

Effect of participatory budgeting on the social responsibility of managers mediated by professional ethics

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Abstract

Direct participation of people in budgeting is examined under the title of participatory budgeting (PB), and research results confirm its effect on improving performance and achieving organizational goals. This study aims to investigate the effect of PB on the Hamadan Municipality Organization and also on the social responsibility of managers through professional ethics. The statistical population of this study comprises 160 managers of Hamadan Municipality. The sample size is determined using the Morgan Table and the Cochrane formula ($n=113$). Data are collected through stratified random sampling using a comprehensive, researcher-designed questionnaire that integrates Belkaoui PB (1990), Maignan and Ferrell CSR (2002), and Cadozier PE (2002) questionnaires. Research analysis is conducted using SPSS and PLS software. Results indicate a positive and significant nexus between PB and the social responsibility of managers, both directly and indirectly, through the mediating role of professional ethics.

Keywords: Participatory Budgeting, Social Responsibility of Managers, Professional Ethics, Budgetary Participation, Hamadan Municipality.

Efecto del presupuesto participativo en la responsabilidad social de los directivos mediado por la ética profesional

Resumen

La participación directa de las personas en la elaboración del presupuesto se analiza bajo el concepto de presupuesto participativo (PP), y los resultados de investigaciones previas confirmar su efecto en la mejora del desempeño y el logro de los objetivos organizacionales. Este estudio tiene como objetivo investigar el efecto del PP en la Organización Municipal de Hamadán y también en la responsabilidad social de los directivos a través de la ética profesional. La población estadística de este estudio está compuesta por 160 directivos de la Municipalidad de Hamadán. El tamaño de la muestra se determina mediante la tabla de Morgan y la fórmula de Cochran ($n=113$). Los datos se recopilan mediante un muestreo aleatorio estratificado utilizando un cuestionario integral diseñado por los investigadores, que integra los cuestionarios de Belkaoui PB (1990), Maignan y Ferrell CSR (2002) y Cadozier PE (2002). El análisis de la investigación se realiza utilizando los softwares SPSS y PLS. Los resultados indican una relación positiva y significativa entre el PP y la responsabilidad social de los directivos, tanto de manera directa como indirecta, a través del papel mediador de la ética profesional.

Palabras clave: Presupuesto participativo, Responsabilidad social, Ética profesional, Participación presupuestaria, Municipalidad de Hamadán.

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I. INTRODUCTION

Optimal use of resources is an inevitable issue under the current economic conditions and rarely available resources. This occurs when organizations have accurate planning for use of resources and required surveillance to achieve the planned goals. The effectiveness of surveillance and planning systems is substantial for motivating subordinates and encouraging them to participate in the budgeting process. These motivational and cognitive mechanisms allow participatory budgeting (PB) among subordinates. Motivational mechanisms include making subordinates familiar with budgeting importance, helping them understand the occupational conditions, etc. Public participation in budgeting is such an important case that people gain greater trust in the management system and governance, paying taxes and tolls easily.

PB is an instrument used to improve the democratic process by allowing people to directly express their ideas about how to use public budget (Benade et al., 2018). PB has been adopted worldwide since its first application in the municipality budget. PB is done within two steps. First, citizens provide their proposals, some of which are in the final list; then they vote for the final projects regarding the limitations set by the budget (Rey et al., 2020).

Budgeting and urban management researchers and experts have introduced various definitions and subsequent classifications for PB regarding the nature of the context. This classification depends on different tastes because PB is based on the general principle of direct public participation or a structure that differs from the representative model. This kind of classification cannot be further developed and defined. However, PB now is classified based on the project types regarding executive operations.

Aziz and Shah (2020) classify PB into two types: divisible and indivisible PB. PB is a popular voting method, which is used to distribute a limited budget (divisible resources, such as money, time, etc.) among proposed options (that are called projects). PB is broadly categorized as divisible PB (if the projects are fractionally implementable) and indivisible PB (if the projects are atomic) (Sreedurga et al., 2021).

