era” (Vargo and Lusch, 2006) reflects in Service-Dominant (S-D) Logic.

Cohen (2007) held that “it has become imperative for companies to understand the result of their marketing practices on different cultures within their target market” irrespective of the geographical location of the consumers. An ample amount of theory exists in respect to “the holistic needs of consumers, and the importance of ethics.”

Abela and Murphy (2008) explored the service-dominant (S-D) logic proposed by Vargo and Lusch, and held that S-D logic “extends marketing accountability to include ethical accountability, serious implications of unethical behaviour helped firms’ transparency rise.” Separate ethics framework need not to be applied while incorporating ethical considerations if the consequences for the intangible assets of the firm are considered as not many opportunistic short-term actions would appear meaningful. “The benefit of this more integrated approach to ethics is that, to the extent that the value of customer and

societal relationships are recognized and managed as important assets, firms will be less likely to act unethically, and therefore the burden on legal and regulatory enforcement and on ethical frameworks is reduced.” (p. 49) Unethical behavior may lead to severe consequences and understanding of this fact makes firms appreciate transparency. “Once firms recognize the financial value of more stable, lower-risk cash flows, they become more sensitive to actions that threaten to reduce this stability.” (p. 50) While few of the firms measure “cash flow volatility,” most of them measure “brand awareness.” In order to avoid increasing “cash flow volatility” firms behave ethically and “should engage in ongoing measurement of it.” (p. 50)

To match with the changing marketing environment, the firms including those which are in real estate business make changes in the marketing strategies. Though the firms’ perception remains that with their marketing strategies the customers are satisfied, “Customers have grievances against the real estate developers which is an indicator that the customers are dissatisfied with the product/ services of the real estate developers” (Siddhu, 2013).

Christensen (2014) explained that within the normative framework there are two major focuses – non-consequential and consequential. The non-consequential or deontological focus is on “the action of the decision, and contains of the theories of Ethics of Duties and Rights & Justice” to evaluate “whether the action is ethical and if it respects the rights of others based on norms, personal values or behavior.” The consequential or teleological focus is on “the outcome of the decision, and has the theoretical perspective of Egoism and Utilitarianism” to evaluate whether the outcome is ethical. Egoism relates to self-interest while “Utilitarianism tries to maximize the positive outcome for the greatest amount of people.”

Perspective about the ethics in marketing differs for an individual and organization. From the individual perspective, according to Dincer and Dincer (2014), “personal values and moral philosophies are the key to ethical decisions in marketing.” When it comes to marketing decisions of an organization, the values which help in making decisions are – “Honesty, fairness, responsibility, and citizenship” (p. 152). Firms nowadays practice a higher level of ethics because of many driving forces that include “rising customer expectations, changing employee expectations, government legislation and pressure, the inclusion of social criteria by investors, and changing business procurement practices” (p. 155). Companies need to evaluate their marketing practices whether they are ethical and socially responsible. Kumar and Mokhtar (2016) suggested that “corporations need to be watchful in their marketing actions, as the perceptions and intentions of consumers are prominently affected by the ethical obligations and promises of companies.” If the corporations foster ethical culture to promote fair and trust-oriented transactions, the corporations can have the strength to deal with the intense competition in the market.

Novosad (2016) observed that though “values may vary in definition” from organization to organization, “Ethics in general have a tight connection with values.” He further noted that ethical judgments involve decision makers’ concerns about “moral

rightness or wrongness of the decision” instead of the legality. Thoufiq and Irfan (2020) stated that a company well equipped with the ethical patterns in workplace increase goodwill and generate greater revenues.

Communicating “truthful and accurate information about a product” a company can make the customer loyal to its brand. Lee and Jin (2019) stated that “Factors such as advertising under legal legislation and degree of misleading or deceptive aspects are thus critical when building a strong relationship with the brand; they also improve product quality.”

