Effects of organizational ethical culture on the ethical decisions of tax practitioners in mainland China

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Abstract

Purpose – The purpose of this paper is to examine the impact of organizational ethical culture on the ethical decisions of tax practitioners in mainland China.

Design/methodology/approach – The study is based on a field survey of practicing public accountants.

Findings – As hypothesized, certain dimensions of ethical culture had highly significant effects on intentions to engage in aggressive tax minimization strategies. Cultures characterized by strong ethical norms and incentives for ethical behavior significantly reduced the reported likelihood of engaging in unethical behavior in a high moral intensity case. In a low moral intensity case, intentions to engage in questionable behavior were significantly higher when participants felt that top managers in their firm were unethical and rewarded unethical behavior. Relativism judgments (judgments of what is traditionally or culturally acceptable or acceptable to one's family) emerged as the strongest determinant of behavioral intentions across both cases. Participants also appeared highly sensitive to questions regarding what is traditionally or culturally acceptable in Chinese tax practice.

Originality/value – This is the first study of ethical decision making among tax practitioners in mainland China, and the findings add to a growing body of literature documenting the significant effects of organizational ethical context on public accountants' decision making processes. This has important implications for CPA firms, suggesting that proactive steps should be taken to promote supportive ethical contexts. The findings for the effects of relativism judgments raise concerns regarding the ethical decisions of Chinese tax practitioners, implying they are likely to engage in unethical behavior if they feel such behavior is common in their cultural environment.

Keywords Ethical culture, Tax practitioners, Ethical decision making, Relativism judgments, Taxes, China

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Introduction

Models of ethical decision making in organizations typically assume that decisions are affected by a variety of individual, organizational, and societal influences. For instance, Hunt and Vitell's (1986, 1991) widely-cited model posits that ethical decisions may be influenced by personal characteristics (e.g. values, beliefs, cognitive moral development); organizational, industry, and professional environments; and the cultural environment (e.g. religion, legal and political systems). Accounting researchers have conducted many studies of the effects of personal characteristics such as cognitive moral development (e.g. Bernardi and Arnold, 2004, 1997; Sweeney and Roberts, 1997; Windsor and Ashkanasy, 1995; Ponemon, 1992a, 1992b) and ethical orientation (e.g. Shaub *et al.*, 1993) on decision processes. However, relatively little attention has been paid to the effects of organizational influences such as the perceived ethical culture or climate[1].

The study of organizational influences on ethical decision making arguably has more practical significance than the study of individual characteristics, since the latter are less subject to influence by the organization. In contrast, it is commonly recognized that the ethical climate or culture in organizations may be effectively managed (Schminke *et al.*, 2007; Grojean *et al.*, 2004; Treviño *et al.*, 1999). Thus, taking proactive steps to establish and maintain a supportive organizational ethical culture should encourage more ethical decisions by employees.

The relative dearth of studies on the influence of ethical context in public accounting firms is somewhat difficult to understand. In addition to wide recognition in theoretical models of ethical decision making, the importance of a supportive ethical context is frequently recognized in accounting practitioner journals (e.g. Gebler, 2006; Castellano and Lightle, 2005; Waring, 2004). Despite wide acknowledgement of its importance, Shafer (2008) appears to be the first study in the accounting literature to examine the effects of a multidimensional measure of ethical context in a public accounting setting. That study assessed the effects of ethical climate (Victor and Cullen, 1988, 1987) and firm type (local v. international) on the decisions of auditors in Mainland China. The study found that certain aspects of the climate in one's organization significantly influenced intentions to engage in questionable actions, and that auditors employed by international CPA firms in China made more ethical decisions than those employed by local Chinese CPA firms.

Shafer's (2008) findings provide an initial indication that organizational ethical context influences decision making in Chinese public accounting firms. However, much more research is needed to obtain a thorough understanding of the role of ethical context in public accountants' decision making processes. In addition to replications and extensions in the auditing context, the impact of ethical context on other public accounting professionals such as tax practitioners should also be examined. The ethical issues facing tax practitioners are quite distinct from those facing auditors; for instance, it is widely acknowledged that tax practitioners have a responsibility to serve as advocates for their clients, whereas auditors must meet strict client independence rules (AICPA, 2009). Clearly, the determinants of ethical decisions should not be assumed to be equivalent across such disparate contexts.

Thus, the primary objective of the current study was to extend research on the effects of organizational ethical climate/culture to the context of tax practitioners in Mainland China. Using Treviño *et al.*'s (1998) measure, we examine the impact of organizational ethical culture on several measures of ethical judgments and behavioral intentions. We also investigate the effects of CPA firm type (local v. international) in the distinct context of tax practice.

Literature review and hypothesis development

Ethical culture

Concepts such as organizational ethical culture (Treviño *et al.*, 1998; Treviño, 1990) and ethical climate (Victor and Cullen, 1988, 1987) have been influential in the management and business ethics literature over the last two decades. These concepts derive from the general constructs of organizational culture or climate (e.g. Smircich, 1983; Schneider, 1975), and may be viewed as subsets of these broader constructs (Victor and Cullen, 1988, 1987). As mentioned previously, the impact of the organizational environment on decision processes draws support from theoretical models of ethical decision making in organizations, most of which explicitly acknowledge the importance of organizational influences (e.g. Hunt and Vitell, 1991, 1986; Treviño, 1986; Ferrell and Gresham, 1985). The collective results of many empirical studies also strongly suggest that employees' perceptions of the ethical context in their organization influence the likelihood of dysfunctional or unethical behavior as well as affective outcomes such as organizational commitment and job satisfaction[2].

Treviño (1990, p. 195) conceptualizes ethical culture as "[. . .] a complex interplay of formal and informal systems that can support either ethical or unethical organizational behavior." Formal ethical systems embrace factors such as organizational policies, authority structures, and reward systems, while informal systems include factors such as peer behavior and perceived organizational norms and expectations. Citing Kopelman *et al.* (1990), Treviño *et al.* (1998, p. 451) make the distinction between two basic approaches to the study of ethical context in organizations: the phenomenal, which focuses on "observable behaviors and artifacts", and the ideational, in which the emphasis is on "underlying shared meanings, symbols, and values". Treviño's (1990) conceptualization of ethical culture "emphasizes the phenomenal level of culture – the more conscious, overt, and observable manifestations of culture such as structures, systems, and organizational practices, rather than the deeper structure of values and assumptions" (Treviño *et al.*, 1998, p. 451).

