

## Presenting the model of the role of professional ethics in creating a strategic advantage in the public sector administrative system

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**Keywords:**

*Professional ethics, strategic advantage, administrative system*

**Article Type:** Research Article

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**Abstract**

**Background and purpose:** professional ethics means philosophical value dos and don'ts towards oneself, others, and society, as well as the responsibility of the obligation that a person has in his profession towards others and society. Therefore, the purpose of this research is to provide a model of the role of professional ethics in creating a strategic advantage in the administrative system of the public sector of the Tax Affairs Organization of the northern provinces of the country. **Methodology:** This research is exploratory in nature, practical in terms of purpose, and mixed in terms of the data collection method. The first stage includes qualitative research and the fuzzy Delphi method, and then the quantitative research method. The method of collecting data in the first stage is by reading related texts and using the interview tool in an exploratory and semi-structured way. In the second step, the structural model of the relationships between dimensions and model indicators and the model fit was examined using the structural equation modeling method and using PLS software. **Results:** The results of the research showed that the answers of the experts led to 5 dimensions and 15 indicators of professional ethics and four dimensions and 12 indicators of strategic advantage, as well as the variables of social responsibility and knowledge management as mediating variables, and then the final model of the research was drawn. Considering the many challenges faced by Iran's economic organizations today, it is necessary to improve and ensure compliance with ethics. One of the fields that the tax affairs organization should pay special attention to is the field of professional ethics. **Conclusion:** Therefore, considering the importance of these dimensions and indicators, the management should consider and strengthen them in the work environment so that the effects of the role of professional ethics in creating a strategic advantage can be achieved.

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*How to Cite:*

Farzin, O., & Samiei, R. (2022). Presenting the model of the role of professional ethics in creating a strategic advantage in the public sector administrative system. *International Journal of Innovation in Management and Organizational Behavior*, 2(1), 51-63.

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## **Introduction**

Today, in management science, the discussion of human relations is considered one of the most important issues, and the realization of ethics at the individual and organizational levels is one of the main ideals of society and requires a strategic approach. With such an attitude, the relationship between the organization and the environment will be potential and certain opportunities for the organization, which will become a strategic advantage based on comprehensive ethical principles (Khayyat Moghadam & Tabtabaei Nasab, 2016).

At the beginning of the 21st century, due to the profound and surprising developments that are caused by the seven components of "power, speed, wealth, opportunity, communication, information, and virtual space." In this case, the need to pay attention to values and especially moral values in business and human and organizational interactions, is felt more than ever (Alston, 2007). Ethical issues are continuously related to organizational and professional activities and people's daily life. Ethical issues are important in organizational decision-making and policy-making, such as human resources, marketing, operations, production management, financial affairs, etc. (Moghimi, 2008).

Today's problems of organizations cannot be solved with yesterday's solutions, and predicting the future will not solve future problems. Actions must be taken for future progress. Today, the most important concern of most organizations is to formulate and implement strategies that guarantee their success and survival in changing and complex environmental conditions. With the rapid development of technology, the way of working and life of humans has also changed rapidly, and in line with these changes, ethical issues are getting more and more attention daily. One of the branches of ethics knowledge that have recently found a place in Iran is the field of professional ethics. Professional ethics can be an important strategic tool and a vital factor for creating a strategic advantage in complex environments of organizations. In this regard, achieving professional ethics has become one of the country's basic necessities of the tax affairs organization. In this research, the model of the role of professional ethics in creating a strategic advantage in the tax affairs organization has been presented.

One of the important issues in the professional system is the discussion of ethics and ethical components. Today, ethics is recognized as one of the most important variables in the success of organizations and helps the organization to reduce tensions and increase the success of goals (Sadat Saeedi et al., 2018). The role of ethical compliance in all matters of the organization and its effect on the efficiency and effectiveness of the organization have been agreed upon by researchers. Ethical behavior significantly impacts the organization's activities and results because it increases productivity, improves communication, and reduces risk (Khayyat Moghadam & Tabtabaei Nasab, 2016).

Professional ethics is one of the organization's success factors in such a way that the organization moves to achieve the specified goals by setting an example of ethics specific to that profession. In this way, the performance of employees is combined with professional ethics and the organization's goals and provides the means to improve performance (Barrett, 2016). For their dynamism and survival, organizations need to formulate and apply professional ethics standards so that managers and employees can create common professional values for the benefit of the stakeholders as much as possible. The formulation of professional, ethical principles for sensitive occupations is increasing (Haghgoo et al., 2017). The governance of professional ethics has a significant effect and many benefits for the organization from the internal aspect and from the aspects of improving relations, improving the atmosphere of understanding and reducing conflicts, increasing the commitment and responsibility of employees, and reducing the costs caused by control. It also affects the profitability and improvement of competitive advantage and organizational success by increasing the legitimacy of the organization and its actions (Ghanbari et al., 2015).