The studies conducted on PB by scholars reveal the importance of this case. Yves Cabannes is an urban activist, researcher, and expert who has been involved in the study and development of urban and housing

rights and initiatives under the leadership of people and citizens over the past 40 years. He believes that PB is the best measure intended to achieve environmental goals and social responsibilities around climate change. He indeed introduces the green PB.

Aziz and Shah (2020) conduct a study entitled "participatory budgeting: models and approaches" and define PB as a democratic approach to deciding the funding of public projects, which has been adopted in many cities across the world.

The most precious contribution of PB is its capacity and ability to provide imaginative and creative solutions, which are chosen through participatory procedures. They can provide valuable inputs to design plans and policies on reducing climate change locally with global impacts (Cabannes, 2021). With the development of stakeholder theory, the concept and philosophy of social responsibility are integrated into the structured (systematic) vision of the organization regarding the dynamic communication between companies and their stakeholders.

Social Responsibility (also called Corporate Social Responsibility (CSR)) includes four economic, legal, ethical, and philanthropic dimensions based on the definition presented by Carroll. According to these elements, a corporation or organization that is socially responsible must try to obey laws and ethics and be a good corporate (organizational) citizen to earn profit. Many researchers have structured their theories based on Carroll's work and developed these components. According to Díaz and Bolívar (2014), the foundations provided by different CSR definitions show the need for management based on the strategic elements of environmental quality, safety, and occupational health that should contribute to improving performance in human talent processes, strengthening the confidence of collaborators and community towards the organization, and influencing them in the management of human talent (Ramírez et al., 2018). According to Antelo and Robaina (2015), CSR is the ongoing commitment to sustainable economic development through improving the life quality of employees, families, the local community, and society. It tends to take measures that link stakeholders and is in favor of vulnerable individuals. Lotero (2015) states that social responsibility is the sum of management responsibilities that pertain to laws, the environment, business results, ethics, and transparency concerning the groups involved in the business.

Business-related social responsibility consists of promoting responsible business procedures that are beneficial for businesses and society and contribute to sustainable social, economic, and environmental development by maximizing the positive effect of business on society and minimizing the negative impact on the environment (Chumarkina & Abulkhanova, 2021). Now, the importance of CSR is undeniable, so a movement has been shaped around this topic across the world. The reason for this fact is numerous academic research and initiatives conducted and promoted by commercial institutions, non-governmental organizations, and UN-associated institutions (Barbieri & Cajazeira, 2012). However, academic studies on CSR advantages and its effect on the performance of organizations and corporations have shown contradictory results (Gonçalves et al., 2021). It has been revealed that since its creation, socio-environmental movement is not considered a configured integrated and homogenous movement. On contrary, it presents a multifaceted character due to the plurality of visions, values, and objectives in which, the formation of a global movement occurs. While some sectors of the company or corporation consider CSR a financial loss, others see it as a strategy to increase economic-financial, social, and environmental performance (Madime & Gonçalves, 2022).

In addition to profitability and earning a profit, organizations need to invest in the future by making people aware of their products and services. Therefore, the growth, continuity, and survival of any organization depend on the economic, environmental, and social conditions in which they act. In this case, the main aspects of business ethics shape the base for development and adherence to CSR (Aimkij et al., 2013).

Increasing awareness of the severe social and environmental impacts of corporations and organizations and attention to CSR targets sustainable development (Marí-Farinós, 2017). For this purpose, CSR must be integrated into different business and organizational strategies and procedures to provide the field for management of three economic, social, and environmental fields. Consideration of CSR ensures that measures cover more objectives beyond the short-term and instant goals (Ashrafi et al., 2018).

Studies conducted on CSR confirm the mentioned points. According to the results of the study entitled

"consequences of social and environmental corporate responsibility practices: managers' perception in Mozambique" (Madime & Gonçalves, 2022), the relationship between all core components of the social and environmental practices and economic, financial, social, and environmental performance is positive but insignificant except for social practices of community support, which have a weak relationship with the economic-financial performance, environmental performance, and social performance, as well as the environmental practices. The data indicate that incentive economic-financial strategies and policies must be strengthened for the agents who promote good CSR practices in the country to achieve satisfactory, measurable, and comparable economic-financial, social, and environmental performances.