This emphasis is evident when one reviews the items included in the ethical culture questionnaire developed by Treviño *et al.* (1998) (see Appendix). The items address issues such as the role of top management as models of ethical behavior, organizational rewards for ethical behavior, discipline or punishment for unethical behavior, and expectations of obedience to authority. Although there are some similarities, the ethical culture construct is clearly distinct from the Victor and Cullen (1988, 1987) conception of ethical climate. Using Kopelman *et al.*'s (1990) terminology, the ethical climate construct is more "ideational" or conceptual in nature, comprising nine climate types derived from the crossing of two theoretical dimensions: the ethical philosophy that guides decision making (egoism, benevolence, principle) and the locus of analysis (individual, local, cosmopolitan). The ethical climate questionnaire measures employee perceptions of the influence of these theoretical climate types in their organization, such as the extent to which employees are motivated by self-interest (egoistic/individual), serving the public interest (benevolent/cosmopolitan), or legal/professional principles (principle/cosmopolitan).

Treviño *et al.*'s (1998) results suggest that their measure of ethical culture is a better predictor of unethical behavior than the ethical climate construct. Thus, the role and influence of organizational ethical culture in public accounting firms, with its emphasis on phenomena such as systems of organizational rewards (punishment) for ethical (unethical) behavior and expectations of obedience to authority, is clearly worthy of examination. Indeed, we felt that a phenomenal measure of organizational ethical context might be a more useful predictor of tax practitioners' judgments, because in tax practice there is less emphasis on ideational constructs such as serving the public interest.

Prior research on the linkage between ethical context and decision making has focused primarily on the effects of the perceived context on the likelihood of unethical or dysfunctional behavior rather than ethical judgments. Based on their meta-analysis of research on ethical climate, Martin and Cullen (2006) conclude that certain dimensions of the perceived climate significantly affect the likelihood of unethical or dysfunctional behavior, organizational commitment, job satisfaction, and psychological well-being. However, their model did not include a linkage between ethical climate and morality judgments. Treviño *et al.* (1998) also emphasize the effects of ethical context on behavior, suggesting that the perceived ethical context essentially defines what is considered legitimate or acceptable within the organization. Their survey results provide support for this assertion, demonstrating that employees who perceived the ethical context in their organization to be more negative reported more observed incidences of unethical conduct.

The effects of perceived ethical context on employees' ethical judgments appear to be more questionable. Because perceptions of ethical context define what is considered acceptable behavior within a particular work organization, it seems that such perceptions will be more likely to influence behavior than employees' perceptions of what is morally right or wrong. This contention is consistent with the empirical findings of the Shafer (2008) study, which concluded that certain dimensions of ethical climate had significant effects on auditors' self-reported behavioral intentions, but had little effect on ethical judgments. Accordingly, we propose the following hypothesis:

> *H1*. Organizational ethical cultures that are more supportive of professional ethics/values will reduce the likelihood that tax practitioners will engage in unethical behavior.

Firm type

Recent studies of public accountants in China have addressed the effects of firm type on both the perceived organizational ethical climate and ethical decisions. Shafer (2008) hypothesized that, relative to international firm auditors, auditors employed by local Chinese CPA firms would perceive the ethical climate in their organization to be more negative, judge questionable actions as more ethical, and estimate a higher probability of engaging in such actions. No significant effects of firm type on ethical climate perceptions were found, but local firm auditors did judge unethical actions more leniently and reported a higher likelihood of engaging in such actions. Also, Shafer (2009) found no differences in the ethical climates of local and international firms in mainland China.

Shafer's (2008) hypotheses regarding differences between local and international firms in China were based primarily on recent concerns in the management and business ethics literature regarding the state of ethics and morality in that country (e.g. Lu and Enderle, 2006; Snell and Tseng, 2002; Hanafin, 2002; Koehn, 2001). Tam (2002) and Snell and Tseng (2002) suggest that the apparent decline in morality in China during the transition to a market economy is due to the absence of strong social, economic, and legal systems. Snell and Tseng (2002) further suggest that attempts to develop a supportive ethical culture in Chinese business enterprises are seriously impeded by perceptions of widespread corruption in the business community. This assertion is consistent with Victor and Cullen's (1988) argument that the ethical climate in organizations will reflect social norms. Based on their review of research on ethical climate, Martin and Cullen (2006) also conclude that the external organizational context (e.g. social norms or culture) is an important antecedent of the perceived ethical climate. Accounting researchers have also expressed doubts about the ability of Chinese firms to maintain professional standards in light of the country's business environment (Cooper *et al.*, 2002; Tang, 2000, 1999; Hao, 1999).

However, the lack of support for differences in perceived ethical climates in the Shafer (2008, 2009) studies raises doubts regarding the legitimacy of these arguments, and also leaves us with little basis for hypothesizing a link between firm type and ethical decisions. Accordingly, while we were still interested in investigating tax practitioners in both local and international firms, we simply propose the following research question:

RQ1. Will significant differences exist in the perceived ethical culture and ethical decisions of tax practitioners employed by local and international firms in China?

Research method

Instrument

For purposes of the current study, participants were asked to respond to:

- two brief tax cases;
- a list of 15 items from the ethical culture questionnaire developed by Treviño *et al.* (1998)[3];
- an impression management scale (Paulhus, 1991); and
- a demographic questionnaire[4].

The tax cases and ethical culture scale items are presented in the Appendix.

The cases provided brief descriptions of ethical dilemmas commonly encountered in tax practice, and were initially developed in consultation with experienced tax practitioners working in CPA firms in Hong Kong and mainland China. Each case described an ethical dilemma, followed by a statement of the action taken by the hypothetical tax practitioner. Participants responded to each vignette by providing overall ethical judgments, judgments on six dimensions of the multidimensional ethics scale (MES)[5], the estimated likelihood that their professional peers would take the same action as the hypothetical CPA, and the estimated likelihood that they themselves would take the same action[6]. Responses were provided on seven-point scales, with seven indicating unethical actions and a higher estimated likelihood of committing similar actions.

Responses to the ethical culture instrument were provided on a six-point scale anchored on "completely false" (1) and "completely true" (6). The impression management scale was used to control for potential social desirability response bias (Treviño *et al.*, 1998; Randall and Fernandes, 1991; Paulhus, 1984). Responses were provided on a seven-point scale anchored on "not true" (1) and "very true" (7).

Responses of six or seven to this scale (after reverse scoring) describe an extremely honest person, and are assumed to capture the propensity to exaggerate the truth or "manage" impressions of oneself. A single score for each participant is calculated as the total number of such responses (Paulhus, 1991).

