

Is There A Correlation Between Cheating In Undergraduate Institutions And The Mess On Wall Street? ... Are We Addicted To Cheating?

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ABSTRACT

A recent survey of undergraduate business students indicated that an overwhelming majority, over 75%, of the participants admitted to cheating. When graduate school majors were surveyed, research indicates that the biggest cheaters, 56% overall, were business majors. Are students behaving in response to societal rewards of corporate malfeasance resulting from corporate fraud? The defense and justification of “everybody does it” undermines the academic integrity standards and the financial reporting standards. A recent editorial likened the reports issued by Wall Street financial firms to a “fairy tale of assets.” This mindset of fraud and corruption infiltrates the learning process and establishes a diminished ethical expectation for the business students.

Keywords: Cheating, pedagogy for academic achievement, business school graduates, perceptions, demarking, unethical behavior, academic research, Business Week, Madoff, Cambridge University, Wall Street, fraudulent behavior, students, immoral behavior, Justice Department, corporate malfeasance.

INTRODUCTION

A recent survey of undergraduate business students indicated that an overwhelming majority, over 75%,ⁱ of the participants cheated. When graduate majors are surveyed, research determines that the biggest cheaters, 56% overall, were business students.ⁱⁱ Are students behaving in response to societal rewards of corporate malfeasance resulting from corporate fraud? The defense and justification of “everybody does it”ⁱⁱⁱ undermines the academic integrity standards and the financial reporting standards. A recent editorial likened the reports issued by leading Wall Street financial firms to a “fairy tale” of assets.^{iv} This mindset of fraud and corruption infiltrates the learning process and establishes a diminished ethical expectation for the business students.

Are the recent “bailout” legislative proposals perceived as a *reward* to the students standing on the sidelines watching the “Washington Legislators vs. Wall Street Barons” game? It appears as if Wall Street scored a touchdown with the \$700 billion dollar “bailout” plan. How can we expect our students to behave in an ethical manner when they perceive unethical behavior rewarded and sanctioned by our capitalistic system? Could there be a link between perceived expectations of reward vs. questionable reporting of financials and an increase in cheating by business students on college campuses?

Some research suggests that the United State’s economic climate has become so competitive that the only successful strategy for winning is cheating.^v If cheating has become the new pedagogy for academic achievement, the ultimate consequence will be increased cheating on the part of business graduates in corporate America. The genesis of cheating did not begin in the board room it began in the classroom^{vi} where practices involving cheating are rampant. Research exists connecting cheating in one academic environment to repetitive behavior exhibited by

students throughout their educational experiences^{vii}. It would seem a likely conclusion that the cheating tendencies would continue as students become business leaders.

WHAT CONSTITUTES CHEATING?

There is confusion on the part of undergraduate business students as to what cheating really means. This confusion leads to behavior that is linked to cheating scandals at the most prestigious of academic institutions. Unfortunately, when surveyed, business students perceptions of what constitutes cheating was significantly more lax than other majors.^{viii} Have we developed both an academic as well as corporate business culture that encourages and rewards cheating? Could the example of risk and cheating be compared to the return of poor grades vs. good grades, provide the foundation for successful business decision-making upon graduation?

Students develop coping mechanisms during their academic endeavors to justify behavior that might appear to be immoral. This process, called ethical distancing,^{ix} permitted students to separate their actions from the unethical behavior. Students have the ability to focus on the result rather than the action. The justification for cheating was driven by a competitive desire to achieve a goal.

Madoff and the Ponzi Scheme

The actions of corporate management involved in irresponsible and inaccurate financial reporting are justified by the participants using a similar mindset. Bernard Madoff, a highly respected member of the elite Wall Street Inner Circle, perpetrated the largest ponzi scheme in history by fabricating financial information for over twenty years. He managed to evade the auspices of the Securities and Exchange Commission, the accounting profession and the constant scrutiny of highly sophisticated investors because of his sterling reputation as a successful financial manager. He provided his investors with reports detailing a charade of fictitious financial transactions and highly coveted returns which were never questioned, even though the results appeared to be “too good to be true.” The investors did not complain until the reports were revealed to be as false as his reputation. The investors were not concerned about potential unethical behavior on the part of Mr. Madoff until it began to erode their financial holdings.