Gajadur (2022) reviews and incorporates the findings of academic CSR and sustainability studies to direct hotels in achieving sustainability through CSR projects. In this way, this researcher provides the field for companies to participate in CSR activities by identifying the advantage and return rate of investment in CSR activities in relevant sectors. On the other hand, the risk of mistakes and violations may increase due to complicated societal conditions, enhanced structures and tasks of organizations, and inevitable faults or unethical and illegal behaviors. Such situations occur because it is difficult to monitor employees, especially in service organizations such as municipalities where people have more demands. Such high demand for urban services and interaction between people and employees may lead to the abovementioned faults and violations. Therefore, surveillance and management of monitoring systems for employees and managers are not sufficient because many faults and violations occur from decision-making and design steps to implementation and services despite the existence of surveillance organizations in governmental and urban management structures.

Professional ethics in each profession and job and adherence to it can perform as an organizational and trans-organizational tool to prevent such faults and violations (if an organization adopts specific educational plans and recruitment commitments to increase attention level and apply professional ethics, professional ethics is seen as an intra-organizational agent. On the other hand, the case is seen as an individual and trans-organizational agent if employees

and managers adhere to ethics before entering the organization). Professional ethics has a positive and significant effect on both organizational commitment and the official performance of employees. This case leaves some consequences for the theoretical development of human resource management, particularly by concentrating on organizational citizenship behavior (OCB) regarding leadership, ethics, and competency factors that can determine commitment to the organization and corporation. This also may have some consequences for operating achievement and performance. Practical concepts recommend management apply transformational leadership, professional ethics, and work competence to increase organizational commitment and foster performance (Endri et al., 2022).

Professional ethics includes principles that individuals must follow voluntarily based on their consciousness when doing a professional activity without having any external commitment; otherwise, they are legally punished. Individual ethics is the person's responsibility for their behaviors as a human, while professional ethics is defined as the responsibility for professional behavior as an occupation owner or organizational position (Menbarrow, 2021). Two specifications can be seen in most definitions provided for professional ethics: A) attitude of individual originality or individualism, B) restricted responsibilities and ethical requirements in the job (Endri et al., 2022).

Today, professional ethics is the missing loop of a sound and effective management chain that draws the attention of managers towards ethical principles indigenously. This factor is required for the self-monitoring and self-purification of managers in the current management system of organizations. Organizations that have managers with professional ethics are distinguished from others. Endri et al. (2022) carry out a study to empirically prove the "influence of transformational leadership, professional ethics, work competence on commitment and its implications for the performance of Ship Safety Supervisors in the Coordination Work Area of the Tanjung Priok Main Harbormaster Office of the Ministry of Transportation." The results indicate that partially or jointly transformational leadership, professional ethics, and work competence have a positive and significant effect on organizational commitment with a contribution

(squared value) of 58%, and the dominant variable that affects organizational commitment is work competence. According to the findings of this study, in addition to other factors, professional ethics has a positive and significant effect on both organizational commitment and the official performance of employees.

Moreover, ethical issues are more complicated in financial and accounting affairs in the presence of mutual effect between professional and personal (or misbehavior) ethics. Ethical and other aspects mean that organizations and institutions that deal with financial and accounting affairs need reliable ethical leaders that can positively influence the management performance and activity of all teams. On the other hand, ethics is more important in accounting and financial affairs, and playing the role of an ethical leader in a human team is required more than before (Williams & Seaman, 2016).

Therefore, the importance and necessity of the view must be examined regarding the effect of PB on managers' CSR due to the advantages of participation of people and employees in the budgeting process and the incidence of the nation-state phenomenon in this context. On the other hand, more attention must be paid to the important aspects of managers' CSR through professional ethics in management and budgeting measures. Therefore, this study aims to examine the impact of PB on managers' CSR with mediating role of professional ethics (Case Study: Hamedan Municipality).