The instrument was translated from English to Chinese by a professional translator, and refined based on an independent back-translation. Following this procedure, the Chinese version of the instrument was pre-tested on a small sample of experienced tax practitioners in mainland China to identify any potential problems with understanding and to ensure that it addressed issues that were relevant in the context of their tax practice. These practitioners were interviewed to obtain their feedback on the instrument. Minor adjustments to the instrument to improve clarity were made based on the feedback obtained.

Due to the sensitive nature of research on ethics, steps were taken to encourage honest responses. For example, the questionnaire was accompanied by a cover letter from the researchers that assured participants that their responses would be treated as strictly confidential, the identity of the participating CPA firms would not be disclosed by the researchers, and the research results would only be analyzed and reported in the aggregate. In addition, participants were not asked to provide any personal identifying information in the instrument, giving them some assurance that their identity would not be known to the researchers.

Participants

The instrument was distributed through contacts at both local and international public accounting firms with offices in Beijing, Shanghai, and Shenzhen with the assistance of a professional research firm. Approximately 300 instruments were distributed to tax specialists at the senior, manager, and partner levels. An attempt was made to balance the sample between local and international firms. Participation in the survey was voluntary. Participants were instructed to complete the instrument without assistance, seal it in an accompanying envelope, and return it to the contact person for delivery to the researchers.

A total of 144 usable responses were received, providing a response rate of slightly less than 50 percent. Although this response rate is relatively high for survey research of this type, the possibility of non-response bias should be acknowledged as a potential limitation of the study. We did not test for non-response bias due to a lack of demographic information on the pool of potential respondents. A summary of demographic information for participants is provided in Table I. The sample was approximately half male and half female, and included seniors ($n = 62$), managers ($n = 60$), and partners ($n = 21$). The average age and professional experience of participants was 33.8 and 8.9 years, respectively. A total of 54 percent of participants worked for local Chinese CPA firms, defined as firms with operations only within China, and 46 percent worked for international firms. Most participants held either a bachelors or a masters degree. The majority (55 percent) held CPA certifications, and approximately 14 percent held various specialty certifications, primarily in taxation. A relatively large number of participants (slightly less than 30 percent) failed to respond to the certification question; it seems reasonable to assume that these individuals were not professionally certified.

		%
Gender [a]		
Male	68	48
Female	74	52
Age		
Mean	33.8	
SD	8.7	
Professional experience (years)		
Mean	8.9	
SD	7.1	
Position [a]		
Senior	62	43
Manager	60	42
Partner	21	15
Firm type [a]		
PRC only	77	54
International	65	46
Degree held [a]		
Associate/none	12	8
Bachelors	71	51
Masters	43	31
Other	14	10
Professional certifications held		
CPA	80	55
Other[b]	20	14
None or not reported[c]	44	31

Notes: [a]Numbers do not total 144 because of missing values; [b]These consist primarily of specialty tax certifications; [c]Most of the participants in this category failed to respond to the question. It seems reasonable to assume that most of these respondents did not possess a professional certification

Table I. Summary of demographic data

Findings

Preliminary analyses

Exploratory principal components factor analysis was used to test the dimensionality of the ethical culture scale. The results are reported in Table II. Using a cutoff value of 0.5, the 15 items loaded on three distinct factors with eigenvalues in excess of one, and there were no significant cross-loadings. As indicated in the Table, the first factor included ten items and explained 41 percent of the variance. Representative items from this factor include statements such as "ethical behavior is the norm in this organization", "the top managers in this organization represent high ethical standards", "people of integrity are rewarded in this organization", and "unethical behavior is punished in this organization". All the items included in this factor appear to relate to organizational ethical norms or incentives for ethical behavior; consequently, this factor will be referred to as "Ethical Norms/Incentives". The internal reliability of these ten items, based on Cronbach's alpha, was relatively high at 0.91. The second factor included three items designed by Treviño *et al.* (1998) to

Table II.
Ethical culture factor analysis

	Factor loadings[a] 1	2	3
Management in this organization disciplines unethical behavior when it occurs	0.642		
Penalties for unethical behavior are strictly enforced in this organization	0.682		
Unethical behavior is punished in this organization	0.699		
The top managers of this organization represent high ethical standards	0.589		
People of integrity are rewarded in this organization	0.825		
Top managers of this organization regularly show that they care about ethics	0.781		
Ethical behavior is the norm in this organization	0.737		
Top managers of this organization guide decision making in an ethical direction	0.716		
Ethical behavior is rewarded in this organization	0.861		
Professional ethics code requirements are consistent with informal organizational norms	0.719		
This organization demands obedience to authority figures without question	0.771		
People in this organization are expected to do as they are told	0.823		
The boss is always right in this organization	0.784		
Employees in this organization perceive that people who violate the professional code of ethics still get formal organizational rewards	0.634		
Top managers of this organization are models of unethical behavior	0.772		
Percentage of variance explained (%)	41	16	7
Cronbach alpha	0.91	0.73	0.73

Notes: [a]Factor 1 = Ethical Norms/Incentives; Factor 2 = Obedience to Authority; Factor 3 = Rewards for Unethical Behavior

measure organizational expectations for obedience to authority, and accordingly will be referred to as such. This factor explained 16 percent of the variance and had an acceptable internal reliability of 0.73. The final factor included the two reverse-scored scale items, "employees in this organization perceive that people who violate the professional code of ethics still get formal organizational rewards", and "top managers of this organization are models of unethical behavior". In contrast to the first factor, which emphasizes ethical norms and incentives for ethical behavior, these two items associate organizational rewards or success with unethical behavior. Accordingly, this factor will be referred to as "Rewards for Unethical Behavior". This factor explained seven percent of the variance and also had an acceptable reliability of 0.73[7] Scales were constructed by taking the mean of the items comprising each of the three ethical culture factors.

Similar factor analyses were conducted for the multidimensional ethics scale items for each of the two cases. Consistent with the findings of Shafer (2008), the MES items loaded on two factors: one comprising three moral equity items ("just", "fair", and "morally right") and one comprising one moral equity item ("acceptable to my family") and two relativism items ("culturally acceptable" and "traditionally acceptable"). Separate moral equity and relativism scales were constructed for each of the two tax cases. The Cronbach alpha reliabilities for these four scales were all acceptable, ranging from 0.74 to 0.90.