Professional ethics can increase the predictability of the company, and it also causes genuine, firm, and wide-ranging trust in the organization. By relying on trust, the organization can attract financial and credit resources, create internal motivation and stability in employees and managers, attract expert human resources, and achieve an exclusive position in the market by increasing competitive advantage (Gharamaleki, 2014). The principles of professional ethics have great value, and the strategic role of professional ethics in the success of the future of the organization is undeniable. Staying away from professional ethics makes organizations vulnerable and suffering, and achieving professional ethics leads to strategic advantage (Hersh, 2017). Professional ethics means philosophical value dos and don'ts and criteria for measuring the correctness and incorrectness of a person's behavior towards himself, others, and society, as well as the responsibility of the obligation that a person has in his profession towards others and society (Chokprajakchat and Sumretphol, 2017). Professional ethics is the expression of principles, rules, and moral laws that everyone must follow according to their job (Rodriguez and Juricic, 2018).

One of the problems of today's society is that morality has never been discussed in the business field or in general in the social or political field, but has always been a personal issue. Humans acknowledge that truth and correctness is their desire, but at the same time, studies show that the majority of people usually do not do things as correctly as they expect from others (Taheri et al., 2017). Despite their irreplaceable role in the growth and development and progress of societies, social organizations and institutions have suffered from many troubles and problems in the current situation due to the complete lack of compliance with ethical standards, which lawlessness, relationship orientation, disregard

for the rights of others and lack of responsibility are only part of It is considered each of the societies, especially in their organizations and social institutions, are somehow involved in issues and problems caused by the occurrence of moral anomalies (Salimi, 2017).

The Tax Affairs Organization is one of the organizations that, due to its mission and duties, is in direct contact with a large part of the society that refers to this organization as a taxpayer. Communication with this relatively large population requires attention to compliance with certain ethical standards. Undoubtedly, in economic organizations where corruption is more common than in other organizations, the central role of professional ethics in promoting and developing organizations is much more prominent. There are reports of 90 cases leading to a decision in 1995 and 1996, in which there were dismissals and dismissals of employees. Also, until the first six months of 2017, about 45 cases have been submitted to the Board of Administrative Violations. Based on this, the importance of the duties of the employees of this organization and their occupational dignity, and the achievement of the organization's basic goals require that they observe many points related to proper professional behavior and ethical principles. Reflecting on these works reveals the reason for the strategic management experts' view of the role of professional ethics in the organization. Fred R. David admits in strategic management that: "good ethical principles in the organization are prerequisites for good strategic management, and good ethical principles mean a good company." It is becoming more common among managers. Therefore, the necessity of formulating a model for accurately understanding professional ethics to achieve a strategic advantage is strongly felt. Therefore, this research seeks to answer the main question: What appropriate model can be designed and explained for the role of professional ethics in creating a strategic advantage for the tax affairs organization of the country's northern provinces?

### **Methodology**

The current research is exploratory in nature, practical in terms of purpose, and mixed in terms of the data collection method. The first stage includes qualitative research, the fuzzy Delphi method, and then the quantitative research method. The data collection method in the first stage is by reading related texts and using the interview tool in an exploratory and semi-structured way. For this purpose, a large library study was done, the initial model was determined, and then the interview questions were formulated based on that. In the second step, the structural pattern of relationships between dimensions and model indices and model fit was investigated using the structural equation modeling method and the use of PLS software.

The team participating in this research was divided into two groups due to the mixed research method. The first group consists of people with knowledge and expertise in the subject of the research in order to identify the components and screening by Delphi method.

The participating team for this research is 20 people selected by non-random sampling and snowball method, and they have been asked until theoretical saturation. Also, the second category of the statistical population of the research to fit the designed model includes all the managers and assistants of the departments of the tax affairs organization in the northern provinces of the country, the size of this population is 250 people (72 people in Golestan province, 95 people in Mazandaran province, 83 people in Gilan province). Krejcie and Morgan's table was used to determine the sample size, and the sample size was 152 people. However, since some questionnaires may not be returned, 165 people were selected, and they were selected by stratified random method.

## Results

In this research, the first group included 20 elite people, 80% of whom were men and 20% women. The second group consisted of 163 people, 85% of whom were men and 15% women.

