Student Cheating and the Fraud Triangle

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It is common to see reports in the news media citing high-profile business fraud; the more well-known examples have been Enron, WorldCom, Tyco, Madoff, subprime mortgage loans, and insider trading, or the latest method of credit card fraud. Local newspapers carry stories on a bookkeeper for a small business, nonprofit, or local government who was arrested for embezzling funds from his/her employer. Business educators continue to be surprised when they discover students have cheated on a test or plagiarized in a paper. But do they ever consider where the fraudster learned this kind of behavior or where they committed their first fraudulent act? The following article outlines the psychological thought process that is often present when people commit a fraud and compares it with how a student might be thinking when they cheat in the classroom. Could these two be interconnected? Please read on.

Understanding the Nature of Fraud

In his book *Occupational Fraud and Abuse*, Joseph T. Wells (1997) discussed the Fraud Triangle, a model developed by W. Steve Albrecht in 1991. Expanding on the work of Donald R. Cressey and Edwin Sutherland, Wells illustrates that, for fraud to occur, three conditions must be present: pressure, opportunity, and rationalization. These three elements together form the Fraud Triangle (Figure 1).

First, there must be pressure on an employee, creating an incentive for him to misappropriate an asset or to commit a fraud. Common pressures faced by an employee include financial burdens, debts, gambling problems, or addictions. These pressures may motivate an employee to engage in unethical activities.

Second, the employee must have opportunity to commit a fraud. The employee must be aware of weaknesses in his/her company’s internal control and also have the understanding and technical ability to carry out the fraud. The lack, real or perceived, of internal controls creates an opportunity to commit fraud, as the more likely the employee believes s/he will be detected, the less likely s/he will engage in the unethical behavior. In business, attempts are made to control deviant behavior through the implementation of strong

![Figure 1: The Fraud Triangle](image)

Unsharable financial pressure on the employee, motivating them to misappropriate cash or other organizational assets.

Pressure/Incentive

Opportunity

Rationalization

Circumstances that allow an employee to carry out the misappropriation of cash or other organizational assets.

A frame of mind or ethical character that allows employees to intentionally misappropriate cash or other organizational assets and justify their dishonest actions.

internal control systems such as the separation of duties. Strong internal controls are meant to safeguard assets and protect the integrity of the financial reporting process.

Third, the perpetrator must be able to rationalize the fraud or misappropriation. Essentially, s/he must be able to justify his/her actions. Common justifications may include statements such as, "They don't pay me enough here" or "I am not stealing the money, just borrowing it." Statements such as these are used by individuals to rationalize unethical behavior.

Under the Fraud Triangle model, all three factors—pressure, opportunity, and rationalization—generally must be present for a fraud to occur. No matter how much pressure or how well motivated a perpetrator is, if the opportunity is removed, he will not have the ability to commit a fraud.

The conditions associated with cheating can also be found with issues of academic integrity in collegiate institutions. Similar to fraudsters who intentionally misappropriate cash or other organizational assets, students who cheat intentionally deceive their course instructors about their mastery of course material and fraudulently affect the grading process. As such, the Fraud Triangle can easily be applied to student cheating, which is illustrated in Figure 2.

Students face pressure to excel—or even just survive—in the academic grading process and are motivated by their desire to receive a competitive GPA, regardless of the mastery of material. As pointed out by Davis, Grover, Becker, and McGregor (1992) in reviewing the work of Keller (1976), "69% of the students in his [Keller's] study cited pressure for good grades as a major reason for cheating" (p. 17). Whether because of a desire to stay in school, remain academically eligible for athletic teams, or receive a better job upon graduation, today's college students feel tremendous pressure to perform.

If internal controls in business are meant to safeguard assets and protect the integrity of the financial reporting process, then academic controls over educational testing and assessment should limit the opportunities for students to cheat and also protect the integrity of the academic reporting process. Measurements such as grades, GPA, and test results must be guarded to give adequate representation of each pupil's ability as well as his/her ability in relation to others. Fostering such an environment requires professors to create strong internal control systems in the classroom.

It is when these controls on testing conditions are not in place that opportunities to take advantage of the academic system are created and violations of academic integrity standards can occur. Students who take advantage of shortcomings in testing controls may rationalize their actions by placing blame or faulting others. They may justify their actions with statements such as, "It will only be once," "The test (or professor) was unfair," or the classic, "Everybody does it."