Analysis of mean responses

Mean responses by firm type for the ethical judgment, behavioral intention, and ethical culture measures are summarized in Table III. As shown in the Table, the only significant difference in the perceived ethical culture between local and international firm employees was for the Rewards for Unethical Behavior factor. Local firm practitioners reported a lower degree of agreement that rewards/success were associated with unethical behavior in their organization. There were also no significant differences in the behavioral intentions of local and international firm employees, although international firm employees judged the actions as significantly more unethical for both cases, based on overall and moral equity judgments. Thus, consistent with Shafer (2008, 2009), our results indicate that local firm employees did not perceive the ethical context in their firms more negatively. Local firm employees judged unethical actions more leniently, but in contrast to the findings of Shafer (2008), local firm employees did not estimate a higher likelihood of committing questionable actions.

ANOVA and regression analyses revealed that, with the exception of CPA firm type, demographic factors had little influence on the dependent measures. Accordingly, the other demographic measures were excluded from subsequent data analyses.

The mean responses reported in Table III also indicate that the action described in Case 1 was considered significantly more unethical than that in Case 2. Case 1 involved the creation of a fictitious intercompany expense provision to transfer profits to an associated company; thus, it involved a clearly fraudulent action. It is not surprising that participants considered this action to be unethical, as indicated by the mean rating of approximately six on a seven-point scale where seven represents "unethical". Interestingly, there is a clear contrast between the overall/moral equity judgments and relativism judgments, with the action being rated less harshly on the relativism dimension. Thus, although participants as a group felt it was clearly unethical they were somewhat ambivalent regarding its cultural or social acceptability. The behavioral intention judgments also indicate significant probabilities of both peer and self-reported unethical behavior. The overall and moral equity judgments for Case 2 were only slightly above the midpoint of the scale and also had significantly higher standard deviations, suggesting the action in this case possessed lower moral intensity (Jones, 1991)[8]. The relativism judgments for Case 2 leaned toward the "acceptable" end of the scale, and the likelihoods of peer and self-reported behavior were relatively high, approaching five on the seven-point scale. This case involved setting up sales offices in low-tax jurisdictions in order to minimize the overall corporate tax liability, and perhaps not surprisingly participants' responses suggest that this type of action is more likely to be viewed as an acceptable tax planning strategy.

	Local firms		Intl. firms		Pooled	
	Mean	SD	Mean	SD	Mean	SD
Case 1						
Overall ethical judgments	5.74	2.12	6.42	1.04	6.05*	1.67
Moral equity judgments	5.91	1.48	6.41	0.89	6.13*	1.24
Relativism judgments	4.56	1.99	4.22	2.14	4.40	2.06
Likelihood of peer behavior	4.09	2.58	4.09	2.45	4.09	2.53
Likelihood of respondent behavior	3.32	2.55	3.14	2.39	3.24	2.46
Case 2						
Overall ethical judgments	3.94	2.69	4.89	2.18	4.37*	2.52
Moral equity judgments	4.01	2.27	4.96	1.84	4.44*	2.16
Relativism judgments	3.07	2.09	3.23	1.89	3.14	2.04
Likelihood of peer behavior	4.56	2.49	4.97	2.24	4.75	2.40
Likelihood of respondent behavior	4.54	2.51	4.58	2.38	4.56	2.46
Ethical culture						
Ethical Norms/Incentives	4.15	0.89	4.06	1.04	4.11	0.95
Obedience to Authority	3.47	1.16	3.83	0.99	3.63	1.09
Rewards for Unethical Behavior	4.43	1.23	3.88	1.47	4.18*	1.38

Notes: *Mean difference is significant at the 0.05 level; All ethical judgments were measured on seven-point scales where 7 represents unethical or unacceptable behavior; Behavioral intentions were measured on seven-point scales where 7 represents a higher likelihood of committing the behavior; The ethical culture measures were measured on six-point scales where 6 represents a more ethical culture

Table III.
Mean responses

Correlation and regression analyses

Correlations among the continuous variables are reported in Table IV. Consistent with *H1*, for both cases the Ethical Norms/Incentives and Rewards for Unethical Behavior factors had highly significant negative correlations with the reported likelihoods of both peer behavior and self-reported behavior. These two factors also had significant positive correlations with relativism judgments, i.e. when the culture was perceived as more supportive of ethical values the actions were deemed to be less acceptable. As previously discussed, studies of the effects of ethical context generally have not hypothesized a link between context and ethical judgments; however, most of these studies did not measure relativism judgments. In hindsight, it seems logical to expect that perceptions of the ethical context in one's organization affect judgments of what is traditionally or culturally acceptable. The Obedience to Authority factor was significantly ($p = 0.05$) and negatively correlated with overall ethical judgments for Case 1 (the correlation with moral equity judgments being marginally significant, $p = 0.07$), but not for Case 2. Thus, for Case 1, a perceived organizational emphasis on strict obedience to authority led participants to judge aggressive actions as more ethical. This seems to imply that respondents may feel organizational pressure to commit unethical actions, i.e. organizational demands or expectations for engaging in questionable behavior may lead employees to rationalize such actions as being more ethically acceptable.

The correlations also reveal that, with two exceptions, all ethical judgment measures were significantly and negatively correlated with both measures of behavioral intentions. This would be expected based on classic models of ethical decision making (e.g. Hunt and Vitell, 1991, 1986; Rest, 1986). Interestingly, overall and moral equity

