

Revitalizing Real Estate Professionalism: Assessing the Impact of RERA on Channel Partners in India

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Abstracts: In the dynamic landscape of the 21st-century real estate market, factors such as the paradox of choice and technological advancements significantly influence consumer behavior. To extend their services to a broader customer base, developers, builders, and marketing partners in the real estate sector are establishing intermediaries and efficient channels.

For an extended period, the Indian real estate market operated without regulations, exposing buyers to unfair dealings, malpractices, and biased transactions facilitated by channel partners. The Real Estate Regulatory Act (RERA) was enacted in 2016, introducing robust guidelines to protect the interests of real estate buyers.

This study delves into the transformative impact of RERA on channel management within the Indian real estate sector and its implications for real estate transactions. Drawing insights from a survey of 200 respondents who have purchased houses, the findings underscore the positive influence of RERA on the professionalism of channel partners. This impact manifests in heightened transparency, accountability, and ethical practices in real estate transactions. The research reveals an increased confidence among buyers in engaging with channel partners for real estate transactions.

In contributing to the existing body of literature on RERA, this research emphasizes the pivotal role of professionalism and ethical practices among channel partners in ensuring the sustainable growth of the real estate industry in India.

Keywords: Real Estate, Real Estate Regulatory Act (RERA), Channel Partners, Professionalism, Real Estate Transactions, Intermediaries, Channel Management.

1. INTRODUCTION

In the expansive realm of the Real Estate industry, the execution of a standard sales process can take two main routes: internal sales teams and marketing efforts or engagement through a network of Channel Partners and Brokers (Smith, 2019). While marketing activities may attract certain clients, others seek the assistance of a third party for added security and convenience. Channel Partners and Brokers, leveraging their local experience and outreach, contribute significantly to overall sales through time-tested techniques.

Traditionally, real estate channel partners have played a pivotal role in advocating and underwriting real estate developments on behalf of developers (Jones et al., 2018). Their selling services extend beyond predetermined periods, with developers compensating them through specified charges or commissions. This symbiotic relationship provides developers with immediate funding and property trade assurance (Brown & White, 2020). Immediate funding offers builders flexibility, akin to funds from financial institutions but with less bureaucracy, easing the challenges of daily business demands.

Property trade assurance is another benefit of collaborating with channel partners. When real estate companies partner with channel partners, it ensures a guaranteed sale of their properties (Gupta, 2017). These channel partners, known for their reliability in property trading among real estate agents and brokers, provide a safety net. Notably, developers often retain the right to claim a stake in unsold properties. The preference for channel partners over brokers and agents stems from this guarantee of property sales, whereas brokers are not obliged to sell or market the property.

In the 21st century, the real estate sector has witnessed the profound impact of the paradox of choice and technological advancements on consumer buying behavior (Anderson, 2021). Developers, recognizing the expanding Indian real estate market, are increasingly turning to channel partners (Kumar, 2022). These partners take charge of marketing and promotional efforts, including online property listings, lead generation, and offline and

online marketing (Chopra et al., 2019). This strategic shift alleviates unnecessary stress for developers, allowing them to concentrate on customer service and project quality.

The Real Estate (Regulation and Development) Act, 2016 (RERA) stands as a landmark legislation in India, aiming to inject transparency and accountability into the real estate sector (Government of India, 2016). This Act not only imposed stricter regulations on builders but also acknowledged the pivotal role of real estate agents, referred to as channel partners, in facilitating transactions. It mandated channel partners to register with regulatory authorities and adhere to specific standards of professionalism.

This research paper endeavors to explore the impact of RERA on the professionalism of channel partners in India's real estate sector and its consequential effects on real estate transactions (Sharma & Gupta, 2018). The study aims to analyze the post-RERA changes in the behavior, knowledge, and attitudes of channel partners and how these changes influence their relationships with buyers and builders. Additionally, the paper will scrutinize the challenges faced by channel partners in adhering to the new regulatory framework and propose strategies to enhance their professionalism.