Prevalence of Cheating in Academic Institutions

Cheating is a significant and growing problem at collegiate institutions. As early as 1952, a study conducted at 11 American colleges reported that nearly two-fifths of students polled admitted to cheating (Harp & Taietz, 1966). Around that same time, a poll conducted of seniors at America's top collegiate institutions concluded that 26% of Columbia University seniors, 30% of seniors at Cornell University, and a whopping 54% of Notre Dame seniors had cheated (Harp & Taietz, 1966). Recent research has found that the magnitude of cheating on college campuses is increasing. According to Professor Donald McCabe of the Department of Management and Global Business at the Rutgers Business School and his colleagues Kenneth D. Butterfield and Linda Klebe Trevino (2001), issues of academic dishonesty among college students are not only prevalent but continue to grow. In a 2010 academic integrity survey developed by McCabe, more than 65% of student respondents indicated seeing another student cheat at least once during a test or examination at Texas Tech University (2010). Interestingly enough, McCabe's research also indicates that undergraduates majoring in business “self-report among the highest levels of the more serious forms of test and exam cheating (copying from another, using crib notes, and helping another to cheat)” (McCabe, 2005, p. 4).

This prevalence of cheating among American college students is further...
supported by Stacy Carter and Narissra Maria Punyanunt-Carter (2006) in their review of Davis et al. (1992). Their statistics show a staggering 40%–60% of college students admitted “to cheating on at least one of their examinations” (p. 212). Furthermore, in a 2010 poll published by the Yale Daily News, more than 600 undergraduates—more than half of those polled—indicated they had “witnessed cheating over the course of their Yale careers” (Burt, 2010, para. 1). As recently as 2013, dozens of students at Harvard University received disciplinary action for their involvement in cheating on a take-home final exam (Perez-Pena, 2013). The prevalence of cheating evidenced by these instances and earlier research studies has driven many schools to adapt new honor codes or to re-evaluate, revive, and reinvigorate their traditional honor code policies (McCabe et al., 2001).

In 2008 Freddie Choo and Kim Tan conducted a study that explored the effects of Fraud Triangle behaviors on students’ self-reported propensity to cheat in class. The study asked students to report their propensity to cheat with reference to specific conditions (pressure, opportunity, and rationalization) and found that students’ overall self-reported mean propensity to cheat was 19.8%. When all three Fraud Triangle factors were absent, students’ mean propensity to cheat dropped to about 8.3%; this increased to 33% when all three Fraud Triangle factors were present. The results of this study indicate that each Fraud Triangle factor influences the propensity of students to cheat.

Reports also indicate that cheating is not isolated to college students. In a poll of American high school student behavior conducted by the Josephson Institute Center for Youth Ethics (2012), 52% of the 23,000 or so high school students polled indicated they had cheated at least once during a test in school. This percentage decreased slightly from the previous Josephson Institute biennial polls: 59% of about 41,000 polled in 2010 and 64% of about 29,000 polled in 2008 indicated they had cheated at least once during a school exam; however, the numbers remain staggering. Recent cheating scandals by students at some of the nation’s top high schools (such as those at Stuyvesant High School in 2012 and the Great Neck North High School student SAT scandal in 2011) also support the prevalence of cheating for high school students.

Clearly, cheating in academic institutions remains prevalent in our society.

The Learning Environment
What type of academic environment needs to be created to minimize cheating on college campuses? The solution could involve three elements, as illustrated in Figure 3.

**Leadership.** The first element is leadership. The tone must be set from the top. Not only must colleges and universities have an established set of ethical standards in the form of a code of conduct and strong academic integrity policies, these standards must be embedded in the very culture of the institution and be visible to people at all levels. Students must be educated about ethical behavior. This study of ethics should begin early in students’ collegiate experience as students need to understand their institution’s academic integrity policy. During their tenure at school, students need periodic reminders of their commitment to high academic integrity standards in course syllabi and before exams.

**Control.** The second element is control. Just as there are internal controls to safeguard assets of the collegiate institution, there must also be controls over academic testing and the projects students complete. This is a time-consuming and thankless task but an absolutely essential element of an instructor’s job. The responsibility to prevent cheating on exams and other academic projects lies, at least partially, with teachers and college professors. Just as a business must create effective internal control systems to safeguard its assets, professors must apply controls to safeguard the academic process and to deter cheating. Universities must create standards of academic integrity and effectively communicate these standards to the student body. Professors must discuss these standards in their course syllabi. The McCabe Academic Integrity Survey conducted at Texas Tech University by Donald McCabe in 2010 found that “faculty members are the primary source for students’ learning about academic integrity policies at Texas Tech” (p. 8). Effective communication is essential, and students need to be reminded of their responsibilities under their institution’s academic integrity policy. To create an air of professionalism and accountability
in the classroom, students must be well informed on how academic standards affect their coursework and they must be held responsible for their actions when breaches of these standards occur.

