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# The Relationship between Professional Ethics and Market Orientation (Case Study: Companies Industrial City of Sanandaj)

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## Abstract

The aim of this study was to investigate the relationship between professional ethics and market orientation in the city of Sanandaj is now in the industrial zone. In this study, to collect data relating to professional ethics, environmental performance, human resource management and community participation questionnaire and Hyvmyn Ryan (2011) and to measure the dependent variable of the questionnaire Lin et al (2008) have been used. The aim of the present study used a method of data collection, research is descriptive. The population of this research firms (1) and 3 industrial cities of Sanandaj city, and the population includes 146 companies to simple random sampling were available. For statistical analysis of different methods of descriptive and inferential statistics were used. Findings show a significant direct relationship between professional ethics and market orientation, professional ethics and environmental performance, ethics and human resources management, professional ethics and employee community involvement, environmental performance and orientation market management, human resources and market orientation and social participation and market orientation.

**Keywords:** Professional ethics, market orientation, market-oriented, industrial companies

## Introduction:

Professional ethic is one of the most crucial issues in every human society. Everyday life has experienced a wide diversity of changes, especially since our world has turned into a village in which information is transmitted from one end to the other faster than the speed of light. This is nothing but the projection of Alvin Toffler's dream, to illustrate the third wave ongoing for many years, coming into reality. For many countries with high growth rate, it is obvious why there is an increasing difference in level of development between countries around the world. Deep-seated belief in development, understanding benefits of group work, developing culture of national unity instead of individual progress, giving importance to welfare and product development, promoting export market growth, advancing new management science, applying knowledge and wisdom in all levels along with clarity and proper

representation of control principles in management and production are underlying factors have contributed to achieving such a level of growth and development in advanced countries.

Sensitivity to increasing changes in demands and requirements of customers can be regarded as the most important factor, in the core of dynamic trading, leading to organizational growth. As believed by experts like kohli and jaworski (1990), there are many organizational factors crucial in this domain among which market-driven culture is assumed to be the most important one. Fostering this culture by management leads people to track the market's changes and share their organizational information with other corporations and makes them able to respond to the market's demands. Recent international studies reveal positive impact of market-oriented organization on quality of customers' perception, their satisfaction and loyalty (schalk and Gudlaugsson).

An organization is called market-driven if, it takes all information related to important factors effective on purchasing in performance of the organization, and there is a cross-functional decision-making process in the organization to taken strategic and technical decision, and duties are decided upon coherently and, finally, various sections in the organization demonstrate high level of commitment regarding performing their duties. kohli and jaworski (1990) assume that market orientation is to develop organizational market intelligence that is capable of accommodating the present and future demands of the customers, sharing intelligence throughout the organizations and provoking the organization total response to its changes (Gharecheh et al, 2013).

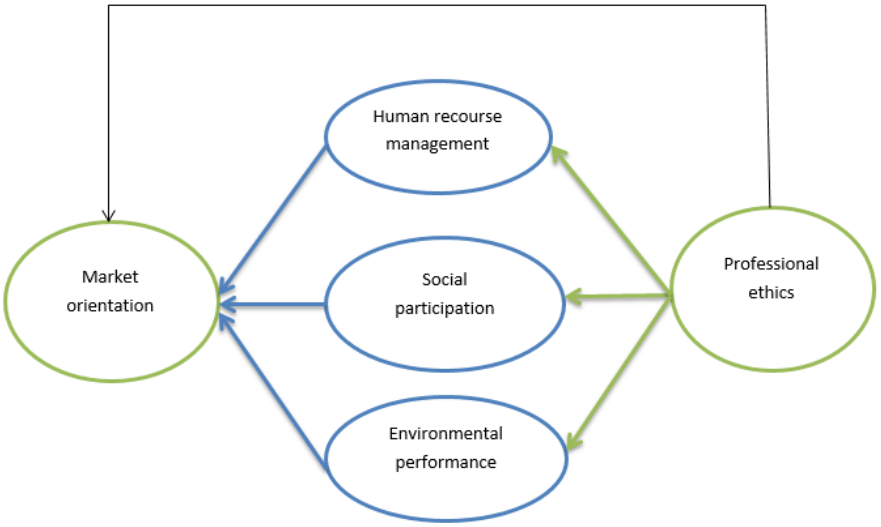
The issue of losing present customers has gained importance for organizations owing to the development of business sectors and increasing number of competitors; meanwhile, studying the effect of ethic and staff's behavior and interaction with customers to make sustainable customer relationship has taken on further significance. This issue is of so great magnitude that retaining an old customer and making a firm connection with new one can be claimed as the factor guaranteeing the organization survival among the other competitors.