The conceptual model is designed by illustrating the type of nexuses to analyze the correlation between variables by investigating variables and their roles in the research process.

II. METHODS

This was a descriptive, survey-type study with a quantitative design, and its bibliographic review started in October 2021. Field studies and data collection were conducted in August 2022. The statistical population of the study comprised 160 managers of Hamedan Municipality, including the mayor general, deputy mayors, managers of subsidiary organizations, and mayors and managers of four districts. The sample size was determined as 113 based on the Morgan table and Cochrane formula. The stratified random sampling method was used, and data were collected through a comprehensive, researcher-designed questionnaire that included four parts. The first part comprised

two researcher-made sections: a demographic questionnaire and some purposeful questions about the conceptual framework of the study. The second section included Belkaoui's (1990) PB questionnaire, which contained 40 items in three parts on a 5-point Likert scale. Section three included Maignan and Ferrell's (2002) CSR questionnaire, the revised version of organizational social responsibility by Carroll (1991), which consisted of 33 questions based on a 5-point Likert scale and covered four dimensions: economic, legal, ethical, and philanthropic. The fourth section included Cadozier's (2002) professional ethics questionnaire,

which comprised 16 items. Finally, 99 questionnaires were collected and analyzed. Data analysis was conducted using SPSS and PLS software with statistical techniques including structural equation modeling, Z index, Kolmogorov-Smirnov test, Skewness, Kurtosis, Levene's test, and Variance Inflation Factor (VIF). Data processing was performed through partial least squares modeling (PLS-SEM), Fornell-Locker, and HTMT criteria. Internal and external models were illustrated, and the final model was analyzed in terms of standards and significance, then the effects of variables on each other and their relationships were examined.

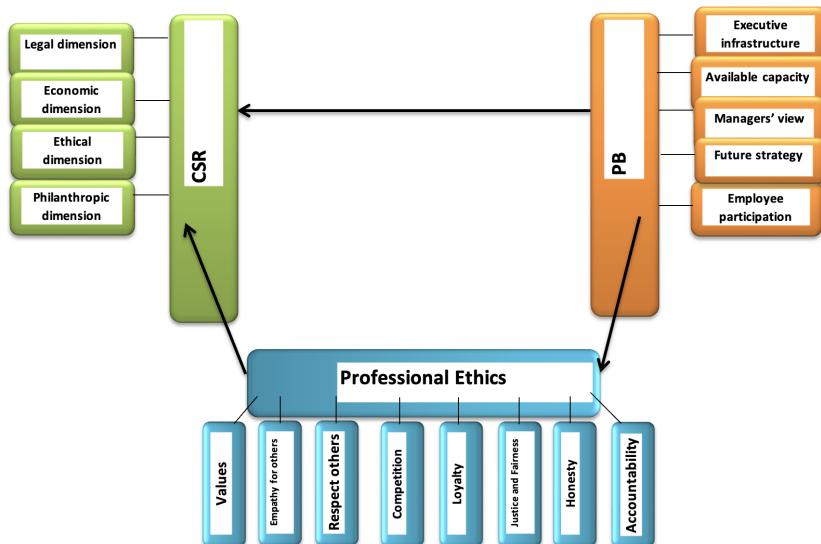


Figure 1. Conceptual Model.

Conceptual Framework and Instruments

In explaining the conceptual framework above, it should be stated that PB acted as the independent variable, and its main components were expressed within the structure of Hamedan Municipality. To achieve these objectives, the researcher designed a PB model based on the following components: executive infrastructure (referring to the current budgeting mechanism in the country's municipalities), existing capacity (referring to the role of neighborhood councilors as the first step for participatory budgeting), managers' perspectives (referring to the way managers perceived people's awareness and participation in budgeting), and future strategy (referring to the implementation of participatory budgeting). A researcher-made questionnaire was also developed to examine these components. Moreover, Belkaoui's PB Questionnaire (Belkaoui, 1990), including three parts

and 40 items, was used to assess the final component of participatory budgeting, namely the participation of municipal employees in budgeting. The second variable in the conceptual framework, social responsibility, served as the dependent variable and included four dimensions according to Carroll's definition (Carroll, 1991). In the third part of the research questionnaire, this variable and its role were examined using Maignan and Ferrell's questionnaire (Maignan & Ferrell, 2002), which contained 33 items across the four dimensions. Finally, the mediating variable, professional ethics, was included in the framework. In the fourth part of the research questionnaire, following its study, Cadozier's Professional Ethics Questionnaire (Cadozier, 2002), including 16 items and eight components, was applied.

