# Application Of White-Collar Crime Research To Academic Fraud: A Focus On Rationalizations Of Accounting Students

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#### Abstract

This study examines rationalizations of academic fraud by presenting three nonfictional scenarios of questionable academic behavior to accounting students. The students were asked to categorize the behaviors as acceptable or unacceptable. Further, the students were asked to explain their reasonings, or rationalizations, an element found to be necessary for fraud to exist. Results find that if the student had already experienced or was close to experiencing the scenario, they were more likely to view the questionable behavior as acceptable. Further, results indicate that many students will fault the professor for unacceptable student behavior, but they generated many additional rationalizations as well. These findings have implications for faculty actions in the classroom.

# 1. Introduction

Fraud researchers have identified three elements that must be present for a fraud to be committed: pressure/motive, perceived opportunity to commit the act and remain undetected, and rationalization, or the ability to justify the act in one's mind. Fraud has been defined as gaining an unfair advantage by means of deceit. Academic fraud, or cheating, fits within this definition. This study examines accounting students' rationalizations for committing academic fraud.

The remainder of this paper is organized as follows. First, white-collar crime research on why people commit fraud is presented, followed by an explanation of how this theory relates to academic fraud, or cheating. Next, a brief literature review on cheating in academia is presented and the research method is described, followed by a discussion of the results with the rationalizations, and implications. This paper concludes with limitations and suggestions for future research.

#### 2. White-Collar Crime Research: The Fraud Triangle

Despite a large number of criminology theories explaining why people commit violent crimes, the best theory that researchers have developed to explain why people commit fraud is that of the "fraud triangle." For this reason, the American Institute of Certified Public Accountants (AICPA) Auditing Standards Board included a discussion of the fraud triangle for the first time in its newly-released auditing standard, Statement on Auditing Standard (SAS) No. 99, "Consideration of Fraud in a Financial Statement Audit" (2002).

Three elements must be present simultaneously for fraud to occur (Albrecht et al., 1995). These elements are *pressure* (or motive to commit the fraud), *perceived opportunity* to be able to perpetrate the fraud and remain undetected, and the ability to *rationalize* the action as acceptable behavior. These three elements are often referred to as the "fraud triangle," and if the risk of any one of those three elements occurring can be minimized, the risk of fraud also is minimized (see Figure 1).



Motive usually takes the form of financial pressure, such as bad investments or the desire to maintain a lifestyle more extravagant than the employee's salary can support (Buckhoff, 2001). Vices, such as alcohol, gambling, or drug use, are also a source of financial pressure. However, non-financial pressures may also exist. For example, employees may desire to "get even" with the employer, or may believe colleagues will like them better if they have more money.

Perceived opportunity usually manifests itself in the form of poor or missing internal controls. However, "perceived" is the key word with this element. The perpetrator must believe that the fraud will remain undetected because people who believe they will be caught rarely commit a fraud. Controls can be in place to detect a fraud in a timely manner, but if the employee is unaware of those controls, the fraud might still be committed. This principle also works in reverse: if controls are so deficient that anyone could get away with a fraud but the employee believes that adequate controls are in place, the fraud will be prevented. Thus, the key to fraud prevention is to increase in the employees' minds the perception that, if they commit a fraud, they will be caught (Buckhoff, 2002).

The third element is rationalization, or the ability of perpetrators to provide in their mind a morally acceptable excuse that justifies why their actions are not a crime, and it is unique to fraud perpetrators. Common rationalizations include "I'm only borrowing the money and will return it as soon as I can," "This company would fall apart without me so I deserve this and I'm not taking any more than is rightfully mine," "Nobody is getting hurt," "People would understand if they knew how much I need this," or "Everybody does it."