Table IV. Correlation analysis

	EJ1	ME1	RE1	LP1	LR1	EJ2	ME2	RE2	LP2	LR2	EN	OA	RU	IM
EJ1	–													
ME1	0.78	–												
	0.00													
RE1	0.44	0.46	–											
	0.00	0.00												
LP1	(0.07)	(0.05)	(0.40)	–										
	0.37	0.51	0.00											
LR1	(0.26)	(0.22)	(0.49)	0.71	–									
	0.00	0.01	0.00	0.00										
EJ2	0.37	0.29	0.12	(0.20)	(0.13)	–								
	0.00	0.00	0.16	0.02	0.11									
ME2	0.26	0.25	0.12	(0.25)	(0.11)	0.87	–							
	0.00	0.00	0.15	0.00	0.18	0.00								
RE2	0.18	0.15	0.45	(0.48)	(0.35)	0.59	0.67	–						
	0.03	0.07	0.00	0.00	0.00	0.00	0.00							
LP2	(0.10)	(0.08)	(0.37)	0.58	0.47	(0.41)	(0.47)	(0.66)	–					
	0.22	0.35	0.00	0.00	0.00	0.00	0.00	0.00						
LR2	(0.16)	(0.14)	(0.30)	0.55	0.58	(0.49)	(0.56)	(0.68)	0.81	–				
	0.06	0.10	0.00	0.00	0.00	0.00	0.00	0.00						
EN	(0.03)	(0.12)	0.25	(0.41)	(0.53)	(0.02)	(0.01)	0.32	(0.27)	(0.32)	–			
	0.71	0.14	0.00	0.00	0.00	0.78	0.87	0.00	0.00	0.00				
OA	(0.16)	(0.15)	(0.23)	0.06	0.12	(0.08)	(0.08)	(0.11)	0.02	0.08	(0.03)	–		
	0.05	0.07	0.01	0.50	0.15	0.32	0.33	0.21	0.78	0.31	0.73			
RU	0.01	0.05	0.35	(0.37)	(0.35)	(0.08)	(0.04)	0.22	(0.31)	(0.33)	0.51	(0.32)	–	
	0.87	0.57	0.00	0.00	0.00	0.32	0.65	0.01	0.00	0.00	0.00	0.00		
IM	0.07	0.12	0.42	(0.37)	(0.40)	0.02	0.07	0.36	(0.34)	(0.36)	0.46	(0.08)	0.53	–
	0.40	0.14	0.00	0.00	0.00	0.82	0.42	0.00	0.00	0.00	0.00	0.32	0.00	

Notes: The top number in each cell is the Pearson correlation coefficient, with negative correlations shown in parentheses; the bottom number is the significance level of the coefficient based on a two-tailed test; EJ1 = Overall ethical judgments for Case 1; ME1 = Moral equity judgments for Case 1; RE1 = Relativism judgments for Case 1; LP1 = Likelihood of peers engaging in similar behavior, Case 1; LR1 = Likelihood of respondent engaging in similar behavior, Case 1; EJ2 = Overall ethical judgments for Case 2; ME2 = Moral equity judgments for Case 2; RE2 = Relativism judgments for Case 2; LP2 = Likelihood of peers engaging in similar behavior, Case 2; LR2 = Likelihood of respondent engaging in similar behavior, Case 2; EN = Ethical Norms/Incentives; RU = Rewards for Unethical Behavior; OA = Obedience to Authority; IM = Impression management

judgments for Case 1 were not significantly correlated with the estimated likelihood of peer behavior, although relativism judgments were highly correlated with such estimates. That is, participants felt the behavior of their peers would not be affected by whether the behavior was considered ethical or moral, but would be influenced by perceptions of whether the behavior was deemed culturally or traditionally acceptable. Across both cases, relativism judgments also had the strongest correlations with both measures of behavioral intentions. Thus it appears that perceptions of what is culturally or traditionally acceptable or acceptable to one's family has a particularly strong influence on the behavioral intentions of Chinese tax practitioners.

Somewhat surprisingly, the impression management variable was not significantly correlated with overall or moral equity judgments for either case. However, impression management exhibited highly significantly positive correlations with relativism judgments for both Case 1 ($p = 0.00$) and Case 2 ($p = 0.00$), implying that participants biased their reports of what is considered acceptable behavior in a socially desirable fashion (a higher propensity for impression management led to actions being judged as less acceptable). Impression management also had highly significant negative correlations with the behavioral intention measures for both cases, which implies that the estimated likelihood of both peer behavior and self-reported behavior is biased in a socially desirable fashion. Finally, impression management had highly significant positive correlations with two of the three ethical culture factors: Ethical Norms/Incentives ($p = 0.00$) and Rewards for Unethical Behavior ($p = 0.00$). These results imply that participants attempted to portray the culture in their firms in a relatively favorable light.

Multiple regression models for ethical judgments and behavioral intentions are presented in Tables V and VI. Separate models are reported for overall, moral equity, and relativism judgments, and for the estimated likelihood of peer behavior and personal behavior. The models for Cases 1 and 2 are presented in Tables V and VI, respectively. The models for ethical judgments include the three ethical culture factors, CPA firm type, and impression management as independent variables[9].

Consistent with the correlation results reported in Table IV, among the three ethical culture variables only the Obedience to Authority factor had a significant effect ($p = 0.024$) on overall ethical judgments for Case 1. Again, the relationship was negative, indicating that organizational cultures demanding higher degrees of obedience to authority led participants to judge aggressive tax avoidance more leniently. Consistent with the mean differences reported in Table III, the effect of firm type was also significant ($p = 0.001$), with international firm members judging the actions to be more unethical. In the model for moral equity judgments, firm type ($p = 0.001$) and impression management ($p = 0.033$) were significant, and the Obedience to Authority factor was marginally significant ($p = 0.079$). In the case of relativism judgments, only the Obedience to Authority ($p = 0.043$) and impression management ($p = 0.000$) variables were significant.

Ethical judgments were included in the regression models for both likelihood of peer behavior and likelihood of respondent behavior, since judgments are widely assumed to be a precursor of intentions in models of ethical decision making[10]. Due to very high correlations between overall and moral equity judgments, moral equity judgments were excluded from the models in Tables V and VI[11]. The Ethical Norms/Incentives factor and relativism judgments had highly significant effects on the likelihood of peer behavior ($p = 0.007$ and $p = 0.002$ respectively) and on the likelihood of respondent behavior ($p = 0.000$ and $p = 0.001$ respectively). Firm type did not approach significance in either model, nor did any of the other variables. Both models were highly significant ($p = 0.000$ in both cases) and explained in excess of twenty percent of the variation in behavioral intentions. The significant effects of the Ethical Norms/Incentives factor on both measures of behavioral intentions provide partial support for *H1*.

