

**EFFECTS OF ETHICAL CLIMATE BY SPECIALIZATION  
IN A CHINESE ACCOUNTING FIRM**

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### Abstract

This study examines the association between the perceived organizational ethical climate in a Big 4 Chinese CPA firm and ethical decisions across auditing, taxation and consulting specializations. The study employs a survey of accounting professionals located in major offices of a single CPA firm. The results indicate that the associations between ethical climates and ethical decisions differ across specializations. Specifically, both the public interest and instrumental (self/firm interests) climates were significantly associated with auditors' ethical decisions. In contrast, only the instrumental climate was associated with the decisions of tax and consultancy professionals. Our findings suggest that Chinese consulting and tax professionals in particular may not be giving adequate consideration to their obligations to comply with professional standards and act in a way that does not harm the public interest. Further, the findings imply that all professional employees of Chinese CPA firms, including auditors, are prone to follow unethical practices observed within their firm, which may lead to the normalization of corruption within such organizations.

**Keywords:** Ethical climate, public accounting, auditing, taxation, consulting, China