## 3. Academic Fraud

Academic dishonesty can be considered fraud in a classroom environment when one considers the definition of fraud. Fraud has been defined as "any and all means a person uses to gain an unfair advantage over another person" (Romney and Steinbart, 2003). Similarly, the American Heritage Dictionary (1991) defines fraud as "a deception deliberately practiced in order to secure unfair or unlawful gain; cheat." Finally, Black's Law Dictionary (1979) defines fraud as

"a generic term, embracing all the multifarious means which human ingenuity can devise, which are resorted to by one individual, to get an advantage over another by false representation. No definite and invariable rule can be laid down as a general proposition in defining fraud, as it includes surprise, trick, cunning and unfair ways by which another is cheated. The only boundaries defining it are those which limit human knavery."

The common theme in all three definitions is that fraud entails deceit in order to gain an unfair advantage over another.

Cheating by students is essentially fraud in an academic setting, where the three elements of pressure, perceived opportunity, and rationalization must be present for the cheating to occur. The pressures or motives to cheat may stem from pressure for better grades, competition, and academic stress in general, or inconsistent application of academic rules (Fass, 1990). The opportunity to cheat and remain undetected need not necessarily be

present—what is required is that the student perceives that such an opportunity exists. Perceived opportunity can exist in countless ways, limited perhaps only by students' imagination. Similarly, the ability to generate rationalizations—or morally acceptable excuses that justify in the student's mind the academic dishonesty— can vary depending upon the individual student and the situation.

#### 4. Literature Review

The purpose of this study is to examine whether the "fraud triangle" also applies to academic fraud by accounting students. Specifically, do students rationalize questionable academic behavior? If so, what are these rationalizations? Are students more likely to rationalize unacceptable academic behavior if they have already been exposed to the situation, or perhaps will soon be? Certainly, the ability of accountants to rationalize fraud is a timely topic, given the recent spate of corporate accounting scandals (e.g., Enron, WorldCom, Xerox, etc.).

No prior research has specifically examined how accounting students rationalize committing academic fraud, although researchers have studied business students' academic dishonesty and ethical beliefs. For example, Nonis and Swift (2001) examined the relationship between academic dishonesty and workplace dishonesty and found that business students who engaged in dishonest acts in college classes were more likely to engage in dishonest acts in the workplace. Johns and Strand (2000a) examined the ethical attitudes of business students and concluded that business students should continue to be exposed to situations in which they receive training in handling ethical dilemmas. Johns and Strand (2000b) also surveyed the ethical beliefs of business students and found that behaviors students believed to be most unethical included taking a test for someone else and obtaining answers from someone else during an exam. Thompson et al. (2004) examined whether ambiguity tolerance affected MBA students' propensity to cheat on exams in college, and found mixed results.

Cheating by college students in general has been described as rampant (Kleiner and Lord, 1999), with the Center for Academic Integrity at Duke University reporting that three quarters of college students confess to cheating at least once. Perhaps the most ironic story of accounting students cheating is that which occurred at the University of Wisconsin in 2003. An instructor gave accounting students a take-home test so they could be available to attend a speech by Sherron Watkins, the Certified Public Accountant (CPA) who achieved fame as the Enron whistle-blower that helped alert investigators to Enron's questionable accounting students worked in groups. Consequently, everyone had to retake the test, and the students who scored significantly lower on the second exam received the lower score (as reported in The Washington Post as a news brief, or see http://www-tech.mit.edu/V123/N22/shorts2\_22.22w.html).

#### 5. Method

Students who participated in this experiment were enrolled at a public university located in a nonmetropolitan area of the northwestern portion of the United States. All 114 students were majoring in business (accounting option) and were enrolled in either a sophomore-level second principles of financial accounting course, a junior-level second intermediate financial accounting course, or a senior-level principles of auditing course.

Thirty-five of these subjects were underclassmen and 84 were upperclassmen. Basic demographics are provided in Table 1.