III. RESULTS

Demographic-Descriptive findings

In the present study, the majority of the sample was male (77.8%) and female (22.2%). Most of the respondents were in the age group of 30 to 50 years.

The largest group was with 16 to 20 years of experience (31.3%), while 7.1% had less than 5 years of experience. Most of the respondents were senior employees (55.6%) (Table 1)

Table 1. Frequency distribution of demographic profile.

Gender	Absolute frequency	Frequency (%)	Relative cumulative frequency (%)
Male	77	77.8	77.8
Female	22	22.2	100
Age			
≤30	1	1.0	1.0
30-40	43	43.4	44.4
41-50	46	46.5	90.9
>50	9	9.1	100.0
Education			
Diploma	2	2.0	2.0
BA	32	32.3	34.3
MA	56	56.6	90.0
Ph.D.	9	9.1	100
Work experience			
<5	7	7.1	7.1
6-10	19	19.2	26.3
11-15	26	26.3	52.5
16-20	31	31.3	83.8
>20	16	16.2	100
Job position			
Mayor	1	1.0	1.0
Manager	20	20.2	21.2
Deputy	23	23.2	44.4
Senior-level employee	55	55.6	100
Budgeting experience			
I have	60	60.6	60.6
I do not have	39	39.4	100
Total	99	100	

Table 2. Reports descriptive statistics of variables:
Table 2. Descriptive statistics of variables.

Criterion	Mean	SD	Med	Min	Max
Executive infrastructure	2.38	0.51	2.33	1	4
Available capacity	2.04	0.70	2	1	4
Managers' view	3.13	0.73	3.13	1.30	5
Future strategy	3.80	0.88	4	1.33	5
Employee participation	3.88	0.93	4	1	5
PB (PB)	3.18	0.56	3.18	1.93	4.70
Legal dimension	3.82	0.81	4	1	5
Economic dimension	3.73	0.71	3.78	1.11	5
Ethical dimension	3.99	0.57	4	2.40	5
The philanthropic and national dimension	3.99	0.57	4	2.40	5
CSR	3.82	0.53	3.79	2.33	5
Accountability	4.44	0.57	4.50	2.50	5
Honesty	4.61	0.59	5	2.5	5
Justice and fairness	3.46	1.03	3.50	1.50	5
Loyalty	4.34	0.67	4.50	2	5
Competition	3.08	1.25	3	1	5
Respect others	4.10	0.78	4	2	5
Empathy for others	4.41	0.66	4.50	1.50	5
Respecting social values and norms	4.38	0.58	4.50	3	5
Professional ethics	4.10	0.46	4.19	2.81	5

Inferential analysis

Table 3 reports the results of Kolmogorov Smirnov and Levene's tests.

Table 3. Testing normal distribution of variables.

Criteria	PB	CSR	Professional ethics
Kolmogorov Smirnov Z	0.127	0.061	0.054
Sig.	0.076	0.830	0.918
Levene's test	0.877	1.977	1.967
Sig.	0.420	0.144	0.146

According to the Table 3 Since the significance level of all variables is greater than $\alpha=0.05$, parametric tests can be used to test these variables. Moreover, Table

3 indicates the homogenous variance of all variables regarding the Sig value >0.05 .

Table 4. Standardized factor loads and validity-reliability indicators of constructs.