The results for Case 2, reported in Table VI, indicate that consistent with our expectations the ethical culture variables had little effect on overall or moral equity judgments. Firm type and impression management were also insignificant in these two models, and the models did not explain a significant amount of the variation in overall

	Standard beta	t-statistic	p-value
Dependent variable = Overall ethical judgments			
Independent variables:			
Ethical Norms/Incentives	−0.084	−0.85	0.398
Obedience to Authority	−0.200	−2.29	0.024
Rewards for unethical behavior	−0.045	−0.41	0.684
CPA firm type	0.272	3.29	0.001
Impression Management	0.119	1.20	0.233
F-value = 3.28; Model significance = 0.008; Adjusted R^2 = 0.075			
Dependent variable = Moral equity judgments			
Independent variables:			
Ethical Norms/Incentives	−0.071	−0.73	0.529
Obedience to Authority	−0.154	−1.77	0.079
Rewards for unethical behavior	0.042	0.38	0.698
CPA firm type	0.235	3.29	0.001
Impression Management	0.213	2.15	0.033
F-value = 3.89; Model significance = 0.003; Adjusted R^2 = 0.095			
Dependent variable = Relativism judgments			
Independent variables:			
Ethical Norms/Incentives	0.049	0.53	0.599
Obedience to Authority	−0.167	−2.04	0.043
Rewards for unethical behavior	0.087	0.85	0.398
CPA firm type	−0.027	−0.35	0.730
Impression Management	0.338	3.63	0.000
F-value = 7.69; Model significance = 0.000; Adjusted R^2 = 0.194			
Dependent variable = Likelihood of peer behavior			
Independent variables:			
Ethical Norms/Incentives	−0.250	−2.76	0.007
Obedience to Authority	−0.064	−0.78	0.435
Rewards for unethical behavior	−0.123	−1.22	0.222
CPA firm type	0.028	0.35	0.726
Impression Management	−0.067	−0.71	0.481
Overall ethical judgments	0.045	0.51	0.613
Relativism judgments	−0.295	−3.09	0.002
F-value = 7.38; Model significance = 0.000; Adjusted R^2 = 0.244			
Dependent variable = Likelihood of respondent behavior			
Independent variables:			
Ethical Norms/Incentives	−0.327	−3.87	0.000
Obedience to Authority	0.008	0.10	0.917
Rewards for unethical behavior	−0.036	−0.38	0.701
CPA firm type	−0.020	−0.27	0.783
Impression Management	−0.100	−1.14	0.256
Overall ethical judgments	−0.113	−1.36	0.177
Relativism judgments	−0.297	−3.32	0.001
F-value = 11.26; Model significance = 0.000; Adjusted R^2 = 0.342			

Table V.
Regressions for ethical decisions – Case 1

Table VI.
Regressions for ethical decisions – Case 2

	Standard. beta	*t*-statistic	*p*-value
Dependent variable = Overall ethical judgments			
Independent variables:			
Ethical Norms/Incentives	0.020	0.19	0.843
Obedience to Authority	−0.143	−1.57	0.117
Rewards for Unethical Behavior	−0.199	−1.75	0.083
CPA firm type	0.096	1.12	0.265
Impression management	0.087	0.84	0.401
F-value = 1.14; Model significance = 0.342; Adjusted R^2 = 0.005			
Dependent variable = Moral equity judgments			
Independent variables:			
Ethical Norms/Incentives	−0.041	−0.14	0.891
Obedience to Authority	−0.123	−1.35	0.178
Rewards for Unethical Behavior	−0.150	−1.32	0.191
CPA firm type	0.111	1.29	0.199
Impression management	0.127	1.23	0.222
F-value = 1.02; Model significance = 0.410; Adjusted R^2 = 0.001			
Dependent variable = Relativism judgments			
Independent variables:			
Ethical Norms/Incentives	0.238	2.47	0.015
Obedience to Authority	−0.099	−1.16	0.246
Rewards for Unethical Behavior	−0.102	−0.96	0.338
CPA firm type	0.040	0.50	0.621
Impression management	0.279	2.90	0.004
F-value = 5.18; Model significance = 0.000; Adjusted R^2 = 0.131			
Dependent variable = Likelihood of peer behavior			
Independent variables:			
Ethical Norms/Incentives	0.010	0.13	0.896
Obedience to Authority	−0.081	−1.19	0.232
Rewards for Unethical Behavior	−0.239	−2.86	0.005
CPA firm type	0.060	0.71	0.443
Impression management	−0.040	−0.52	0.607
Overall ethical judgments	−0.139	−1.72	0.088
Relativism judgments	−0.534	−6.18	0.000
F-value = 19.11; Model significance = 0.000; Adjusted R^2 = 0.477			
Dependent variable = Likelihood of respondent behavior			
Independent variables:			
Ethical Norms/Incentives	−0.069	−0.93	0.352
Obedience to Authority	−0.073	−1.14	0.256
Rewards for Unethical Behavior	−0.209	−2.62	0.010
CPA firm type	0.064	0.86	0.394
Impression management	−0.060	−0.82	0.420
Overall ethical judgments	−0.253	−3.27	0.001
Relativism judgments	−0.458	−5.54	0.000
F-value = 22.58; Model significance = 0.000; Adjusted R^2 = 0.521			

or moral equity judgments. In the model for relativism judgments, the Ethical Norms/Incentives factor ($p = 0.015$) and impression management ($p = 0.004$) were both significant. In the model for the likelihood of peer behavior, the Rewards for Unethical Behavior factor was significant ($p = 0.005$). The firm type variable again had no significant effects on behavioral intentions. Overall ethical judgments had only a marginally significant effect ($p = 0.088$), but the effects of relativism judgments were highly significant ($p = 0.000$). The model was also highly significant ($p = 0.000$) and explained approximately half the variation in the estimated likelihood of peer behavior. The model for self-reported behavioral intentions indicates that again the Rewards for Unethical Behavior factor was significant ($p = 0.010$), but the effects of firm type did not approach significance. Both overall ($p = 0.001$) and relativism judgments ($p = 0.000$) were highly significant, and the model explained over half the variation in behavioral intentions. Overall, the regression results for behavioral intentions provide partial support for *H1*.

Discussion

This study was an initial attempt to investigate the effects of organizational ethical culture on Chinese tax practitioners' decisions. The results for a relatively high moral intensity case indicate that the Ethical Norms/Incentives factor had a highly significant effect on both measures of behavioral intentions. This suggests that an organizational culture that emphasizes and rewards ethical behavior, and in which organizational leaders serve as positive role models, reduces the likelihood that tax practitioners will engage in overly aggressive actions. In a relatively low moral intensity case, the Rewards for Unethical Behavior factor had a significant effect on behavioral intentions, but the Ethical Norms/Incentives factor was not significant. Thus, for ethical issues of relatively low moral intensity, utilitarian considerations such as rewards to be gained from the behavior appear highly salient to Chinese tax practitioners' decision processes.