Difference Between Reality and Perception.....

Academic research indicates that students perceive themselves to be more ethical than business professionals.^x This conclusion, reached by the students, provides the foundation for the realization that cheating will continue throughout the students’ business careers in order to advance in a *perceived* unethical business environment. Students believe that cheating is merely a means of emulating successful behavior, it does not matter how the success is achieved because the only important component is success itself.

There is much disagreement among accounting students as to what constitutes cheating and dishonest behavior.^{xi} Perhaps this confusion enters the boardroom as the students graduate and become business professionals. The definition of cheating needs to be explored in today’s highly sophisticated, complex and ever changing world and according to *BusinessWeek* and needs to be redefined. Is copying a movie cheating? Is downloading a song from the internet cheating? For many the answer lies in whether they “get caught.” Mr. Madoff was hailed as a financial genius until the reality of Mr. Madoff’s actions was deemed to be in sharp contrast to the perception of his success.

Perhaps this generation of accounting students have been influenced by the perception that “everybody cheats” and “cheating has become a socially accepted behavior.”^{xii} An all encompassing mindset embraced by many accounting students and professionals is the idea that the “end justifies the means.”

Which came first.....?

Are students cheating in business school because executives are cheating in the boardroom or are professionals cheating in the boardroom because they successfully cheated their way through school? Once again we

need to determine the difference between reality and perception. The reality is 75% of all high school students cheat, 67% of all undergraduate business students admit to cheating and 56% of graduate business students have cheated during their schooling.^{xiii} In corporate America, 55% of executives have admitted to some form of cheating in business and even more, 93%, have admitted to cheating on a golf course.^{xiv} A survey conducted at Cambridge University in 2008 concluded that 49% of an anonymous online poll of 1,000 students admitted “they are not immune from the temptations of cheating.”^{xv}

Unfortunately, cheating has become an accepted part of our culture both in the classroom and the boardroom. “The mind-set of America has changed since World War II.”^{xvi} Civil disobedience is viewed as patriotic and cheating has somehow fallen into a similar mindset among society. Cheating on one’s taxes is viewed as the norm, and thus, the consequences of anti-social behavior have been integrated into the definition of acceptable conduct. The “everybody-does-it syndrome” provides the motivation for rationalizing anti-social behavior.^{xvii} If cheating on one’s taxes is acceptable, the natural conclusion would be that cheating in school is also acceptable.

What makes people cheat has engendered much debate around the water cooler throughout the last few decades. Is there a specific psychological personality trait that is apparent in the cheater? According to behavioral scientists, they have been unable to identify personality traits, such as greed, for example, that would make a person more prone to cheat.^{xviii} Unfortunately, researchers have concluded that most people, given the opportunity, would cheat.^{xix} Society rewards winners. Students with the highest GPA’s get the best jobs and CEO’s with the biggest profit, make the most money. It is not difficult to see a correlation between winning, at any cost, and success. Wall Street has embraced the notion that “greed is good”^{xx} and that the ultimate sign of success is making a lot of money.

In order for cheating to successfully occur there must be both opportunity and the ability to either “cover-up” the transgression or at least rationalize the behavior. The preoccupation with “success at any cost” has undermined society’s moral fiber. Students are continually exposed to fraudulent corporate behavior and aware of the lack of consequences imposed on the perpetrator. Why not cheat....everyone else is doing it and getting away with it. The people involved in recent corporate scandals reads like a list of “Who’s Who in Successful Corporate America.” Bernard Madoff, Kenneth Lay and Martha Stewart are the titans of industry that students are attempting to emulate. When prominent executives are exposed as liars and cheats, the die is cast for students to view their behavior as acceptable. The perception that cheating is a component integral to success in business is an understandable conclusion.

DOES EVERYONE CHEAT?

Researchers conclude that a history of cheating is apparent. If a student cheats in high school the likelihood that they will also cheat in college increases.^{xxi} Can we further intuit, they will also cheat in their professional careers? History indicates that the prevalence in cheating has risen. Research studies conducted in the 1960’s indicated that approximately 30% of students admitted to cheating; by the 1990’s that percentage had increased to 50%.^{xxii} Currently, research indicates that an increasing number of students are cheating in high school, undergraduate school and in graduate school. In 1997, 76% of high school students admitted to “Who’s Who Among American High School Students” indicated they had cheated during their education and 92% had never been caught.^{xxiii} Can we merely blame the intense competition to succeed as the driving factor or are students seeing a society where cheating is viewed as understandable and therefore acceptable?