Variable	Items	Standard factor load	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
PB	Executive infrastructure	0.743	0.728	0.751	0.524
	Available capacity	0.669			
	Managers' view	0.703			
	Future strategy	0.812			
	Employee participation	0.693			
CSR	Ethical	0.837	0.762	0.848	0.583
	Economic	0.785			
	Philanthropic	0.680			
	Legal	0.744			
	Respect others	0.781			
Professional ethics	Competition	0.632	0.794	0.852	0.524
	Respecting norms	0.784			
	Honesty	0.783			
	Justice and fairness	0.648			
	Accountability	0.758			
	Empathy for others	0.766			
	Loyalty	0.613			

According to Table 4, the indicators selected for measuring model constructs required accuracy because all factor loads were greater than 0.7. Moreover, AVE values of all constructs were greater than 0.5 indicating the internal validity of variables. The composite

reliability index was greater than 0.7 indicating the internal consistency of reflective measurement models. Therefore, each construct of the model had suitable validity and reliability for measuring variables.

Table 5. Fornell-Locker index for measuring discriminant validity.

Variables	Professional ethics	PB	CSR
Professional ethics	0.724		
PB	0.509	0.726	
CSR	0.466	0.609	0.764

Table 5 indicates that all constructs are independent; it means that diagonal values (the second root of AVE) of each latent variable are greater than the correlation between the variable and other reflective latent variables in the model.

PLS-SEM modeling was used to examine the conceptual model of the study. The Path coefficients were at standard mode and their values vary between -1 and +1.