As some surveys reveal, taking some ethical considerations into account while treating customers exert enormous impact on their loyalty to products and services. Today, necessity of this matter in organizations has given rise to a variety of techniques concerning the retention of customers. One of these techniques used by the organizations to assess and formulate staff ethical code of conduct (which is often cited as code of conduct) is customers' loyalty evaluation and management system that works based on the ethics and behavior of the staff (Ansari et al, 2012).

There are many surveys conducted on the issues of professional ethics and market orientation around the world; to name some: Huimina and Ryand (2011), Coughlan (2001), forsyth (1980), Fort (2000), Friedman (2007), Gao (2007), Michaelson (2010) and Zutshi (2010); there are also some works by Iranian researchers, namely Far Ostkhah (2006), Sarlak (2008), Vaseghi (2001), Geyvarian (2003 & 2000), Alvani ( (1998), Safilou (2006) and najaf beige et al (2004). Nevertheless, there are still few surveys having assessed the relationship between the professional ethics and market orientation of organization thoroughly. Given what was mentioned above, the present paper studies the relationship between the professional ethics and market orientation based on which research hypothesis are made and then tested..

## Conceptual model

Research theoretical framework consists of a conceptual model developed based on theoretical relationship between the numbers of factors recognized important concerning the subject matter of the research. This framework includes a regional descriptive network including the relationship between variables identified through interview, observation and review of literature. Identifying the proper variables, the network of relationship between the variables is developed to allow repenting research hypothesis (Kiwi and Kampnhvd, 2009). The present research takes advantages of professional ethics and market orientation model represented in works of Ryan & Huimin (2011).




**Source:** Ryan & Huimin (2011).

Table (1) includes operational definition of each one of research variable.

Table 1 research variable and operational definitions

| **Professional ethics** | | **Market orientation** | |
|---|---|---|---|
| 1 | Performing activates without hurting others | 1 | Creating value for customers |
| 2 | Never hide negative results of an action | 2 | Evaluating customer's satisfaction |
| 3 | conformity between ethical ideas with the best performance | 3 | After sale service |
| 4 | Avoid disturbing other one's comfort | 4 | prompt response to competitors' activities |
| 5 | Corresponding increase between economic power and social responsibility | 5 | Understanding customer's demands |
| 6 | Compatibility between profitability and social responsibility | 6 | Prompt response to rice chance |
| 7 | Avoid committing wrong deeds | 7 | Prompt response to customers' demands |
| 8 | Social and ethical responsibility as the most important task in every organization | 8 | Prompt response to advertisement activities of competitors |
| **Environmental performance** | | 9 | Mechanism for improving method |
| 1 | People welfare as the main concern of every organization | 10 | Regularly-held meeting on sales |
| 2 | Environmental surveillance | **Human resource management** | |
| 3 | Protection of green space | 1 | Responsibility to staff |
| 4 | Participation in local green activities | 2 | Boosting staff's morale |
| 5 | Saving energy | 3 | Performance assessment |

| | | |
|---|---|---|
| **Social participation** | 4 | Unbiased employment decisions |
| | 5 | Staff's security and health |

**Source**: Ryan and Huimin (2011) ; Linn et al (2008)

## Methodology

This is an applied research using correlational method to describe the status quo. Moreover, it is classified as a descrptive one regarding the method it takes to gather information (research design), that is, it describes characteristics of the sample first and extents them to the population then. The descriptive researches are further classified into various groups; e.g survey types to which this study belongs. The survey describes, predicts and analyzes relationship between variables. This paer is ,also, classified as a cross-sectional research given its time of data collecting. We employe questionnaire in our study. We, indeed, try to gather information to describe the status quo and test the hypotheses so as to respond to research questions.