These findings clearly imply that top managers in public accounting firms should make an effort to develop and maintain positive or supportive cultures in their organizations. Researchers in management and business ethics often acknowledge the importance of the "tone at the top" set by organizational leaders, and suggest that attempts to maintain a positive ethical culture will not be effective unless management backs up their rhetorical claims regarding the importance of ethics with their actions (e.g. Treviño *et al.*, 1999; Grojean *et al.*, 2004). Grojean *et al.* (2004) argue that, to create a supportive ethical culture, top management should serve as positive role models for ethical behavior, establish and communicate clear expectations for ethical behavior throughout the organization, and formally recognize and reward behavior that is consistent with organizational values. Such strategies are clearly reflected in our Ethical Norms/Incentives factor; thus, the significant impact of this factor on behavioral intentions in the high moral intensity case provides empirical support for their practical significance. Schminke *et al.* (2007) argue that top managers should adopt a proactive approach to managing organizational ethical culture that involves assessing the existing culture and providing training to address identified problems or deficiencies. Our findings imply that such management strategies may improve the quality of ethical decision making by Chinese tax advisors.

In line with our expectations, the ethical culture factors generally had little impact on morality judgments. The primary exception was the Obedience to Authority factor, which had at least a marginally significant effect on all ethical judgment measures for the high intensity case. A stronger organizational emphasis on Obedience to Authority was associated with more lenient ethical judgments. One possible explanation for this finding is that demands for obedience to authority lead public accountants to rationalize questionable behaviors as ethically acceptable. Expectations of obedience to authority in Chinese public accounting firms and the effects of such expectations on ethical decision making should be further explored to clarify this issue.

Tax practitioners employed by local CPA firms assessed questionable actions more leniently based on overall and moral equity judgments, but these judgments had limited effects on behavioral intentions. Local firm employees also did not estimate a higher likelihood of committing questionable actions. Thus, the current study provides little support for the proposition that local Chinese public accountants will behave less ethically than their international firm counterparts. Further, consistent with the findings of Shafer (2008, 2009), local firm employees did not assess the ethical context in their firms more negatively. The collective results of these studies seem to provide a reasonable basis for concluding that firm type is not a significant antecedent of the perceived ethical context in public accounting firms in mainland China. Martin and Cullen (2006) suggest there are three types of antecedents of ethical context: external factors (e.g. national culture or broad social norms), organizational form (e.g. corporations v. professional partnerships) and strategic and managerial orientations. The lack of significant effects for firm type (which was assumed to reflect differential effects of external social norms) on perceptions of ethical context among Chinese public accountants implies that firm type may be too broad a measure to produce meaningful results. Thus, researchers may wish to examine the effects of more specific factors on the ethical context in accounting firms, such as top management characteristics.

A significant finding of the current study is that, across both cases, relativism judgments emerged as the strongest influence on behavioral intentions. In the regression models for the high intensity case, neither overall nor moral equity judgments had a significant effect on intentions, but the effects of relativism were highly significant. Overall and moral equity judgments had significant or marginally significant effects on behavioral intentions in the low intensity case, but again relativism judgments were the variable with the strongest influence. These results, particularly in the high intensity case, diverge from those of Henderson and Kaplan (2005). In that study, moral equity, relativism, and contractualism judgments all had significant effects on evasion intentions among a sample of taxpayers. One could argue that relativism should be particularly salient to our participants, since it is often suggested that culture and tradition have a strong impact on the views of Chinese. For instance, Vitell *et al.* (1993) proposed that ethical decisions in collectivist cultures such as China are more likely to be influenced by informal norms regarding what is considered ethically acceptable or appropriate behavior[12].

Another interesting finding relating to relativism judgments is that they were strongly associated with the propensity for impression management, while overall and moral equity judgments were not[13]. Our participants were particularly sensitive to questions regarding what is traditionally or culturally acceptable, or acceptable to one's family. The fact that relativism judgments were closely guarded implies at least a suspicion on the part of participants that what is viewed as acceptable behavior in Chinese tax practice would likely be considered unethical by outside observers. In light of the previously discussed claims regarding the poor state of business ethics in China, this finding raises concerns regarding the ethical behavior of Chinese tax advisors, suggesting they may be negatively influenced by the general acceptance of aggressive behavior in their cultural environment. Cross-cultural studies of tax practitioners' ethical decisions in Chinese and Western contexts may provide further insight on these issues.

Our findings regarding relativism judgments also extend the work of Shafer (2008). That study reported that overall ethical judgments significantly impacted Chinese auditors' self-reported behavioral intentions, but neither distinguished between high and low moral intensity cases nor tested the effects of relativism judgments on intentions. Our use of high and low moral intensity cases and simultaneous examination of the effects of both overall and relativism judgments reveals a quite different picture regarding the relationships among judgments and intentions. As discussed above, the effects of overall ethical judgments on intentions did not approach significance in our high moral intensity case, but across both cases and both measures of behavioral intentions, relativism judgments had highly significant effects on intentions. Our findings regarding the effects of impression management on relativism judgments also provide a stark contrast with the results of Shafer's (2008) study of Chinese auditors – in that study the effects of impression management on relativism judgments did not approach significance.

Concluding remarks

In certain respects, our findings support recent research on ethical context in Chinese accounting firms. But they also extend that work and reveal some interesting contrasts. Consistent with Shafer's (2008) study of auditors, a basic conclusion that may be drawn from the current study is that the ethical context in public accounting firms has the potential to significantly impact professional employees' behavioral intentions. Consistency of such basic findings across distinct functional specializations such as auditing and taxation significantly enhances their generalizability.

The current study is the first to use the Treviño *et al.* (1998) measure of ethical culture in a public accounting context. The significant effects of the Ethical Norms/Incentives factor on behavioral intentions in the high intensity case indicates that if firm management establishes norms and expectations for ethical behavior and such behavior leads to formal organizational rewards, the likelihood of overly aggressive actions may be decreased. This finding has important practical implications for CPA firms: if they wish to promote high standards of ethical behavior they should take proactive steps to foster a supportive organizational ethical culture.

The Obedience to Authority and Rewards for Unethical Behavior factors are unique to the Treviño *et al.* (1998) instrument, and provide some interesting findings. The fact that perceived demands for Obedience to Authority impacted morality judgments in the high intensity case is a novel finding, contrasting with Shafer's (2008) general conclusion that ethical context does not affect morality judgments and suggesting that organizational pressure to engage in questionable actions may lead professional employees to rationalize their moral acceptability.

The significant impact of Rewards for Unethical Behavior on ethical judgments in the low intensity case is also a novel finding in the context of tax practice, indicating that utilitarian considerations hold sway when ethical issues are in the "gray area". This finding may portend problems with Chinese tax practitioners' ethical decisions: if participants readily admit that purely utilitarian factors such as monetary rewards influence their willingness to engage in unethical behavior, it seems likely that such individuals may continue down a "slippery slope" of increasingly aggressive behavior if it is encouraged and rewarded.