A survey was designed with three real-life incidents that occurred at the university in question, which added experimental realism to the study (see appendix). All three scenarios describe ambiguous academic situations. Copying from another student's exam is clearly regarded as cheating (e.g., Johns and Strand, 2000b; Fass, 1990; Pratt and McLaughlin, 1989; Tom and Borin, 1988; Nuss, 1984), but other classroom behaviors are less clearly understood to be cheating (Ogilby, 1995).

	Range	19 – 37 years
Age		
	Mean	24 years
	Median	21 years
	Sophomore	35
Class		
	Junior	33
	Senior	51
	Male	53
Sex		
	Female	66

#### **Table 1: Demographics**

In each scenario, the pressure (or motive) present was for the student to maximize his/her grade, although research has found that students indicate they will cheat because of competition or general academic stress, as well (Ogilby, 1995). The perceived opportunity to be able to engage in the described behavior and remain undetected was also present. Thus, the only element needed in order for the student to perceive the described behavior as acceptable is that of a rationalization. The subjects in this study were asked to assess the described behaviors as acceptable or unacceptable, and to provide reasons for their answers. Participants were provided anonymity in order to promote honest, candid responses.

#### 6. Results

Responses are first categorized between lower-level accounting students (sophomores) and upper-level students (juniors and seniors). The first scenario describes an actual situation that the sophomore students likely would have experienced, depending upon the particular principles instructor they had. Likewise, the juniors and seniors likely would have experienced that scenario when they were sophomores, since several principles instructors at this university followed that approach to collecting homework. The second and third scenarios describe actual situations in two different senior-level accounting courses. Since only one instructor taught each of those two required courses, each senior student was experiencing that scenario. Further, many of the juniors may have known from their older friends and classmates (e.g., through Accounting Club, fraternities, sororities) that they would experience the same scenarios in another year.

Results for each scenario are analyzed first using Chi-square statistic, to determine if there are statistically significant differences in the opinions of the lower-level accounting students versus the upper-level students. Recall that Scenario A described an academic situation where some students in an afternoon section of an accounting principles class would check with friends in the morning section to determine if the professor had collected homework that day. If so, the afternoon students would do the assignment, otherwise the afternoon students would not. Homework was graded on completion/effort only and after dropping the two lowest homework scores, made up a total of 10% of the students' semester grade.

As shown by Pearson's Chi-square test, there is no statistically significant between-group difference ( $\chi^2 = 1.5695$ , p = 0.2103) in their opinions about whether the described behavior is acceptable or unacceptable (see Table 2). This result, combined with the fact that a majority of each group finds the behavior to be acceptable, suggests that since many of the subjects had already experienced or were currently experiencing the scenario, they had already rationalized the questionable behavior as acceptable.

(Scenario A)			
Students' Opinion of Behavior in Scenario A	Lower-level	Upper-level Students	
-	Students		
Unacceptable	8 (22.9%)	29 (34.5%)	
Acceptable	27 (77.1%)	55 (65.5%)	
	$\chi^2 = 1.5695,$		
	p = 0.2103		

 Table 2

 Students' Opinions by Class Category

 (Sconorio A)

Scenario B described another academic situation where the professor of a senior-level auditing CPA review class wanted her students to gain as much experience with old CPA Exam questions as possible. Therefore, she prepared all her quizzes and exams with past CPA Exam questions, getting her questions from a CPA Review book that was available in the campus bookstore. This book was not the text used in the class and the instructor obviously did not want the students to realize the source of her material since she did not tell the class about the review book. Of course, the CPA Review book contained not only the questions, but also the solutions. Early in the semester, a few students discovered the source of her questions, bought the book, and then were consistently getting the top scores in the class since they had seen the answers previously.

As shown in Table 3, there is a significant between-group difference ( $\chi^2 = 4.3175$ , p = 0.0377) in the opinions about whether the described behavior is acceptable or unacceptable. This scenario is one the senior-level students were currently experiencing, and a majority (76.2%) of the upper-level students were of the opinion that the behavior was acceptable. Since the sophomores will still at least two years away from enrolling in the course, many had not had a chance yet to rationalize the questionable behavior as being acceptable.