Companies located in industrial parks no. 1 & 3 in Sanandaj were used as the statistical population in this paper which were added up to 146. There was only one person selected from each of these given companies to respond to the questionnare which made the total size of the popullation 146. The simple random sampling was also used to make a sample out of the population. Based on simple random sampling every member of population was given the same change to be chosen in the sample. Since, the statisical population of the study was only limited to staff working at the companies located in the industrial park no. 1 & 3, the Cochran's formula of limited population was used to determine the sample size:

$$n = \frac{N \times Z_{\frac{\alpha}{2}}^{2} \times P \times (1-P)}{d^{2} \times (N-1) + Z_{\frac{\alpha}{2}}^{2} \times P \times (1-P)}$$

$$\mathrm{n} = \frac{146 \times (1.96)^2 \times 0.5 \times 0.5}{0.05^2 \times (146-1) + (1.96)^2 \times 0.5 \times 0.5} \cong 106$$

Using the above formula, the sample size, for companies located in the industrial parks no.1 & 3 in Sanandaj, was determined to be 106. But 25% of the population size was added to the sample to make up for effects of incomplete and lost questionnaires. The total number of 133 questionnaires was distributed among the population from which 128 was answered and sent back and 121 were used to do statistical analysis at the end.

## Results

### Questionnaire reliability

The Cronbach's alpha was employed to do pretest in this study so as to determine the reliability of the questionnaires designed to measure professional ethics, environmental performance, human resource management and social participation and market orientation. To do so, 30 persons were selected from the

sample size randomly and the questionnaire was distributed between them, next the Cronbach's alpha was calculated through the information gathered from these questionnaires and application of SPSS20 software which showed the internal consistency of the questionnaires.

Table 2 Cronbach's alpha for the professional ethics questionnaire

| Variable | Number of questions | Cronbach's alpha |
|---|---|---|
| Professional ethics | 6 | 0.763 |

Looking at the table above, the Cronbach's alpha calculated for each of dimensions and total coefficient is more than 0.70 which indicates the questionnaire's high reliability.

Table 3 Cronbach's alpha for the intermediate variables of the questionnaire

| No | Intermediate variables | Number of questions | Cronbach's alpha |
|---|---|---|---|
| 1 | Environmental performance | 5 | 0.801 |
| 2 | Human resource management | 5 | 0.793 |
| 3 | Social participation | 5 | 0.825 |

Table 4 Cronbach's alpha for the market orientation

| Variable | Number of questions | Cronbach's alpha |
|---|---|---|
| Market orientation | 11 | 0.765 |

Looking at the table above, the Cronbach's alpha calculated for business performance is more than 0.7 which indicates the questionnaire's high reliability.

**Normality test**

To use statistical techniques, it must be first detemined that whether the date is normally distributed or not. Accordingly, parameteric and non-parametric tests can be used to do hypetheses testing for the normal and non-normal distributed data respectively. To do so, we analyze results obtained through Kolmogorov–Smirnov test for each one of independent and dependant variables and then determine proper tests for each one of the research hypotheses.

$H_0$: date collected for variable$_i$ is distributed normally
H1: data collected for variablei is not distributed normally

Given results shown at the table below, the first hypothesis (0) is supported if the level of significance exceeds the margine of errors; and the latter is supported (1) if the level of significnace is lower than the margineof error.

Table 5 the results of normality test for dependent and intermediate variable

| | Professinal ethics | Environmental performance | Human resource management | Social participation |
|---|---|---|---|---|
| N | 121 | 121 | 121 | 121 |
| Average | 3.4618 | 3.5851 | 2.9983 | 3.4942 |
| Standard deviation | 0.55077 | .67289 | 0.60964 | 0.66737 |
| Z-statistics | 0.993 | 0.060 | 0.505 | 0.300 |
| Level of significance | 0.277 | .060 | .505 | 0.300 |
| Margine of error | 0.05 | 0.05 | 0.05 | 0.05 |
| Supported hypothesis | $H_0$ | $H_0$ | $H_0$ | $H_0$ |
| Conclusion | Normal | Normal | Normal | Normal |

(Source: research data)

**Data analysis and hypotheses testing**

SPSS software is used to analyze the data. The software conducts data analysis at two levels, namely descriptive and inferential. The first level includes frequency, average, standard deviation and statistical tables and digram. The latter, first, makes use of Kolmogorov – Smirnov test to know that whether the distribution is normal or not, then if the first is the case, Pearson's correlation coefficient and Regression coefficient are employed to do hypotheses testing and assessing size and amount of effects respectively.