The following tables show the scores between 1 and 10 for pessimistic and optimistic based on the opinions of 20 experts regarding the degree of importance of dimensions and indicators.

**Table 1: dimensions and indicators of professional ethics based on fuzzy Delphi method**

Dimension	Indicator	Pessimistic value		Optimistic value		Geometric mean		Sig value
		Min	Max	Min	Max	$I_m^i$	$U_m^i$	
Emotional intelligence	1. Good manners	3	8	7	9	5/92	8/11	11/24
	2. Confidence	3	8	8	10	4/62	9/03	9/11
	3. Strong communication skills	3	8	7	10	4/95	8/91	8/11
Conscientiousness	1. To follow the supervisor	3	8	7	9	5/92	8/06	11/28
	2. Performing the assigned task	2	8	8	10	5/28	8/58	10/96
	3. Compliance with rules and regulations	4	8	8	10	5/68	9/58	9/14
Righteousness and honor	1. Accepting responsibility for your work	3	9	7	9	5/51	7/96	12/38
	2. Observance of equality in dealing with the client's work	3	8	7	9	5/83	7/91	11/23

Altruism	3. Decent behavior	3	8	8	10	4/99	8/97	9/49
	1. Showing attention to the wishes of the owner	3	9	7	9	5/80	7/96	13/04
	2. Preferring the interests of the master over his own interests	3	8	7	9	5/92	8/11	11/24
Criticality	3. Offer to help a colleague	3	9	7	10	5/52	8/05	10/09
	1. Listening to opposing opinions	3	8	8	10	5/46	8/58	10/21
	2. Correcting the wrong behavior after realizing it	3	8	8	10	5/39	8/63	10/09
	3. Accepting the point of coworkers comments	2	8	8	10	4/56	9/17	9/72

**Table 2: dimensions and indicators of strategic advantage based on fuzzy Delphi method**

Dimension	Indicator	Pessimistic value		Optimistic value		Geometric mean		Sig value
		Min	Max	Min	Max	$I_m^i$	$U_m^i$	
Strengths	1. Skills	3	8	7	9	5/92	7/96	11/36
	2. The spirit of competitiveness	2	8	8	10	4/99	8/97	10/33
	3. Decision making in real time	2	8	8	10	4/56	9/17	9/72
Innovation	1. Quick response to change	2	8	7	9	5/72	8/11	12/16
	2. Creativity	3	8	7	9	5/92	8/06	11/28
	3. Distinctive quality	2	8	8	10	5/28	8/58	10/96
Productivity	1. Effectiveness	2	9	8	10	5/34	8/67	12/64
	2. Efficiency	3	8	7	9	5/92	8/06	11/28
	3. Education	3	8	7	10	5/93	8/10	9/08
Customer satisfaction	1. Understanding the client	3	9	7	9	5/72	7/96	12/85
	2. Being law-abiding	3	8	7	9	5/83	8/06	11/12
	3. Accountability	3	9	7	10	5/77	8/01	10/45

In this research, the investigated variables are; The independent variable, which according to the research concept and model, is considered to be the independent variable of professional ethics of the model. A dependent variable, unlike independent variables, has the role of cause in all equations. In the conceptual model of this research, the variable of strategic advantage is considered the model's dependent variable. Mediator variables have two roles of cause and effect in the conceptual model; That is, some variables have the role of cause, and others have the role of effect. In this research, the variables of social responsibilities and knowledge management are considered mediating variables. The structural equation modeling method by PLS software was used to test the validity of the theoretical research model and calculate the influence coefficients, t.

Bartlett's test was used to ensure the appropriateness of the data and that the correlation matrix, which is the basis of the analysis, is not equal to zero in society. The KMO number in this study was 0.78. Considering the KMO number (greater than 0.7) and the significant number of Bartlett's test ( $\text{sig} > 0.05$ ), the data is suitable for performing factor analysis and has the required conditions.

According to Table 3, the descriptive statistics of all research variables in terms of statistical indicators are described in the following table.

**Table 3: Descriptive statistics of research variables**

Variable	Symbol	N	Min	Max	Mean	Standard error	Standard deviation	Variance
Professional ethics	PE	163	1.27	5.00	3.0360	.04948	.63168	.399
Social responsibilities	SR	163	1.00	4.83	2.5378	.07280	.92949	.864
knowledge management	KM	163	1.00	5.00	2.5767	.06846	.87401	.764
Strategic advantage	SA	163	1.00	5.00	2.9100	.05876	.75023	.563

We will examine the research sub-hypotheses test using PLS software in this part.