(Scenario B)				
Students' Opinion of Behavior in Scenario A	Lower-level	Upper-level Students		
	Students			
Unacceptable	15 (42.8%)	20 (23.8%)		
Acceptable	20 (57.2%)	64 (76.2%)		
	$\chi^2 = 4.3175,$			
	p = 0.0377			

# TABLE 3 Students' Opinions by Class Category (Summin B)

Scenario C described another academic situation where the professor of a senior-level business law class preferred to let his students keep their graded exams every semester because the exams served as a useful study aid for the upcoming CPA exam. However, because he had developed such good exam questions, he used several of the same questions on exams in subsequent years. Despite the fact that the professor clearly stated that students were not to find and use exams from previous semesters to study for his current exams, some students directly violated the professor's instructions and found friends who had taken the professor's class during an earlier semester. These friends let the students use their old exams, which resulted in these students scoring quite high on the professor's exams with very little studying.

As shown in Table 4, there is a highly significant between-group difference ( $\chi^2 = 6.9820$ , p = 0.0082) in the opinions about whether the described behavior is acceptable or unacceptable. This scenario is one the senior-level students were currently experiencing, and a large majority (90.5%) of the upper-level students were of the opinion that the behavior, once again, was acceptable. Since the sophomores were still at least two years away from

experiencing the scenario, many of them may not have realized it was an actual situation occurring in their college and therefore, they may not have had a rationalization developed yet for considering the behavior to be acceptable.

Table 4

Students' Opinions by Class Category (Scenario C)		
Students' Opinion of Behavior in Scenario A	Lower-level Students	Upper-level Students
Unacceptable	10 (28.6%)	8 (9.5%)
Acceptable	25 (71.4%)	76 (90.5%)
	$\chi^2 = 6.9820,$ p = 0.0082	

#### 7. Discussion of Rationalizations

Students were asked to provide reasons for why they perceived the described behavior in each scenario as acceptable or unacceptable. These comments added depth to understanding the students' opinions.

Recall that in Scenario A, there were no significant differences between the perceptions of the groups. Likewise, the rationalizations provided were similar between both groups. For those students who found the behavior to be unacceptable, their reason was almost unanimously based on one theme: the students in the afternoon session were gaining an unfair advantage over their peers in the morning session. A few respondents also pointed out that passing homework collection information on to friends in the afternoon class was not the way the method was intended to operate. Finally, several students noted the afternoon students were cheating themselves of their education. Representative responses for each of these rationalizations follow:

#### 1) Unfair advantage

- "If college transcripts were designed to reflect group performance, then this would be OK. However, they are designed to indicate an individual's performance. This practice gives an advantage to the afternoon students and therefore creates an 'uneven' playing field."
- "Students are gaining an advantage based on their position in the space-time continuum, rather than their intellectual prowess. However, it is cost-benefit effective."
- "This is a form of cheating. Not only do the students in the second session cheat themselves of education, but they also cheat the first session students of higher grades since all grades are graded together overall."

#### 2) Not the way the method was intended to operate

- "They were to be graded on effort and completion only so all they really needed to do was try, which they <u>did not</u>."
- "The whole point was to randomly collect homework."
- "They are not allowing the teacher to grade them fairly on the 'surprise' homework check. The teacher will not be able to determine if the student is routinely doing his homework."

#### 3) Cheating themselves

- "The student's behavior cheats himself as well as the students he tells. However, I do think the afternoon students' grades will reflect their efforts when it comes to test time."
- "Students are only cheating themselves, and basically that's what life is all about. If you cheat yourself it becomes habit and easy to cheat others. Also, what kind of behavior will this exhibit in the working world?"