4.2. Codes and Regulations

Apart from legal regulations, ethical codes too are important source of role norms. Brinkmann (2009) stated that “Another way of describing and understanding role morality is by looking for important role-norm sources which describe roles and norms, rights and duties, and perhaps sanctions.” It is important to study “the history, the content and the implementation of such codes” (p. 16) which may be done in various ways. Everyday moral conflict gives rise to ethical discussion. “Adopting a role ethics approach suggests focusing on role-related moral conflicts.” (p. 23) Real estate agent roles contain clear potential conflict between “sales, brokerage and advice-giving.” (p. 20)

Ethical foundation of an organization is the base for success in the long run and this realization is growing among the firms. Jain and Mahajan (2011) stated “In the wake of growing market competition and a concern for human welfare, it has become almost imperative for every organisation to work out a philosophy of socially responsible and ethical behaviour.” In marketing literature one among the extensively researched topics is ethical beliefs and behaviours. Marketing always remains at the forefront of business activities and thus marketing ethics ought to be an important topic for research in the domain of business ethics. It is imperative that “ethicality of the managerial beliefs” ultimately effects “ethicality of managerial behaviour” and such ethicality of managerial behaviour establishes the perception of the customers and stakeholders about “the particular organization as being ethical or not” (Jain and Mahajan, 2011).

Committee on National Competition Policy (2012) reports that there are multiple challenges in the real estate sector including marketing entry and regulatory barriers. It also mentions that the cost of sustainable goods or services reach to consumers at a high cost. “The real estate sector is centered on various laws and policies and attracts numerous behavioral patterns, which reflect anti-competitive practices (Competition Policy and Competition Law), Anti-consumer practices, Unfair-trade practices and other regulatory issues” (p. v). Although there is a growing number of real estate projects coming up from time to time to create enough competition, with close observation one can find that the big players exploit the market and consumers because of the tough entry and exit barriers caused by policies, laws and regulations. It is evident from the analysis of the legal structure and policies for the Indian Real Estate industry that the industry is yet to be organized and the treatment is not equal. While the industry runs under “age-old laws” with requirements of compliance, it is overly

regulated “at every level of development. Also a few dominant players who are large in size, control the industry which results in “exploitation of consumers” (p. viii).

Puri (2015) expressed concerns over India’s legal system and said “it is possible to follow the path of dishonesty and self-interest without actually doing something illegal.” The result is indeed short-term and in most of the cases the real estate agents and brokers frustrate their relationship with customers after their first most deal. Unethical business practices not only destroy the customer-base but also “contaminate and weaken the market, and in the long run harm business for everyone.” The onus is on the real estate companies to record all information of the business honestly and accurately and have them reported “in compliance with applicable laws” in order to avoid irregularities.

Associations of relevant industries set standards which their members need to practice while running their businesses. “A range of issues covering codes of ethics, standards of practice, legislation, education and training, licensing, self-regulation etc. help to raise overall standards.” (Shah and Gottipati, 2015). Such an association functions as a link between the members and the regulators which help the government as well, in case of any reformation of law for the relevant industry.

“Confederation of Real Estate Developers’ Associations of India (CREDAI) is the apex body of private real estate developers, established in 1999 with a vision of transforming the landscape of Indian Real Estate industry” (CREDAI, n.d.) It has more than 20000 members from 21 State and 220 City chapters. CREDAI claims that it promotes ethical practices and all its members proactively adopt its code of conduct.

Mathur and Nene (2020) stated “Real estate in India is governed and impacted by a combination of Federal and State-specific laws.” Followings are some key legislations that are relevant to the real estate industry in India:

- Transfer of Property Act, 1882: It deals with transfer of immoveable property such as sale, gift, lease, mortgage etc. of land or building construction
- Indian Easement Act, 1882: It provides an easementary right to an owner or occupier to enjoy the beneficial rights over a property
- Registration Act, 1908: The provisions of registration of documents such as sale-deed/ conveyance-deed, mortgage, lease, gift etc. are set out under this Act
- Indian Stamp Act, 1899: It is a fiscal statute to collect tax in the form of stamps on instruments which record transactions such as sale, lease, mortgage etc.
- The Indian Contract Act, 1872: All contracts in India are governed by the provisions of this Act as far as execution and implementation are concerned as also the breach and remedies available to the executants
- Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013: Government’s acquisition of lands is governed under this Act which provides measures for compensation and rehabilitation to those whose lands are acquired

- The Real Estate (Regulation and Development) Act, 2016 (RERA): This Act protects buyers’ interests as it regulates the development and marketing of real estate projects as also sale of units
- Other Local Land Revenue Codes: There are various codes framed by different states in India which regulates and collects revenue under various heads including land holding, tenancy etc. and penalties against contravention of the codes
- West Bengal Housing Industry Regulatory Act, 2017: This Act is own real estate regulation of the West Bengal Government adopted to regulate the affairs of the real estate industry in the state with an intent to make such affairs such as development, marketing and sales transparent
- The Integrated Goods and Services Tax Act, 2017 (GST Act): GST is applicable on the supply of goods and services and the services such as sale, lease, maintenance etc. of real estate assets comes under the ambit of this Act. GST is applicable on properties under construction; however, it is not applicable on completed properties
- The National Building Code of India (NBC): It is a comprehensive building Code which provides guidelines for regulating the activities related to building construction in India.