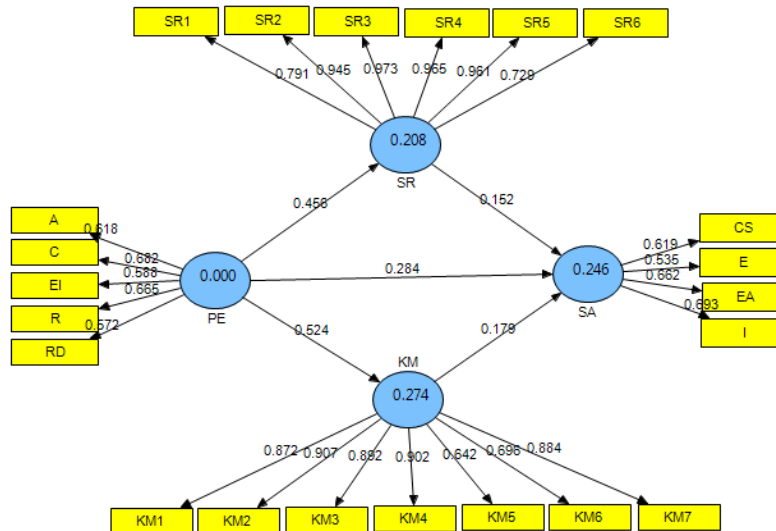


Figure 1: The structural model of the research hypothesis with factor loadings

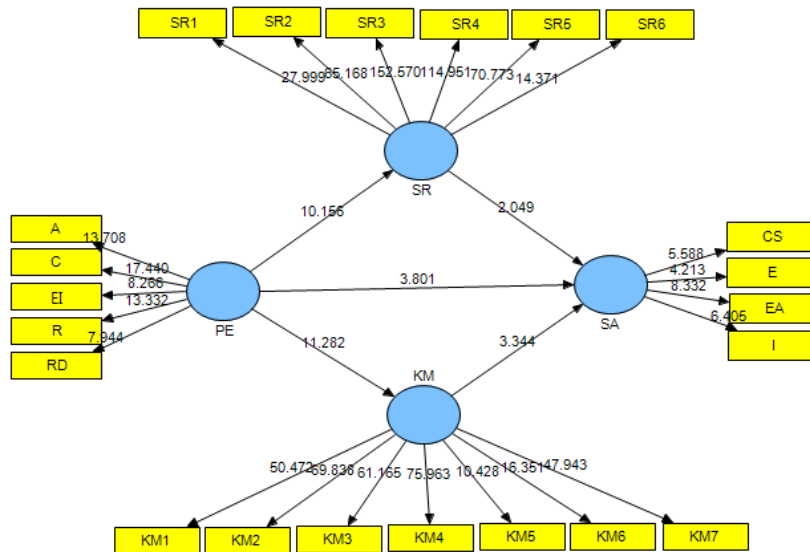


Figure 2: The structural model of the research hypothesis with significant coefficients

The fit of the measurement model, the fit of the structural model, and the overall fit were used to check the model's fit. According to Figure No. 2, because the t coefficients for the research hypotheses are more than 1.96, it is confirmed that they are significant at the 95% confidence level. The next criterion for checking the fit of the structural model in research is the R2 coefficients related to the endogenous (dependent) hidden variables of the model. R2 is a measure that shows the effect of an exogenous variable on an endogenous variable.



Three values of 0.19, 0.33, and 0.67 are considered the criteria for weak, medium, and strong values of R2. According to Figure 1, the value of R2 has been calculated for the endogenous structures of the research, which can confirm the appropriateness of the fit of the structural model according to the three criterion values.

**Table 4: Communality and R2 of research variables**

Local variables	Symbol	Communality	R2
Professional ethics	PE	0.403	0.000
Social responsibilities	SR	0.809	0.208
knowledge management	KM	0.696	0.274
Strategic advantage	SA	0.407	0.246

**Table 5: The fitting results of the overall model**

Communality	R2	GOF
0.579	0.243	0.375

According to the obtained value for GOF of 0.375, the very good fit of the overall model is confirmed.