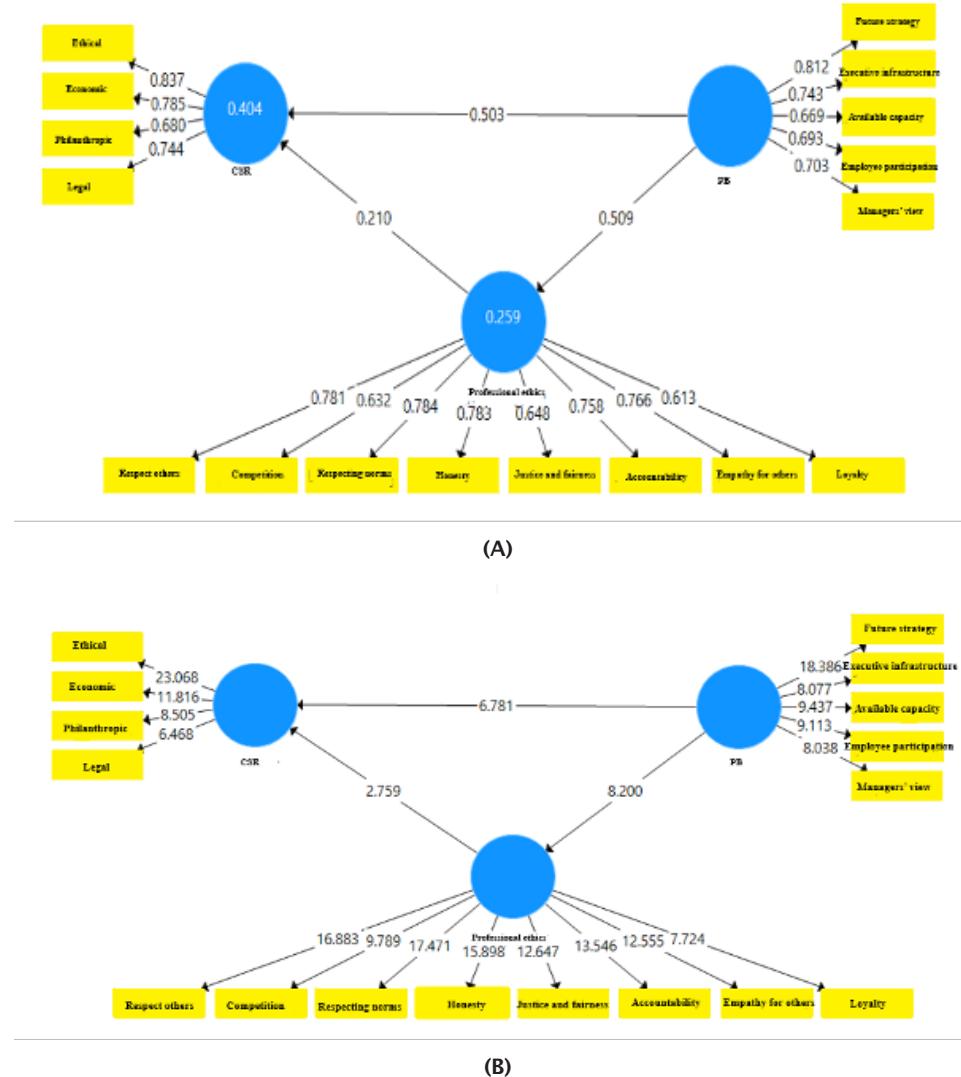


Figure 2. A) Primary model in standard mode, B) primary model in significance mode.

Table 6. Model quality indicators

Model quality	Coefficient of Determination (R^2)	Redundancy factor (Q^2)	Good of Fit (GOF)
Professional ethics	0.259	0.290	
PB		0.327	0.318
CSR	0.404	0.296	

According to Table 6, the independent variable (PB) is the predicted 26% of the variance in mediating variable (professional ethics) and 40% of the variance in the dependent variable (CSR). The redundancy index, which is similar to the Stone-Geisser indicator examined the model's ability for prediction by omission. When this index is greater than 0, the observed values are well restored, and the model has prediction power.

In this research, the redundancy index equaled 0.290, 0.327, and 0.296 for professional ethics, PB, and CSR, respectively.

GOF is the most important index in the PLS technique. According to the obtained GOF=0.318 for this model and the opinion of Wetzels et al. (2009), the model had a suitable GOF.

Table 7. Results.

Path	Path coefficient	t-value	p-value	Result
PB → CSR	0.503	6.781	0.001	Confirmed
PB professional ethics → CSR	0.107	2.432	0.015	Confirmed
Professional ethics → CSR	0.210	2.759	0.006	Confirmed

The results of Table 7 indicated that the direct path coefficient between PB and CSR equaled 0.503. The t-value equaled 6.718 at the significance level of 0.001, which is less than the default value of $\alpha=0.05$; therefore, this path coefficient is significant at the confidence level of 95%. Therefore, PB influenced CSR. Deliberative democracy is one of these features, which is called empowered consultation. Another feature was fostering and developing the consultation process based on collective wisdom and linking operations to discussion and accurate examination so that projects were implemented according to people's opinions. The most critical point in PB was alleviating people's indifference to urban management, which improved convergence with the organizational structure and reduced political indifference, mistrust, and dissatisfaction. According to the results of studies conducted on the importance of the environment and its high contribution to social responsibility, the findings of this study aligned with those obtained by the following studies. Madime and Gonçalves (2022) indicated a positive but insignificant relationship between all major components of social and environmental practices and economic-financial, social, and environmental performance; therefore, incentives, economic-financial policies, and strategies needed to be strengthened for agents promoting good CSR practices to achieve satisfactory, measurable, and comparable economic-financial, social, and environmental performance. Moreover, Cabannes (2021) and Karimi Kondozi (2021) highlighted the influence of environmental management in Kashan Municipality on the CSR of the organization. Therefore, environmental issues must be considered when providing services and implementing measures to achieve sustainable development, appropriate performance, and social responsibility. However, this finding did not align with results obtained by Ramírez et al. (2018), who explained that social responsibility principles were absent in the strategic management of human talent, and labor standards were often ignored, disadvantaging the principles of anticorruption, human rights, and the environment, which was not consistent

with the case study (i.e., hospitals in Venezuela).