There are many other Central as well as State laws and codes that indirectly affect the real estate industry. Mathur and Nene (2020) further claimed that “various judicial precedents and judgments” as a result of adjudication of different real estate related matters from time to time are also relied upon.

Code of Ethics & Standards of Practice of NAR-INDIA enlists duties of the members to clients and customers as follows:

- To treat all parties honestly and the primary obligation of the members is to protect the interests of their clients
- Not to misrepresent or conceal facts in respect to any property or transaction
- To maintain confidentiality.
- Members to cooperate with other members but at the cost of interest of their clients
- To avoid conflict of interest and to reveal their ownership or interest over property which a member might be selling to a customer
- Earnings to the members must be within the knowledge and consent of their clients
- To execute unambiguous agreements clearly mentioning the terms, conditions and obligations
- Not to discriminate among the clients on any ground such as race, religion, sex, status or whatsoever
- Advertisements should not be misleading and the status of the members should be identifiable in the advertisements
- All activities of the members should be within the ambit in law
- To provide optimum service to the clients and to charge fees or brokerage fixed by the association.

Larsen et al. (2007) found that “the trend in agent ethics has been improving over the last 5 years and that Realtor ethics are higher than the ethics of agents who are not members of the National Association of Realtors.”

According to Kanda et al. (2019) there exists ethics in Indian market in spite of tough competition and he advocated that every organization must have of code of business ethics. He suggested that start-up service corporates in India “strongly recognize the existence of ethics.”

4.3. Why Managers Engage in Unethical Practices

Chonko and Hunt (1985) find that “Marketing managers perceive many opportunities in their firms and industries to engage in unethical behaviors.” Though the marketing managers are not inclined to believe that success is outcome of unethical behaviors but they find that a few of them get indulged in such behaviors.

Even a decade ago in their study, Jain and Mahajan (2011) held that “Ethics of late has become all pervasive and has emerged as an important aspect to be attended to in every sphere of business world, with marketing ethics being one of them and of utmost importance.” Because of the intense competition in the market and the marketing managers are always under pressure to “outperform the competitors,” they are vulnerable to use “unfair means and practices” to persuade their customers in order to retain them. (p. 126) “It is quite possible that the people may be well aware that certain practices are unethical and they still engage in those practices,” as these practices do not get detected easily or their consequences are not that heavy. The authorities need to remain alert and to initiate actions against such practices. “The problem can be mitigated to some extent by giving due attention to such areas at the time of framing codes of conduct” (p. 143).

Cohen (2007) discussed two unethical marketing scenarios which a marketing manager may come across. One is “when a company has an ethical product but uses less than ethical means to promote that product to the market” and the other one is “when a company has an unethical product, but utilizes ethical promotional practices” (p. 38).

According to Abela and Murphy (2008), even though market capitalization is a good indicator of firm’s assets for the investors but future profitability and sustainability of operations may have different impact based upon S-D logic. “A single outcome measure is inadequate not only because it may ignore important information, but also because incentive systems, which are informed by choice of success measures, can sometimes encourage unethical behavior” (p. 49).

Christensen (2014) stated that since an organization is more important than an individual and collectivism is instrumental in growth of an organization, “emphasize is put on the group” and therefore “If an unethical behavior or a lie can benefit the group, it is considered to be ok.” But, in absence of group feeling, individualists will find personal goal more important and they “will find unethical behavior and thereby unethical marketing practice more acceptable if it can benefit the self-interest” (p. 31). The threat of uncertainty is the Uncertainty Avoidance which can be avoided by following “well-defined laws.” Humans with weak Uncertainty Avoidance tend to take risk and display unethical behavior. “The unethical behavior will involve consequences and uncertain probabilities, but due to the tolerance for risk and

uncertainty, the possibility for unethical marketing technics can take place” (p. 32).