There was a wider variety of responses among students who found the behavior to be acceptable. The general themes and representative responses of these rationalizations follow:

#### 1) Students were simply using available resources

- "Information is power. If the students are able to recognize trends and act on them, then they are just doing themselves a favor."
- "The afternoon students simply were put into a system where they could choose to use the morning's knowledge to their advantage."
- "The students are using legitimate resources for information. It is their choice as to whether they do the homework or not—they are not cheating or copying answers."
- "As students, we are expected to perform as we would in the real world. In order to get ahead, one must use all of the information available to them. The info about the collection of homework was readily available."

#### 2) No specific rule was violated

- "The students were not breaking any rules set by the professor."
- "The professor never said not to do this. Besides, the students were not checking answers they were merely checking on the day's happenings."

## 3) Cooperation among peers is best for all

- "For all we know, the students in the afternoon section could have been doing the same thing for the students in the morning section for a different class. It all works out."
- "This is a great example of teamwork and what it takes to 'cooperate to graduate."

#### 4) No serious harm was done

- "You want what is best for you, and helping your grade is in your best interest. Homework is a relatively small portion of the total grade, so it probably isn't that big of a deal."
- "It is only hurting themselves, not society or other class members."
- "If the professor was only going to grade on completion, then there was no 'cheating' involved."
- "They were being lazy, but they weren't copying answers."

#### 5) Logical and efficient use of students' time

- "Homework is supposed to help you learn. If some students feel they don't need that extra practice, that should be their decision. Accounting students are <u>very</u> busy with much homework so why do the homework if you don't need the practice and it won't be graded?"
- "Students don't want to waste their time doing something they don't have to."
- "The students should not be penalized for making the most of their time."

# 6) The morning students probably received benefits that the afternoon students didn't receive, so it all balanced out

• "While this might be somewhat unfair to the students in the morning class, they might in turn be receiving some other rewards by being in the morning section (i.e., the professor teaches better in the morning)."

# 7) The professor certainly had to expect that this would happen, so not only was he to blame but it must not have mattered much

- "The professor has created an unfair advantage for the afternoon class. The students did nothing wrong. It's not as if they copied the homework; they still had to put forth the effort to get the assignment done."
- "If the professor is that predictable, then the students should use it to their benefit."
- "This is not immoral or dishonest behavior. Afternoon students are just taking advantage of a situation. Professor Debit could always change his policy."
- "If homework collection is random, why is he repeating what he did in the morning with what he did in the afternoon! 'Random!'"
- "The teacher is not doing his work well."
- "He ruined the good motivation technique he intended."

Recall that in Scenario B, there were significant differences between the opinions of the lower-level and upper-level students. Interestingly, the rationalizations were similar between the groups of students. The students who found the behavior to be unacceptable usually did so because they considered it to be blatantly cheating or else they believed the students would not be able to achieve the ultimate goal of passing the CPA exam. Representative responses for these rationalizations follow:

#### 1) Blatantly cheating

- "This is a very difficult situation for most students to be in. When found with the opportunity to assure themselves of good grades that are often difficult to come by in accounting, most students will take advantage of the opportunity. This is just like plagiarizing, though. It is clearly cheating. Why? Because if the students could not reveal that they knew the source of the questions to the teacher, then obviously they are breaching the rules concerning academic integrity."
- "These students are plain-out cheating!"
- "This is cheating. But once you know the source of the questions, it is hard not to study those questions."
- "They are using inside information to an unfair advantage. Once you are aware of having an advantage and you don't reveal it, it is cheating."
- "The cheating part comes from the students not confessing to the professor what they know."

# 2) Will not be able to pass the CPA Exam

- "I can understand the temptation, but unless they really learn the material, they won't pass the <u>real</u> CPA test!"
- "They are cheating themselves of really learning the material."
- "They are getting the top scores and screwing up everyone else. But when it comes to the real exam, they won't know how to come up with their own answers."
- "These students are cheating and are not learning as much as they could or should."