**First hypothesis: there is a significant relation between the professional ethics and market orientation of companies in the industrian parks no. 1 & 3, Sanandaj.**

To determine whether there is a correlation between the professional ethics and market orientation of companies in the industrial parks no.1 & 3, in Sanandaj the following hypothesis was made and the following results was obtained:

$$\begin{cases} \mathbf{H_0}: \ \rho = 0 \\ \mathbf{H_1}: \ \rho \neq 0 \end{cases}$$

The first hypothesis suggests that there is not a relationship between the above-mentioned variables.
The second one suggests that there is a relationship between the above-mentioned variables.

Table 6 correlation between professional ethics and market orientation of companies in the industrial parks 1 & 3, Sanandaj

| | Professional ethics | |
|---|---|---|
| Market orientation | Pearson's correlation coefficient | ρ=0.833 |
| | Probability | o.ooo |
| | N | 121 |

(Source: research data)

based on the results shown above the following conclusions are derived: the $H_0$ is rejected and $H_1$ (the primary hypothesis suggesting a relationship between the professional ethics and market orientation of companies in the idustrial parks of 1 & 3) is supported. There is a direct relationship between these two variables given the posite correlation obtained through calculation. That is an increase in professional ethics will contribute to an increase in the market orientation of companies in the industiral parks no. 1 & 3,Sanandaj and vice versa.

**Second hypothesis: there is a significant relation between the professional ethics and environmental perormance of companies in the industrian parks no. 1 & 3, Sanandaj.**
Pearson's correlation coefficient has been used to test the above-mentioned hypothesis and the following results are produced:

Table 7 correlation between professional ethics and environmental performance

| Professional ethics | Environmental performance |
|---|---|
| Pearson's correlation coefficient | ρ=0.769 |
| Level of significance | o.ooo |
| N | 121 |

(Source: research data)

based on the results shown above the following conclusions are derived: there is significant relationship between the professional ethics and environmental performance of companies in the industiral parks no. 1 & 3,Sanandaj. At 99% level of significance and correaltion coefficient of 0.769. therefore, the $H_0$ is rejected and $H_1$ (suggesting a relationship between the professional ethics and environmnetal performance of companies in the idustrial parks no. 1 & 3, Sanandaj) is supported.

**Third hypothesis: there is a significant relation between the professional ethics and human resource management of companies in the industrian parks no. 1 & 3, Sanandaj.**
Pearson's correlation coefficient has been used to test the above-mentioned hypothesis and the following results are produced:

Table 8 correlation between professional ethics and human resource management

| Professional ethics | Human resource management |
|---|---|
| Pearson's correlation coefficient | ρ=0.568 |
| Level of significance | o.ooo |
| N | 121 |

(Source: research data)

based on the results shown above the following conclusions are derived: the $H_0$ is rejected and $H_1$ (suggesting a relationship between the professional ethics and human resource mangement of companies in the idustrial parks no. 1 & 3, Sanandaj) is supported.

**Fourth hypothesis: there is a significant relation between the professional ethics and social participation of companies in the industrian parks no. 1 & 3, Sanandaj.**

Table 9 correlation between professional ethics and social participation

| Professional ethics | Social participation |
|---|---|
| Pearson's correlation coefficient | ρ=0.714 |
| Level of significance | o.ooo |
| N | 121 |

(Source: research data)

Similar to the previously-mentioned hypothesis, there is also a signifanct relationship between the variables given the positive value of correlation, that means the social participation of companies in the industrial parks no. 1 & 3, Sanandaj develops by an increase in professional ethics of people.

**Fifth hypothesis: there is a significant relation between the environmental performance and market orientation of companies in the industrian parks no. 1 & 3, Sanandaj.**

Table 10 correlation environmental performance and market orientation

| Environmental performance | Market orientation |
|---|---|
| Pearson's correlation coefficient | ρ=0.949 |
| Level of significance | o.ooo |
| N | 121 |

(Source: research data)

based on the results shown above the following conclusions are derived: the $H_0$ is rejected and $H_1$ (suggesting a relationship between the environmental performance and market orientation of companies in the idustrial parks no. 1 & 3, Sanandaj) is supported. In addition, given the positive value of correlation, An increase in the environmental performance will contribute to the improvement in the market orientation of companies in the industrial parks no. 1 & 3, Sanandaj and vice versa.