Novosad (2016) for his research to discover the impact of unethical marketing on brand equity, conducted survey to understand the attitudes of consumers against unfair pricing and dishonest advertising. “The results demonstrated that both unfair pricing and dishonest advertising have a significant impact on the way consumers perceive brand.” (p. 2) Certain marketing techniques which violate unwritten social norms though not illegal, but “if fairness values (even though they are subjective) are compromised, they will nevertheless be considered unethical.” (p. 9) It is evident that a firm’s ethics have significant role in brand building and “unethical activity not only appeals to consumer evaluation of image but also influences consumer expectations towards actual product features and qualities” (p. 78).

While answering the question “why the bad works so good” Canova (2016) also reaffirmed that “since unethical marketing strategies are immoral but not always illegal, marketers are capable of using such tactics in order to create a competitive advantage” (p. 30). Some companies who achieve success and popularity by adopting unethical marketing strategies, “although there are potential dangers and consequences to implementing unethical marketing strategies” (p. 50). It is the brand loyalty built on the ethical practices that in most of the cases lets the companies retain its consumers, but the fact is that “whether marketers are acting ethical or unethical, at the end of the day, they will do whatever is necessary to promote their company’s products and/or services” (p. 50).

Marketing is witnessing transformation “due to globalization and social changes” (Ho, 2018). Because of the sales, popularity and finance, ethics are being compromised in marketing. Again, while buyers are also open to the unethical marketing means and “forgive sellers’ lack of ethics just because of affordability” (p. 31), it will not be fair to expect the marketers to be ethical as they tend to achieve results. Since “there are no absolute definitions, and there is no punishment either”, “consumers’ behaviors might be what can stop brands from playing dirty” (p. 31).

5. CONCLUSION

The purpose of this paper was to highlight the concept of ethics and the challenges in its application in the marketing of real estate. The author relied on the most relevant literatures and made a thorough analysis to provide the readers a clear understanding about the factors that function as driving forces in making decisions dealing with moral conflicts. If a business continues to sustain with a chosen behavior, then such behavior can be considered as ethical, because it cannot survive with unethical practices. Ethics evolve over time. While the pace of change is accelerating in global economy, moral reflection is important and very challenging for Real estate. The paper clearly demonstrates that the ethical norms and values have significant impact over business and in brand building of a firm.

This paper further establishes that there are various codes and regulations by which real estate industry is governed. Readers will

be benefitted by information about the key legislations given in this paper. The author also provided in this paper the ethical codes and standards prescribed by the association of real estate players. The author found that because of the sustainable development of RERA and customer friendly environment, various policy measures incorporated under the Act will bring remarkable changes in the economic and social transformation in India.

The author found that ethical issues exist in marketing management; however, the top management can reduce the problems. The author discussed the reasons why managers get indulged in practicing unethical means. The primary reason is the competition; the managers in order to beat their competitors, engage in unethical practices. Further, the perception is that the consequences of adopting unfair means are not heavy. Therefore, it is necessary for the organizations to adopt strict codes and guidelines so that the managers do not compromise or practice unethical means in marketing. Codes of ethics and enforcement should go hand on hand; at the same time fairness, accountability, integrity and trust are very important. Promotion-related ethics play the most important role in forming strong relationships with consumers. The firms need to educate the employees on the various forms of unethical practices. The real estate sector is needed to be regulated so that transparent and ethical business practices are adopted to protect the consumers. To keep the competition healthy and protect the consumers, stricter regulations for marketing strategies will help.

6. LIMITATION OF THIS PAPER

The paper aims at finding the ethical issues present in the Indian real estate market and attempts to find their reasons and solutions as well. However, it has a number of limitations and thus the future researches may take place on those aspects.

The paper does not deal with the relationship between ethical practices and business growth in absolute terms. It also does not measure the impact of unethical marketing on the other stakeholders apart from the customers. Though the paper recommends adoption and enforcement of ethical codes and regulations, it does not specifically prescribe any strategy for the same.

The paper also has geographical limitations since it deals with the real estate marketing in Indian context. The codes and regulations which are reviewed and discussed in the paper relate to those which are applicable in India.

Again, the ethical challenges vary from segment to segment. Marketers of commercial segment in real estate industry will have different set of ethical issues as compared to residential segment.

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