Professors must not just create but also implement and adhere to controls over testing. Things as simple as creating multiple exam versions, offering adequate space to administer an exam, and providing proper supervision of test takers by professors and teaching assistants can help to drastically reduce the amount of cheating that occurs. In their article "Academic Dishonesty: Prevalence, Determinants, Techniques, and Punishments," Davis et al. (1992) found that about 80% of cheating techniques involved using cheat sheets or copying answers from another paper. If professors created even a few internal control procedures, this percentage could easily be lessened. For example, Kerkvliet & Sigmund (1999) found that simply adding an additional test version reduced the probability of cheating by 25% and adding an additional proctor decreased cheating by 11%. The elimination of cell phones, tablets, and memory calculators in exam rooms are essential controls when administering exams to today’s high-tech students. Seating assignments are also crucial for large testing situations.

Effective follow-up. When a violation of academic integrity is discovered, effective follow-up entails faculty members carefully following the guidance offered in the school’s academic integrity policy. The prosecution of such an incident is yet another time-consuming, thankless, but absolutely necessary part of the faculty member’s job. Only by reporting such instances are teachers apt to deter future instances of cheating, not only by that individual, but by others who see or hear of the academic integrity process.

Although the strongest internal controls in academia can do much to mitigate the effects of cheating, they will never be entirely effective in preventing students from engaging in this form of unethical behavior. Just as in business, even the strongest internal controls are sometimes penetrable. Ultimately, each student is left with a choice: choosing right from wrong. Through education, students learn and understand the connection between cheating in college and fraudulent behavior in their chosen profession.

Conclusion

Colleges and universities exist to educate young people and prepare them for entry into the workforce. It is the responsibility of these institutions to train students in academic, scientific, business, and technical fields. Professors must instill in their students the importance of moral and ethical behavior whether in school, in the workplace, or beyond. It is the job of collegiate institutions to ensure that students are equipped with the knowledge to make a rational, respectable, and informed decision when a potentially unethical situation arises in the workplace. When students learn that they can cheat while in school, there are no boundaries when the opportunity presents itself in the real world.

References


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continue networking and building lasting relationships. Many CTSO students make presentations to school boards or reach out to their community to gain financial resources to attend leadership conferences. Students are also given opportunities to speak with local, state, and on occasion, federal legislators to gain support for CTSO programs. These unique opportunities help CTSO students in developing their soft skills.

Daniel Lynch, a current lawyer, believes being a part of a CTSO through high school and college empowered him (personal communication, December 30, 2015). He asserted that

As a state and national officer, I learned how to listen to other people and find a commonality between their interests and desires and those of the group or organization. BPA created an environment where I was empowered to work creatively, in a group, toward a common goal. Unlike a graded classroom project, participation and involvement in any CTSO is voluntary. This implicit right to “walk away” is why my participation in BPA was the best preparation I had for the workforce. Unlike classroom projects that must be completed, projects within the workforce are not similarly mandatory and are not completed unless all parties see value in their completion. BPA taught me how to listen, understand, and communicate to an individual how the “project” (or group goal) is of value to him or her. This is a skill that I constantly use in the workforce that is not unique to my profession but is unique in that it is not easily taught in a classroom setting. BPA, and other CTSOs, provide students with the correct environment to practice achieving “buy-in” from their peers.

Through all of the opportunities CTSOs provide students, they are ensuring that students’ resumes are full of all the soft skills necessary to be successful in their careers and, more important, in their lives.

**Conclusion**

Appreciation is given to the efforts of each and every teacher; a standing ovation should be given to each one that gives endlessly of his/her time and energy to run a CTSO. At times it seems overwhelming and flat out exhausting. As job stability continues to pressure teachers to “teach to the test,” having time and energy to focus on CTSO programs gets harder and harder. Do not let that happen. It is important to make sure students gain the soft skills that employers so desperately need and want from employees. CTSO advisors are a shining example of commitment and provide the leadership students need. When holding a meeting, preparing for a competition or leading a community service project seems unimportant—think again. The soft skills that are instilled in students through the activities provided through CTSO participation will withstand the test of time and provide students “success beyond measure.”

**References**


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