The results indicated that the indirect path coefficient of PB and CSR through professional ethics was 0.107. The t-value was 2.432 (Sobel) at the significance level of 0.015, which was less than the default value of $\alpha=0.05$. Therefore, professional ethics could mediate the relationship between PB and corporate social responsibility. Consequently, the second hypothesis of the study was confirmed. The results demonstrated the mediating role of professional ethics in the relationship between PB and CSR. This finding aligned with the results obtained by Sojoodi and Kiakajoori (2022), who confirmed the mediating role of professional ethics. As Feka and Abdullai (2019) stated, the application of an ethics charter includes all values so that each member of the organization is responsible to respect these ethics to achieve organizational goals. This measure must be implemented to alleviate citizens' concerns. Moreover, service principles, professional ethics, and valuable morals reduce corruption in different contexts. They indeed introduce the intermediary role of professional ethics in various functions of each organization, considering its influence on achieving desired outcomes. In other words, professional ethics are vital accelerators for current organizational functions and mechanisms. The direct path coefficient of professional ethics and social responsibility of managers was 0.210. The t-value was 2.759 at the significance level of 0.006, which was less than the default value of $\alpha=0.05$. Therefore, this direct path coefficient was significant with a 95% confidence level. Hence, it is concluded that professional ethics affects CSR. This result is consistent with findings obtained by Madime and Gonçalves (2022), Malchi and Taleb Ghasabi (2021), and Talebi and Seify Komar (2019). Moreover, Amiri et al. (2016) explained that justice-oriented, task-based, and altruistic characteristics are components of professional ethics that improve social responsibility in the Iranian Traffic Police, while selfish ethics components prevent the realization of CSR in this organization. The coefficient of correlation between professional ethics and CSR was positive and significant at 0.76. Therefore,

improved professional ethics enhances its outcome, which is social responsibility. Accordingly, there is a direct linear relationship between professional ethics and social responsibility.

IV. CONCLUSION

According to the research findings and managers' views on public awareness of and participation in urban budgeting, this study demonstrated that PB (PB) can positively influence managers' perspectives. This influence may facilitate a future strategy for the urban budgeting system, including PB and the creation of a comprehensive citizenship survey system based on residents' criteria in Hamadan, Iran. Such an information system would make citizens aware of the budgeting process, while the Samanshahr citizenship system could collect citizens' feedback on the municipality's annual projects. These comments can be utilized in determining executive and subjective priorities, fund allocation, budgeting processes, and annual planning by the Municipality and City Council. This system enhances managers' perspectives, increases citizens' confidence, and can serve as a strategic model for direct participation of all societal groups in the budgeting process. For future strategies on direct public participation and PB, it is recommended to launch a Comprehensive Citizenship System and a dedicated platform for collecting public votes. It is also advised to establish a working group to study and plan the infrastructures required for implementing direct public participation in the budgeting process in Hamadan as a pilot case for Iran. If all legal, administrative, financial, and educational aspects are addressed within an intelligent PB system, Hamadan could serve as a model city with the necessary preparations for this purpose.

Furthermore, it is suggested that the Islamic City Council of Hamadan and the Cultural-Social Deputy of Hamadan Municipality establish a working group to design a Comprehensive Document on Hamadan Municipality's CSR. This document would include legal, ethical, and socio-economic responsibilities in both organizational and extra-organizational contexts. In addition, municipal executive operations should be implemented with cultural, social, and environmental attachments. The document can be tested for its applicability in Hamadan Municipality and used as a model for other municipalities in Iran. However, legal approval by Islamic Councils is required

for this document to be recognized as official law for nationwide application. The implementation of professional ethics remains challenging because a professional ethics charter for municipalities is lacking, which may affect organizational ethical commitments. Addressing administrative shortcomings, corruption, and violations requires designing a professional ethics bylaw through collaboration between Hamadan Municipality, Municipality Security, and the City Council, ensuring employees adhere to its principles. It is recommended that the Islamic City Council reviews and enforces this charter, imposing sanctions for any administrative violations. The legal status of the charter can be formalized in the next phase, adding it as a chapter to the municipality act and holding the Inspection Organization and Judiciary System responsible for legal enforcement.

Finally, it is worth noting that this study was conducted in Hamadan Municipality, which may differ from other municipalities regarding cultural, social, administrative, and managerial characteristics. Therefore, the results cannot be generalized to all cities and local communities.

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