As researchers have seen an increase in cheating in the classroom, they have seen a similar to link to cheating in the workforce.^{xxiv} The high correlation between cheating in school and subsequently cheating at work is undermining the core of corporate ethics. Interestingly, students use the same excuses as their workplace counterparts. “Everyone cheats”, and that action does not “really constitute cheating”.^{xxv} Making excuses for bad behavior is rampant in both the classroom and boardroom. Perception is becoming reality as everyone seems to justify their inappropriate behavior. Interestingly, many students rationalized that their behavior was far less problematic than other types of immoral behavior, in essence minimizing their actions as “not as bad as...”^{xxvi} Students were able to compartmentalize their behavior from the outcomes of their actions. If they are never caught, are they really cheating?

The current onslaught of respected government officials and prominent professionals admitting to nonpayment of taxes is fueling the long held belief by society that “everyone cheats on their taxes!” Once this cheating behavior becomes an acceptable activity, with apparently no consequences, a dangerous precedent is set. The current Secretary of the Treasury was confirmed by the full congress and received a mere *rap on the knuckles* for non-payment of taxes, perceived by some as an absolute disqualification.

CAN WE STOP THE CHEATING?

Are there successful deterrents to cheating in the classroom and the boardroom? If people are able to justify their cheating behavior as acceptable, can we as a society change their moral compass to believing that cheating is unethical? We have attempted this in the classroom, apparently with little success. The majority of undergraduate and graduate business schools require a course in ethics, which includes the topic of cheating and corporate scandals.^{xxvii} Some educators perceive a culture of greed and competition as being an integral learning behavior honed inside the business classroom. Students are not being taught to understand the difference between corporate malfeasance and corporate success. We are attempting to teach tomorrow’s business leaders how to successfully compete in today’s complex transaction based economy, but we are neglecting the moral issue that must be an integral component to true achievement. Students develop attitudes in the classroom that they will incorporate into their work ethic.^{xxviii} Can we conclude that business schools are in essence teaching unethical behavior as an important tool to success in business? Psychological studies clearly indicate that moral development is a result of impressions made by peers and academics on the student throughout their school experience.^{xxix}

Another interesting fact researchers have pointed to as a potential leading indicator as to why business students cheat, is the close correlation between selfish behavior and money as a motivating factor in a career choice. Most students select business as a career, because of their goal to become successful and “make a lot of money.”^{xxx} If this is truly the motivating factor to attracting business students, the future business executive must be able to distinguish between success by any means and immoral behavior. If Wall Street deems success to be making the biggest profit and not rewarding ethical behavior, students will follow that mindset. Students are inundated with news stories depicting unconscionable acts of corporate excesses and inappropriate behavior with little attention being paid to the accountability factor. Students are exposed to corporate executives flying to Washington on private corporate jets seeking taxpayer funds to underwrite corporate excesses with little or no consequences.

Students are not rewarded for not cheating, they are rewarded good grades; the average GPA of cheaters is 3.37% compared to 2.85% for non-cheaters^{xxxi}, in much the same ethos as corporate America rewards good profits. Behavior and the ultimate response to actions is a learned trait. Students are seeing what is deemed as successful in both the classroom and the boardroom and following the obvious cues. It is apparent we need to change the definition of success as including the means as well as the results.

Some studies have indicated that academic institutions that implement an honor code are less likely to see cheating on exams.^{xxxii} The fact that a university has enacted an honor code seems to work as a deterrent against cheating, but not always. In a cheating survey conducted on the internet and made available on www.collegehumor.com, 67.7% of the participants who admitted to cheating did so in an institution where an honor code was in place.