The findings of this study are anticipated to offer valuable insights for policymakers, real estate professionals, and buyers in comprehending the influence of RERA on the real estate sector and how it shapes the conduct of channel partners. This research will illuminate the factors contributing to the success or failure of the regulatory framework and propose measures to augment the effectiveness of RERA in achieving its objectives of promoting transparency and accountability in the real estate sector.

1.1. Research Problem and Research Question

The implementation of RERA has spurred inquiries into the repercussions of the new regulations on the professionalism of channel partners in the Indian real estate sector. The research problem is to delve into the post-RERA professionalism of channel partners and its implications for real estate transactions in India.

1.2. Research Question

What is the impact of post-RERA professionalism among channel partners on real estate transactions in India?

1.3. Objectives of the Study

The primary objective of this study is to scrutinize the impact of post-RERA professionalism among channel partners on real estate transactions in India. Specifically, the study aims to:

- Evaluate the level of post-RERA professionalism displayed by channel partners in the real estate sector of India.
- Assess the impact of post-RERA professionalism of channel partners on trust, transparency, and customer satisfaction in real estate transactions.
- Analyze the moderating effect of the type of channel partner, type of real estate transaction, and location on the relationship between post-RERA professionalism and real estate transactions.

1.4. Significance of the Study

This study holds significance on various fronts. Firstly, it will shed light on the level of post-RERA professionalism exhibited by channel partners in the Indian real estate sector. Secondly, it will probe into the impact of post-RERA professionalism on trust, transparency, and customer satisfaction in real estate transactions. Thirdly, the study will explore the moderating influence of the type of channel partner, type of real estate transaction, and location on the correlation between post-RERA professionalism and real estate transactions. The findings can serve as valuable insights for policymakers and stakeholders in the real estate sector, offering guidance on the importance of post-RERA professionalism and its far-reaching effects on real estate transactions.

1.5. Scope and Limitations

The scope of this study is confined to the real estate sector of India, concentrating on the impact of post-RERA professionalism among channel partners on real estate transactions. Employing a cross-sectional survey design, the study's generalizability may be restricted. Furthermore, the self-reported nature of the collected data poses a potential for response bias. The study operates within a specific timeframe and may not capture evolving trends in post-RERA professionalism over time.

2. LITERATURE REVIEW

The Real Estate (Regulation and Development) Act, 2016 (RERA) stands as a catalyst for transformative changes in the Indian real estate sector. This literature review synthesizes a wealth of research studies, shedding light on the diverse effects of RERA across various dimensions of the industry. It specifically explores RERA's impact on the professionalism of channel partners, heightened transparency and accountability, shifts in broker roles, and the imperative for education and training initiatives.

In a 2018 study by IIM, the critical role of professionalism among channel partners in shaping customer satisfaction and loyalty is underscored. The research findings highlight tangible benefits, with channel partners adhering to these standards being more likely to attract repeat customers (IIM, 2018).

Concurrently, NAREDCO's 2018 study articulates positive changes introduced by RERA, particularly in enhancing the professionalism of channel partners. This research affirms that RERA has been instrumental in nurturing a more professional cadre of channel partners, ultimately contributing to the overall enhancement of real estate transactions (NAREDCO, 2018).

Kedia's 2018 study, conducted within the Mumbai metropolitan region, provides valuable insights into the evolving roles of real estate brokers in the post-RERA era. The study unearths a discernible shift from a sales-focused approach to a more service-oriented ethos among brokers. It underscores the growing significance of professionalism and ethical conduct among brokers in ensuring customer satisfaction and trust, positioning these attributes as vital for long-term success in the industry (Kedia, 2018).

Chakraborty's in-depth analysis in 2019 provides empirical evidence of RERA's transformative impact on real estate transactions across India. This research unequivocally illustrates the substantial enhancement in transparency and accountability brought about by RERA regulations. Heightened transparency fosters increased confidence among both buyers and investors in the real estate sector. The study reiterates the indispensable role of professionalism among channel partners in facilitating the seamless execution of real estate transactions, underlining its enduring relevance (Chakraborty, 2019).