Students who found the behavior to be acceptable were able to rationalize that the students were very clever and resourceful, really did not have an unfair advantage since the questions were in the public domain, or still had to study anyway. Examples of these rationalizations follow:

#### 1) Students were very clever and resourceful

- "The students just did more research for the tests and found out where the exam questions came from."
- "Students should use whatever sources are available to them to get good grades (aside from cheating or stealing answers.)"
- "The questions were available to anyone who had the ingenuity to figure out where she got them."
- "Students are told to take advantage of any learning or reference materials. This happened to be one of them."
- "Because the instructor made the decision to use those questions, and therefore must have known that the answers were available, I think the students should be able to benefit if they were smart enough to figure out where the questions came from."

- "In the university of life, finding the easy way to success happens all the time."
- "There is nothing wrong with being prepared for a test."
- "Students are simply using every available resource in their means. Research (finding the review book) is the key in the work place."
- "This advantage came from their own resourcefulness, and the opportunity was present for everyone to do the same."
- "The students were merely utilizing the resources available to them."
- "If they are smart enough to figure it out and study the right questions then they have prepared for the quizzes."
- "The students are merely being resourceful and taking full advantage of the information available."
- "It simply demonstrates that they are resourceful and that they are studying not only from text books but from other sources, which is good."

# 2) Questions were in the public domain

- "Since the Review Book is available for everyone, there is nothing wrong with this."
- "The CPA Review book was there for anyone to buy. The students are not stealing the tests or answers."
- "The students are using resources that are available to all."
- "If some students discovered where the questions came from, then all others could have, too. Maybe the students 'in the know' just exerted a little effort in their research/studies."
- "If the answers are publicly available, there is no reason accounting students can't use them."

## 3) Still had to study

- "It is just another form of studying."
- "They can't go through and memorize every question so they are using it for a study guide and not a cheat sheet."
- "The students still are working out the problems to solve them. They can't memorize all of them so they are still studying."
- "They may know where the source is, but they are still studying the material for the test, so they should still be learning."
- "They still have to know how to do the problems or they will fail their tests. A little help never hurts anyone."
- "Accounting is not something you can memorize you have to understand it. Getting the CPA Review Book is preparing, not cheating."
- "The students still would have to study the material they do not know ahead of time which questions would be asked. If anything, they would understand ahead of time what they did wrong."
- "The students are still having to look at all the questions and study hard to know the material."
- "The students studied all options. They found the answers by mistake and do not take the answers to class when taking exams and quizzes. So they are getting good grades by studying."
- "Why should it be unacceptable for a student to be able to efficiently study for an exam?"
- "Why is it important where the questions come from? The students still had to review to prepare for the exams."
- "They will take the CPA Exam at the end of the semester and they will then be in he same situation as the other students."

Recall that in Scenario C, there were highly significant differences between the opinions of the lower-level and upper-level students. Yet the rationalizations between the lower-level and upper-level students again were very similar. The students who found the behavior to be unacceptable usually did so because the behavior was directly against the professor's explicit instructions, the students were not learning the material on their own , or other students in the class did not have access to these old exams. For example:

## 1) Going against professor's instructions

- "This behavior per se is not unethical, but going against the instructions of the professor is."
- "If they were told they could not, they should not."
- "The students were told not to use old exams, so it is cheating. But every college student would use the exams to prepare."

## 2) Not learning the material on their own

- "This is unethical because they aren't learning anything if they already have the exams."
- "Students are in the class to learn, not to just memorize answers that will be on the test."
- "A student should be able to do well based on his/her own notes taken in class. Having to base one's grade on what another person has to offer in terms of previous exam papers is clearly unethical."

# 3) Not all students had access to old exams

- "I believe this is unethical behavior because all students are not given the same opportunity to score high."
- "This is wrong because those who have the old exams are hardly studying while those who are studying are receiving lower scores."