Another driving force in the meteoric rise in the number of college students admitting to cheating is the lack of perpetrators being caught. Only 19.4% of the 29,176 students participating in an on-line cheating survey admitted to being caught and perhaps an even more disturbing result were that only 7.1% of those “caught” students stopped cheating.^{xxxiii} Consequences must be clearly delineated and enacted in all instances of cheating in the classroom for there to be an ultimate change of behavior on the part of the student. Apparently, the 81.3% students who cheat perceive their ability to “get away with” the behavior as a motivating factor for repeatedly engaging in the activity. Perhaps this perception is a driving force for the continuation of inappropriate behavior on the part of the corporate executive who cheats.

Are We Addicted to Cheating?

If business students who cheat in school are successful, earning the coveted A, how can we prevent them from continuing this cheating mindset as they enter the boardroom? The consequences of students and Corporate executives who cheat appear to be success in the classroom and boardroom which serves to justify their behavior. The belief that white collar crime is in essence a victimless occurrence further drives this behavior. Corporate officers are constantly singing the Britney Spears pop tune, “Oops, I did it again...” as they restate corporate earnings and financial statements on a continual basis. Restatement of previously reported income, a practice that had been perceived as an exception, has currently become the norm for financial statement reporting.

Negative consequences for inappropriate behavior has always provided the much needed deterrent for amoral behavior. If students cheat in school and corporate executives intentionally manipulate their results, both with no consequences, the behavior will increase. Accountability and transparency, the current mantra of the political elite, is attempting to correct this growing problem. In order for this process to be successful however, the students in the classrooms and the executives in the boardrooms must be convinced of the negative consequences for inappropriate behavior.

Cheating is a game to be played both in the classroom and on the internet. In the “Classroom Cheating Flash Game” available at *flashgamesite.com* a student can download a game where the stated goal is for the student to “move about the classroom and copy a quiz from the ‘geek’ while avoiding the teacher.”^{xxxiv} Cheating is portrayed as an adventure game instead of as an unthinkable behavior by today’s media savvy students. Students are addicted to finding innovative ways to cheat, either by text messaging answers or printing uber small cheat sheets and inserting them into their ever present water bottles.^{xxxv} Cheating in school has become an acceptable way of behavior, leaving the non-cheaters to question if they are not the foolish ones.^{xxxvi}

THE CURE FOR THE CHEATING ADDICTION

The cheating behavior becomes both contagious and addictive as the desired results are achieved. The lure of the addiction is not only receiving the desired result, such as an A, but the thrill of successfully circumventing the system. Students are eager to share their successful cheating strategies and create “How to Successfully Cheat” instruction manuals available on numerous websites on the ever available internet. We have essentially created a generation of addictive cheating students destined to become the next leaders of Wall Street.

The only cure for an addiction is to find an acceptable replacement for the overwhelming craving. Cheating cannot be perceived by today’s business students as an acceptable means of succeeding in school. Popular culture through movies and video games cleverly titled “Liar, Liar” and “Classroom Cheating” has infiltrated our mainstream media and made what once perceived as unacceptable acceptable. In courtrooms throughout America, the “*liar, liar pants on fire*” defense has become an option for presenting evidence in support of legal accusations of malfeasance.

Cheating cannot be perceived as fun, cute or socially acceptable. Students must be taught the consequences of decision-making that involves cheating and the resulting consequences of their actions. The best teaching tool society can provide to students are illustrations of the costs of dishonesty. Current research indicates that only 20% of “white collar” criminals face jail time.^{xxxvii} According to Justice Department statistics, from 2002-2007, a total of 1,236 corporate officers were prosecuted for fraud with many receiving lengthy prison sentences. Students need to be cognizant that the penalties of cheating exceed the better grade just as corporate officers, who, in the past derived substantial benefits with insignificant consequences need to be enlightened as well.

A popular behavioral tenet of criminology concludes that deterrence is a direct result of punishment. Both students and corporate officers must be held accountable for their inappropriate behavior and punished fairly and consistently if we are to stem the overwhelming tide of cheating in school and in the boardroom.

CONCLUSION

The correlation between cheating by undergraduate and graduate students and corporate malfeasance is an unsettling result that needs to be further explored. Do students justify their increasing cheating behaviors due to the barrage of new stories detailing corporate wrong doings? Students need to be aware of a link between punishment and corporate wrong doing. Primary research needs to be conducted on this topic to determine if the correlation exists both literally and perceptively.

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