Sixth hypothesis: there is a significant relation between the human resource management and **market orientation of companies in the industrian parks no. 1 & 3, Sanandaj.**

Table 11 correlation between human resource management and market orientation

| Human resource management | Market orientation |
|---|---|
| Pearson's correlation coefficient | ρ=0.730 |
| Level of significance | o.ooo |
| N | 121 |

(Source: research data)

based on the results shown above the following conclusions are derived: the $H_0$ is rejected and $H_1$ (suggesting a relationship between the human resource mangement and market orientation of companies in the idustrial parks no. 1 & 3, Sanandaj) is supported.

**Seventh hypothesis: there is a significant relation between the social participation and market orientation of companies in the industrian parks no. 1 & 3, Sanandaj.**

Table 12 correlation between social participation and market orientation

| Social participation | Market orientation |
|---|---|
| Pearson's correlation coefficient | ρ=0.784 |
| Level of significance | o.ooo |
| N | 121 |

(Source: research data)

based on the results shown above the following conclusions are derived: the $H_0$ is rejected and $H_1$ (suggesting a relationship between the professional ethics and human resource mangement of companies in the idustrial parks no. 1 & 3, Sanandaj) is supported.

**Conclusion**

The issue of workplace ethic receives considerable attention today. It is one of the most important aspects of organizational culture and growing as part of organizatioal strategy. Increasing general understanding of the notion of ethics provides a solid foundation for developing and maintaining an enthical system in society and , in turn, in the organizations. Ethic is a broad concepts. Ethical behaviour has its roots deeply established in common believes and norms of people. Therefore, to grasp the precise oncept of ethics, it requires attention to individual's fundamental values, comprehanvise understanding of reasons contributing to moral as well as immoral behaviours besides taking measures for establishing and maintaining the ethical system in the organizations. Given the importance of the professional ethics in the development of organizations, level of the professional ethics training in determining efficiency (the extent to which organizational objective achieved) and managing human resource in the organization requires meticulous attention. While, staff's ignorance and unfamiliarity with organization and job ethics are mentioned as obstacles to ethical behaviour changes in the organization. Considering the fact that it is impossible to undergo development without training, it is essential to include courses concerning lifting the spirit of corporation, teamwork and groupwork and especially organizational ethics in organization's training programs besides traing of required skills relating to each profession. An emplyee's behaviour should not be simply judged one sided. otherwise the employee reacts negatively if he is only required to adhere to ethical rules and codes without receiving mutually good treatment from his organization, society, environment and family. The professional behaviour of the emplyee is the function of many factors like his previous background, basic inter-organizational trainings, proper employment and placement of people in suitable positions and constant observation and guidance of staff in performing appointed taskd satisfactorily. Providing them with official guidelines and organizational regulation and circulars is not sufficient alone. Following the ethical code of conduct is belived necessary in organization to, on one hand, avoid conflict in society and, on the other hand, to secuire organization's long-term objectives by taking sensible decisions. One thing to take into caccount while talking about the professional ethics is that the ethics primarily include individual and job morality, though it goes beyond its foundamental concepts and turns into an monitoring legal system in the organization. Moreover, an strategic approach to the professional ethic is being developing today and that is why moral responsibility of organization is devolved down to strategic managers, and not to the Personnel Unit or even to administrative managers. Another important point to be noted in this field is the necessity of distinguishing between two prevailing approaches to ethics, namely virtue-oriented and rule-based ethical approaches. Conventional approach to immorality is explainable only throught the first one; while the one that can help solving organizational ethical problems is the latter.
Ethics program is inevitably useless unless all staff have a knowledge of the program, its function and their own role in it. Essence of the program migh be questioned and doubted if it is not managed sincerely and clearly. In addition, workplace rule does not have any thing to do with written policies to check them

to see whether they are fair and up-to-dated or not; but the rule interprets the people conduct as existing policy of the organization and therefore:
All staff must be familiar with policies and processes and conduct in accordance to them (whether they are designed for the ethics prgramms or staff management).
Finally, it must be stated that people training is the only way through which we can create an full accordance between their activities and the ethical processes.

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