On the other hand, the students who found the behavior to be acceptable rationalized that students had the right to use available resources, other students would do it and therefore, students would be disadvantaged if they didn't, the professor was to blame, and that good grades are very important to students. A few students noted that since no one had to actually steal the exam to gain access to it, nothing wrong occurred. Other students noted that this behavior was acceptable because it was efficient. Finally, some students focused on the frequency of such behavior as making it acceptable. For example:

# 1) Right to use available resources

- "Students are on their honor not to use old tests if the request is made, but this is like putting a fox in charge of the hen house. Students will use all available resources to gain an advantage if they are <u>clearly</u> given one as in this situation."
- "These are good students just using all available resources to study from and learn the material."

# 2) Disadvantaged not to use old exams

- "The professor expecting the students not to use past exams is the impossible dream. The practice would put honest students at a disadvantage and only lead to a disregard for rules."
- "They took the opportunity presented and anyone of them could do it. You can't blame someone for doing what they can for their own benefit without breaching academic integrity, especially when others will do it."

## 3) Professor is to blame

- "This is not wrong because of the stupidity on the side of the professor."
- "I believe that past tests are very good study aids, and if a professor is too lazy to change questions from year to year it is his own fault!"
- "I believe professors are paid adequately enough so that they can take the time to vary up their tests."
- "The teacher asks for it. The students are sharing the old tests like it is a regular book, so use them."
- "It's not his fault that people cheat, but he doesn't take precautions so that they can't. People are cheaters and he should be aware that if we can, we will. But it's nice that he is trusting."

# 4) Importance of good grades

- "I believe this is acceptable due to the fact that the one thing a student needs is a good grade. If that means using past exams then they will probably do it. They may still learn."
- "Any student who is studying for an exam would love to know what the exam consists of."
- "They are only looking to better their grades, and what's wrong with that?"

#### 5) Not stealing exams

- "The exams are there and easy to get. The professor should rewrite his tests each year or not give back the tests. If a test is available to students, and they don't have to steal it to get it, of course they are going to use it to study."
- "The exams were readily available for the asking. They didn't have to break into his office and steal the exams."

# 6) Efficient use of time

- "To me this is not wrong because that's the same as telling a runner you can't wear different shoes if it makes you run faster."
- "If the information is there, why waste it?"
- "Studying historical patterns is a great way to prepare for future problems. A good test will cover key concepts and would not substantially change from year to year, anyway."

# 7) Common behavior

- "This happens all over campuses today. It is hard to consider it wrong when you encounter this every semester."
- "Students are usually encouraged to use old exams to study. Why should they act differently where Professor Tort's exams are concerned?"
- "This situation is very common in college courses, often because the professor does not want to rewrite tests."

#### 8. Implications

Fraud research reports that rationalization is one of three required elements for a fraud to occur. To minimize the risk of fraud, organizations must decrease the risk of the three elements occurring. From an employer's perspective, it is most effective to battle fraud by reducing the perceived opportunity to be able to commit the fraud and remain undetected. It is very difficult for employers to diminish the ability of an employee to rationalize fraud behavior or to minimize the employees' pressures to commit a fraud. However, employers can establish a strong system of internal controls and provide hotlines by which employees can report suspicions of fraud. Both of these methods increase the perception of detection, or reduce the perceived opportunity, which is the most effective method of preventing employee fraud.

Similarly, from an academic perspective, the three elements of pressure, perceived opportunity, and rationalization must be present in order for a student to attempt to commit academic fraud, or cheat. Most students will always be under pressure in an academic setting. The results of this study show that most students are readily able to rationalize questionable academic behavior as being acceptable. Thus, similar to business organizations, faculty can best reduce the risk of academic fraud by reducing the perceived opportunity to be able to commit the fraud and remain undetected. In other words, faculty should try to increase the "perception of detection" in the students' minds, that if they cheat they will be caught.

The fact that such a large majority of upper-level students found the questionable behavior in the third scenario to be acceptable is insightful. In that case, students went directly against the professor's instructors and obtained prior year exams from which to study, knowing the current year exams would have some of the same questions. The results suggest that students fully expect professors to control for the perceived opportunity to commit academic fraud, and if the professor does not, then academic fraud is justifiable.