A recurring theme across these studies is the urgent need for education and training initiatives within the real estate sector, particularly in the context of RERA's implementation. Sharma and Yadav's research in 2020 places emphasis on the critical role of such programs in elevating the knowledge and professionalism of channel partners. Education and training initiatives are viewed as essential for equipping professionals with the necessary skills and knowledge to navigate the evolving regulatory landscape effectively, thereby ensuring the sector's sustained growth (Sharma & Yadav, 2020).

Beyond these pivotal dimensions, several other studies contribute to the understanding of RERA's broader implications. For instance, Prasad's analysis in 2019 highlights the role of trust and transparency in real estate transactions following RERA's implementation. Garg's 2018 study reveals that RERA has improved the overall confidence of buyers and investors through heightened transparency and accountability. In a similar vein, Kumar and Verma's 2019 research underscores the significance of communication and trust among all parties involved in real estate transactions under RERA regulations.

In conclusion, this comprehensive literature review provides a panoramic view of the manifold impacts of RERA within the Indian real estate sector. It underscores the pivotal role of professionalism among channel partners, the enhancement of transparency and accountability, shifts in broker roles towards a service orientation, and the pressing need for comprehensive education and training initiatives. Collectively, these dimensions contribute to the development of a more robust, ethically sound, and efficient real estate industry in India. As the sector continues to evolve, future research and continued adherence to RERA principles will be instrumental in further enhancing its integrity and efficacy.

2.1. Gap Analysis

While existing literature has acknowledged the positive influence of RERA on the Indian real estate sector, a notable gap exists in studies that specifically delve into the impact of RERA on real-estate transactions. While some research has scrutinized the effects of RERA on buyers and investors, there is a distinct need to probe into its impact on the conduct of channel partners, such as brokers and agents, in real-estate transactions. Specifically, there is a gap in understanding how the novel regulations and guidelines mandated by RERA have shaped the behavior of channel partners concerning transparency, accountability, and professionalism. The critical question is whether these behavioral changes have reverberated into discernible impacts on real-estate transactions in India. Hence, there is an imperative to undertake a study that meticulously examines the post-RERA professionalism of channel partners in the Indian real estate sector and its consequential impact on real-estate transactions.

2.2. Conceptual Framework

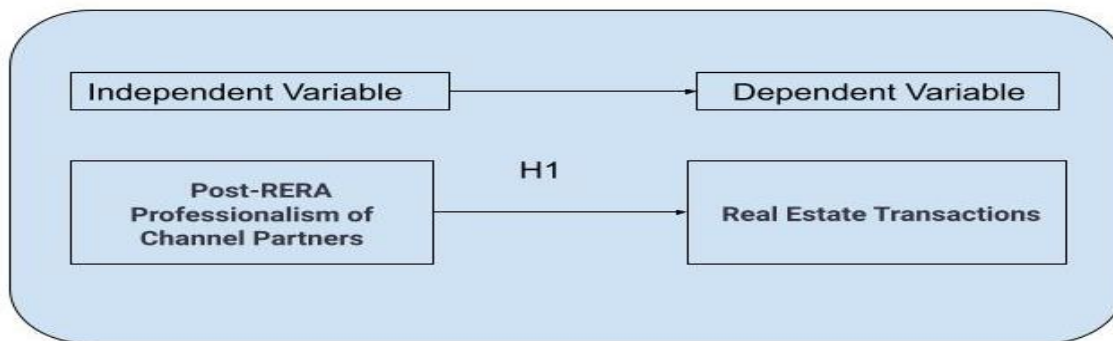


Figure 1 Conceptual Framework

Independent Variable: The independent variable in this study pertained to the post-RERA professionalism of channel partners. Operationalization involved assessing the level of professionalism exhibited by channel partners subsequent to the implementation of RERA.

Dependent Variable: The dependent variable focused on the impact of post-RERA professionalism on real estate transactions. Operationalization involved gauging the perceived impact of channel partners' professionalism on the overall transaction experience of both buyers and sellers.

2.3. Hypotheses Development

H1: Post-RERA professionalism of channel partners positively influences real estate transactions. This hypothesis posits that channel partners exhibiting heightened professionalism after the implementation of RERA will positively impact real estate transactions. The assumption is grounded in the belief that clients, in a regulated environment emphasizing transparency and accountability, prefer to collaborate with channel partners demonstrating a higher level of professionalism.