Another unique finding of the current study is the emergence of relativism as the dominant influence on behavioral intentions. Chinese tax practitioners appear unwilling to frankly report what is considered acceptable in their local environment, yet considerations of what is acceptable have the greatest influence on their behavioral intentions in ethically charged situations. Taken together, these findings imply that cultural acceptability of aggressive tax avoidance in mainland China increases the likelihood that tax advisors will condone or acquiesce in such behavior. Obviously, this issue should be further investigated so that more firm conclusions may be reached.

Notes

1. Treviño *et al.* (1998) tested the effects of both ethical climate (Victor and Cullen, 1988, 1987) and ethical culture (Treviño, 1990) on observed unethical behavior and organizational commitment. They refer to these two constructs collectively as "ethical context", and we use this term in a similar fashion in the current paper.
2. For a recent review and meta-analysis of studies of organizational ethical climate, see Martin and Cullen (2006). For an exemplary study of the effects of both ethical climate and ethical culture on observed instances of unethical behavior in organizations and organizational commitment, see Treviño *et al.* (1998).
3. The Treviño *et al.* (1998) scale included several items designed to measure the presence of formal corporate codes of conduct. Because CPA firms are all required to follow a professional code of conduct, these items seemed less relevant in this context and were omitted.
4. Participants completed additional instruments used in related studies.
5. Henderson and Kaplan (2005) and Shafer (2008) both used eight items from the multidimensional ethics scale. However, in his study of Chinese auditors, Shafer (2008) found that two items relating to contractualism did not load significantly on any factor. Thus, these items were excluded from the current study. The six MES items included in the current study were "just", "fair", "morally right", "acceptable to my family", "culturally acceptable" and "traditionally acceptable".
6. Prior studies of accounting ethics have sometimes assumed that estimates of the likelihood of peer behavior represent a closer approximation of participants' own behavioral intentions than do self-reports. We felt that inclusion of both measures was desirable to provide contrasts between the two.
7. The factor analysis results for these 15 items are similar to the results obtained by Treviño *et al.* (1998) based on their sample of US college graduates. The primary difference is that the Rewards for Unethical Behavior items loaded on a separate dimension in our study, but loaded on a single dimension that included these items and most of the Ethical Norms/Incentives items in the Treviño *et al.* (1998) study.

8. One of the determinants of moral intensity in Jones' (1991) influential model is the degree of social consensus that an action is unethical. A higher degree of consensus that an action is unethical suggests a higher degree of moral intensity. Thus, the fact that participants rated the action in Case 1 as clearly more unethical, combined with the relatively low standard deviations for overall and moral equity judgments, indicate a higher degree of moral intensity or moral imperative associated with this case.
9. Although significant correlations existed among some of the independent variables included in the models reported in Tables V and VI, none of the variance inflation factors for any of these models exceeded 1.9, which indicates that the results were not significantly biased by multicollinearity.
10. The inclusion of the ethical judgment variables in these models had no impact on the effects of the ethical culture variables – when the models are run excluding judgments, the Ethical Norms/Incentives factor is highly significant and neither of the other culture variables approaches significance, as subsequently discussed.
11. When both overall and moral equity judgments were included in the models, the variance inflation factors for these two variables were each approximately three, indicating a significant multicollinearity problem. When moral equity judgments are substituted for overall ethical judgments, the effects of moral equity judgments are very similar to those for overall equity judgments, and the effects of relativism judgments remain highly significant.
12. An often-discussed example of such informal norms is the practice of guanxi, or the cultivation of relationships through reciprocal favors such as gift-giving. Although guanxi is often viewed as unethical in Western cultures, its long-standing cultural acceptance in Chinese society contributes to its perpetuation (Su *et al.*, 2003; Su and Littlefield, 2001; Hwang, 1987).
13. Recall that impression management was not significantly correlated with overall or moral equity judgments for either case, but was highly correlated with relativism judgments. Also, with one exception (moral equity judgments for Case 1), impression management did not affect overall or moral equity judgments in the regression models, but was the strongest influence on relativism judgments.

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Appendix. Tax cases and ethical culture scale

Case 1

Mr Chan has been the tax preparer of Company A, based in Shanghai, for several years. Company A has made unexpectedly high profits in the last month of the year. Mr Chan is asked by the company to create an expense provision representing service fees for services rendered in Hong Kong by an associated company incorporated in Hong Kong. This is done to reduce the taxable profits of A by moving those profits to the associated company. The associated company has made substantial losses this year in Hong Kong, and so can set off the transferred profits against its losses. However, Mr Chan is aware that, in fact, there have been no services provided by the associated company.

Action: Mr Chan prepares Company A's tax return with the inclusion of the provision for service fees expense.

Case 2

Company B has a factory in Guangzhou. It sells its products to customers both in the PRC and overseas. Its tax rate is 33 percent. Mr Zhu, a tax practitioner, suggests Company B establish a sales office in Shenzhen (where the tax rate is 15 percent), and a company in Hong Kong (where the tax rate is 17.5 percent). All goods for the domestic market are then transferred to the Shenzhen sales office, and all goods for export sales are transferred to the Hong Kong company, in both cases at a very low margin. This shifts the profit from Guangzhou to lower-tax Shenzhen and Hong Kong, thus reducing the overall tax payable.

Action: Mr Zhu prepares Company B's PRC income tax return, reporting only very low profits in Guangzhou.

Ethical culture scale

(1) Management in this organization disciplines unethical behavior when it occurs.

(2) Employees in this organization perceive that people who violate the professional code of ethics still get formal organizational rewards.*

(3) Penalties for unethical behavior are strictly enforced in this organization.

(4) Unethical behavior is punished in this organization.

(5) The top managers of this organization represent high ethical standards.

(6) People of integrity are rewarded in this organization.

(7) Top managers of this organization regularly show that they care about ethics.

(8) Top managers of this organization are models of unethical behavior.*

(9) Ethical behavior is the norm in this organization.

(10) Top managers of this organization guide decision making in an ethical direction.

(11) Ethical behavior is rewarded in this organization.

(12) Professional ethics code requirements are consistent with informal organizational norms.

(13) This organization demands obedience to authority figures, without question.

(14) People in this organization are expected to do as they're told.

(15) The boss is always right in this organization.

Note: *Reverse scored

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