#### 9. Limitations and Suggestions for Future Research

The results of this study should be interpreted in light of its limitations. First, this study is limited to students' opinions, rather than actions, so generalizing these results to students' actions may not be valid. Second, these results are limited to accounting students at one point in time at one university. An interesting extension would be to examine whether accounting students at other universities and over time generate similar rationalizations for questionable academic behavior. In addition, examining whether students in other majors differ in their rationalizations would be worthy of study.

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#### **Appendix: Research Instrument**

This survey is part of a project to determine students' attitudes toward ambiguous academic situations. Please answer all questions.

Your completed questionnaire will be considered confidential and your responses will not be used to evaluate you in any manner. When your opinion is asked, please do not hesitate to answer honestly and candidly; this questionnaire cannot and will not be traced to you. The anonymity of your responses is absolutely guaranteed.

This questionnaire consists of two parts. The first part contains three independent scenarios in which your opinions are asked about the situations. The second part consists of demographic questions.

Thank you for your participation.

#### Scenarios

A. Professor Debit's homework policy in his introductory accounting course was to randomly collect homework throughout the semester and grade it on effort/completion only, rather than on having the correct answers. The two lowest homework scores were dropped at the end of the semester and the overall homework score then made up 10% of the student's total semester points. Professor Debit taught two sections of this accounting course every semester, and preferred to grade his two sections together overall. Thus, when Professor Debit collected homework in his morning section, he also collected the assignment in his afternoon session. At the end of the semester, it was privately brought to Professor Debit's attention that several of the students in the afternoon session regularly checked with their friends in the morning session to see if homework had been collected. If so, the afternoon students did the assignment; otherwise, they did not.

1. Do you believe this is acceptable behavior on the part of the students?

\_\_\_\_\_ No, I do not believe this is acceptable behavior.

Yes, I do believe this is acceptable behavior.

2. Please explain why you do or do not believe this is acceptable behavior.

B. Professor Oddit teaches the auditing portion of the CPA Exam review course for senior accounting students who are about to sit for the CPA Exam at the end of the semester. Because Professor Oddit wants the students to gain experience with CPA Exam type questions as much as possible, she prepares all her exams and quizzes from past CPA Exam questions. She obtains these questions from a CPA Review book for the Auditing part of the exam, available at the campus bookstore. However, she does not tell the students where her exam and quiz questions come from. Early in the semester, a few students discover the source of her questions. Since the Review Book also contains the solutions to the questions, these students were then consistently getting the top scores in the class.

1. Do you believe this is acceptable behavior on the part of the students?

\_\_\_\_\_ No, I do not believe this is acceptable behavior.

\_\_\_\_\_ Yes, I do believe this is acceptable behavior.

2. Please explain <u>why</u> you do or do not believe this is acceptable behavior.

C. Every spring semester, Professor Tort teaches the senior-level business law class for accounting students. Much of the material covered in this class appears in the Business Law portion of the CPA Exam. Professor Tort likes to let his students keep their graded exams every year since he believes they are good study aids. However, because Professor Tort has developed such good exam questions, he usually will not rewrite an entire exam the

following year. This results in several (although not all) of the same questions appearing on the exams in future years. Professor Tort has clearly stated that students are not to use past exams in preparation for current exams. Some current students have friends who took the class last year and these friends let them have their old exams. Consequently, these students are consistently scoring quite high on Professor Tort's exams with little studying.

1. Do you believe this is acceptable behavior on the part of the students?

 No, I do not believe this is acceptable behavior.
 Yes, I do believe this is acceptable behavior.

2. Please explain why you do or do not believe this is acceptable behavior.

## **Demographics**

Please answer the following demographic questions:



Year in college:

Graduate	Senior		_ Junior
Sophomore		Freshman	