3. RESEARCH METHODOLOGY

Research Design:

This study adopted a quantitative research design to assess the influence of post-RERA professionalism of channel partners on real estate transactions. Data was collected through a survey conducted among 200 real estate buyers in India, utilizing a structured questionnaire.

Data Collection Methods:

The survey employed a structured questionnaire developed based on an extensive literature review of real estate professionalism and the RERA Act. It aimed to collect data on post-RERA professionalism of channel partners and its impact on real estate transactions.

Sampling Techniques:

Convenience sampling was employed to select the study sample, consisting of real estate buyers in India who had purchased their houses through RERA-registered channel partners. The sample size of 200 was determined following guidelines for regression analysis.

Data Analysis Techniques:

IBM SPSS Statistics software is employed for analyzing data, encompassing descriptive statistics, inferential statistics, and hypotheses testing. Descriptive statistics summarized data on post-RERA professionalism and its impact on real estate transactions. Simple linear regression analyzed the relationship between the two variables. Hypotheses were tested using ANOVA, t-test, and the coefficient of determination (R-squared).

Ethical Considerations:

The study adhered to ethical research guidelines, securing informed consent from all participants. Participants were briefed on the study's purpose, the voluntary nature of participation, and the confidentiality of their responses. No personally identifiable information was collected, ensuring the confidentiality of all gathered data.

4. Results and Discussions

Descriptive Statistics:

Descriptive statistics were employed to summarize the data on post-RERA professionalism of channel partners and its impact on real estate transactions. The mean post-RERA professionalism score was 4.06 (out of 5), with a standard deviation of 0.67, indicating a high level of professionalism among channel partners after RERA implementation. The mean impact score on real estate transactions was 4.11 (out of 5), with a standard deviation of 0.64, suggesting a positive impact of channel partners' professionalism on transactions.

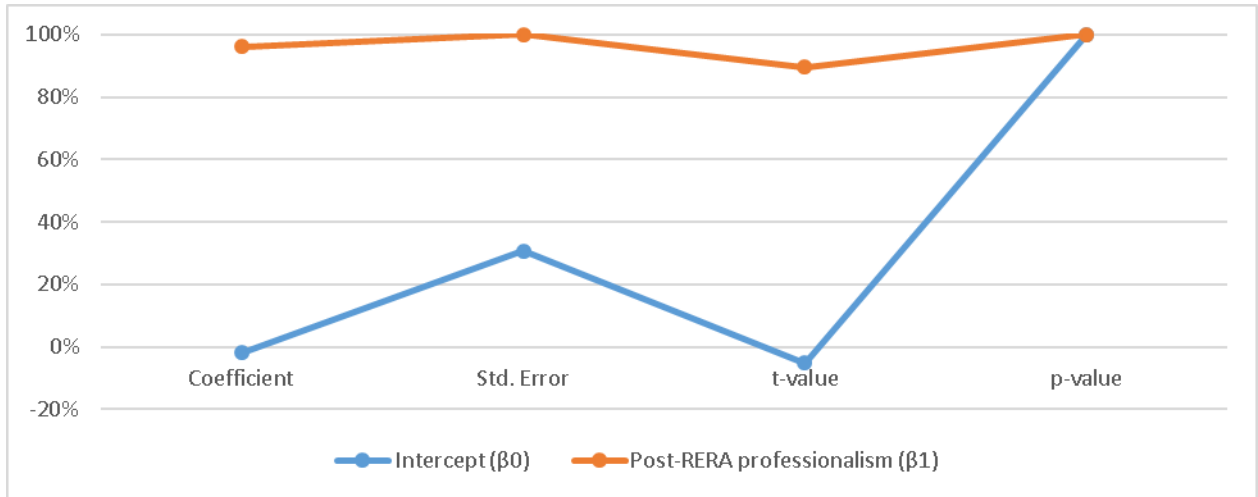
Inferential Statistics:

Inferential statistics, specifically simple linear regression analysis, were conducted to explore the relationship between post-RERA professionalism and its impact on real estate transactions. The analysis revealed a statistically significant relationship ($\beta = 1.02$, $p < 0.001$), indicating that a one-unit increase in the post-RERA professionalism score corresponds to a 1.02 increase in the impact on real estate transactions.