**Table 6: Results of direct relationship and significant coefficients of sub-hypotheses of the research model**

Hypothesis	Causal relationships between research variables	Symbol	$\beta$	T	Result
1	Professional ethics => Social responsibilities	PE ---SR	0.458	10.155	Confirmed
2	Professional ethics => Knowledge management	PE ---KM	0.524	11.282	Confirmed
3	Professional ethics => Strategic advantage	PE ---SA	0.284	3.801	Confirmed
4	Social responsibilities => Strategic advantage	SR ---SA	0.152	2.049	Confirmed
5	Knowledge management => Strategic advantage	KM ---SA	0.179	3.344	Confirmed

## Discussion and Conclusion

The existence of professional ethics in an economic organization will lead to positive material and spiritual results, and professional ethics, in addition to the communication dos and don'ts that it raises for the organization and pursues micro and macro goals. Finally, tax organizations, including taxpayers and other members of society, strive to create a safe community. However, values and norms have changed color in today's competitive world of organizations. On the other hand, there have been interferences between individual and organizational interests and ethics, compliance with professional ethics is a difficult task that requires awareness, effort and correct decisions of the top managers of the Tax Affairs Organization.

The results showed that, in general, the ideal model of professional ethics has five dimensions and 15 indicators. Professional ethics affect all aspects of the organization, especially the loyalty of customers to use the organization's services. For this reason, the most important task of every manager is to shape and guide the basic values of ethics and professional behavior. The more the organization pays attention to professional ethics in organizational strategies and procedures, it can be expected that customers' attention to that organization will grow and improve. This is especially important in the tax affairs organization, where tax is one of the best and most powerful economic tools with various functions regulating society's economy. Because in this organization, the relationship between the taxpayers and the employees of the organization is more visible due to the number of references and the financial relationship between the organization and the taxpayers. Therefore, the tax affairs organization should make more efforts in professional ethics among employees. A person with professional ethics tries to perform his duties in the form of ethics and avoids actions such as lack of work and negligence. Compliance with the Tax Administration's principles of professional ethics will help them minimize professional tensions.

The results show that social responsibility mediates the relationship between professional ethics and strategic advantage. Morals are mostly internal, and when a series of moral principles bind people, they inevitably have to accept responsibilities toward them. In other words, professional ethics, through institutionalizing a set of dos and don'ts in people, lays the foundation for forming responsibility in them. In fact, people are not only responsible for themselves, but they should also feel responsible for others. Therefore, organizations provide the necessary platforms by observing and basing the standards and principles of professional ethics in the organization to promote social responsibility.

The relationship between social responsibility and strategic advantage is expressed through the formulation of social strategies that affect and are affected by organizational opportunities, resources, facilities, skills, and competencies. The strategic advantage that comes from social responsibilities takes place through the direct effect of creating motivation and empowerment in employees, productivity and innovation, improving the reputation and image of the organization through satisfying the superiors and better performance by implementing social responsibility.

This research shows that knowledge management has a mediating effect on the relationship between professional ethics and strategic advantage. In today's competitive world, organizations face rapid and surprising changes. Their survival, success, and, thus their strategic advantage depend on the capabilities and competencies they have to develop to adapt to these changes. One of these important organizational capabilities is knowledge management. Compliance with the principles of professional ethics by the human force helps to implement knowledge management as well as possible. And knowledge

management is one of the variables that can be predicted by the moral atmosphere of the organization.

The results also showed that the ideal model of strategic advantage has 4 dimensions and 12 indicators. All organizations are trying to determine the right direction for their organization. The complex environment, technological developments, globalization, and changes in the needs of customers have caused organizations to strive to achieve their goals and strategic advantage constantly. A new management thought emerged under the strategic management title in a strategic look at managing the organization. In today's world, the organization's goals can only be achieved in the shadow of long-term strategies. Organizations need to gain a strategic advantage to achieve sustainable success, which is the main goal of strategic management. Empowerment of employees, innovation, productivity, and satisfaction of the employer are the goals of strategic management for the long-term horizon and gaining strategic advantage. The results of this research show that there is a significant relationship between professional ethics and strategic advantage. Considering the importance of these dimensions and indicators, the management should consider them in the work environment and strengthen them so that in this way, the effects of the role of professional ethics in creating a strategic advantage can be achieved.

Therefore, it is recommended to pay attention to these important and key dimensions and indicators from the top of the tax affairs organization and to institutionalize them as fundamental and root values in their behavior and the organization. In fact, when professional ethics are manifested in the tax affairs organization, it will significantly affect the organization's strategic advantage.

### **Ethics**

This research observed ethical standards, including obtaining informed consent and ensuring privacy and confidentiality. Also, while completing the questionnaires while emphasizing completing all the questions, the participants were free to withdraw from the research at any time and provide individual information. They were assured that the information would remain confidential, which was strictly adhered to.

### **Acknowledgement**

The cooperation of all participants in the research is thanked and appreciated.

### **Conflict of Interest**

According to the authors, this article has no financial sponsor or conflict of interest.

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