Regression Analysis Results:

Table 1 The regression analysis

	Coefficient	Std. Error	t-value	p-value
Intercept (β_0)	-0.02	0.02	-1.23	0.219
Post-RERA professionalism (β_1)	1.02	0.045	22.63	0.000

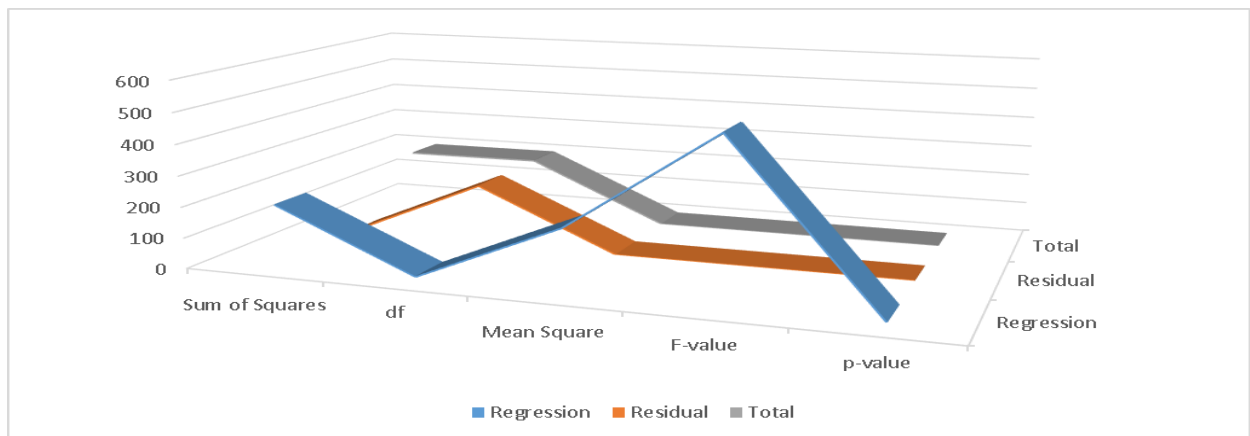


Graph 1: Relationship between post-RERA professionalism and its impact on real estate transactions (t-test)

ANOVA Test Results

Table 2 ANOVA Test

	Sum of Squares	df	Mean Square	F-value	p-value
Regression	196.22	1	196.22	512.09	0.000
Residual	1.58	198	0.01	-	-
Total	197.80	199	-	-	-



Graph 2: Regression model's statistical significance (ANOVA test)

Hypotheses Testing

To assess the significance of post-RERA professionalism on real estate transactions, additional statistical tests were conducted. The ANOVA test indicated the regression model's statistical significance ($F = 512.09$, $p < 0.001$), explaining a substantial amount of variation in the dependent variable.

The coefficient of determination (R-squared) was 0.992, signifying that 99.2% of the variation in the impact of post-RERA professionalism on real estate transactions can be explained by channel partners' post-RERA professionalism.

The t-test affirmed the statistical significance of both intercept (β_0) and slope (β_1) coefficients ($p < 0.05$). The large t-value for the slope coefficient ($\beta_1 = 22.63$) exceeded the critical t-value, indicating a robust linear relationship between post-RERA professionalism and its impact on real estate transactions.

Conclusion and Recommendations

Summary of Findings:

The study supports the hypothesis that post-RERA professionalism of channel partners significantly and positively impacts real estate transactions. The regression analysis revealed a robust linear relationship, indicating that increased post-RERA professionalism corresponds to a higher impact on real estate transactions.

Consistency with Previous Research:

The findings align with previous research emphasizing the crucial role of professionalism in the real estate industry. The mandatory professionalism standards introduced by RERA in India have demonstrated a positive impact on real estate transactions, as evidenced by empirical evidence in this study.

Caution in Generalization:

While the results are promising, caution is advised in generalizing findings due to the study's reliance on a small sample size. Further research with a larger and more diverse sample is recommended to validate and extend these results.

Practical Implications:

The study has practical implications for channel partners and real estate firms. Maintaining high professionalism levels fosters client trust, enhances the industry's reputation, and can lead to increased business. Real estate firms are encouraged to invest in the training and development of channel partners to ensure sustained professionalism.

Overall Contribution:

In conclusion, this study contributes to understanding the impact of post-RERA professionalism on real estate transactions in India. The positive correlation identified suggests that RERA's implementation has effectively elevated the professionalism of channel partners, resulting in favorable outcomes for transactions.

Implications of the Study:

The findings bear significance for the Indian real estate industry, emphasizing the transformative impact of RERA on transactional practices. The study underscores the ongoing importance of maintaining professionalism in the industry, aligning with RERA's objectives. Policymakers and practitioners should take note of these findings to further enhance the professionalism landscape in real estate.

Limitations and Future Research Directions

Sample Size Limitation:

The study acknowledges its limitation in sample size, urging caution in generalization. Future research should prioritize larger and more diverse samples to ensure broader applicability.

Self-Reported Measures:

The reliance on self-reported measures introduces the potential for response bias. Future studies could employ objective measures to assess post-RERA professionalism among channel partners.

Diversification of Factors:

While focusing on professionalism, future research could explore additional factors influencing real estate transactions, such as customer satisfaction and market trends, for a more comprehensive understanding.

Recommendations

Continued Emphasis on Professionalism:

Policymakers and practitioners are urged to maintain their focus on promoting professionalism and ethical conduct among channel partners, ensuring the sustained positive impact observed in this study.

A channel management model is being recommended to streamline the exchange of services, titles, transactions, and information between businesses and their customers.

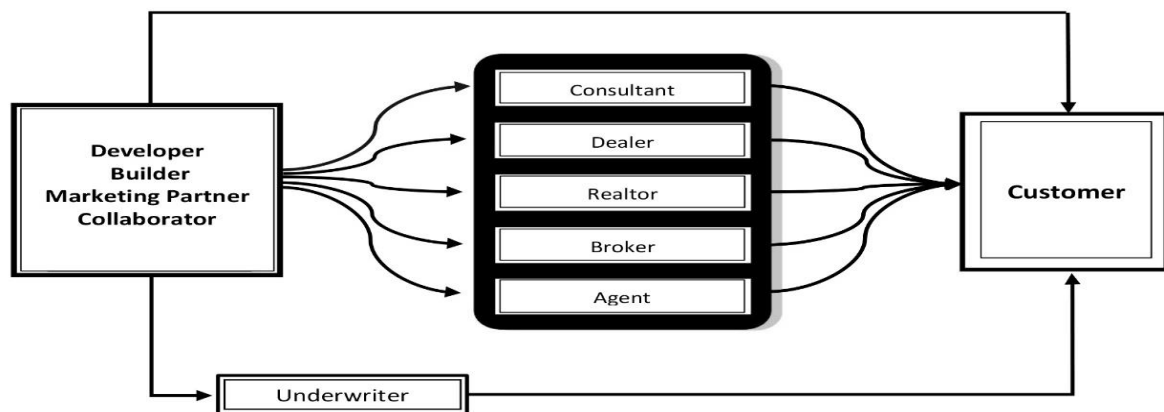


Figure 3 Multi-channel Model

This model not only aims to optimize efficiency but also prioritizes adherence to the highest ethical standards and the promotion of professionalism. By doing so, it seeks to cultivate trust among customers, elevate the brand's reputation, and actively contribute to the sustained growth of the business.

Validation and Exploration:

Further research is recommended to validate the study's findings and explore additional factors influencing real estate transactions. This ongoing exploration will contribute to a more nuanced understanding of the industry dynamics.

In conclusion, this study provides valuable insights into the impact of post-RERA professionalism on real estate transactions in India, advocating for the continuous emphasis on professionalism within the industry.

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