

# Professional Identity and Dishonest Behavior

Petr Houdek<sup>1</sup>

Published online: 12 May 2017  
© Springer Science+Business Media New York 2017

**Abstract** This essay discusses the fraud triangle, or how factors such as opportunity to cheat, motivation to cheat or ability to rationalize or justify dishonest behavior lead to dishonesty. The fraud triangle is applied on behavior of professionals active in fields such as medicine, education, research and science or clergy. Evidence shows that even in these fields, which attract more altruistic individuals, the fraud triangle factors predicts emergence of behavior in breach of ethical standards. In the conclusion several measures for reducing dishonesty are discussed. Disciplines such as forensic economics or behavioral ethics are emphasized to provide wider variety of tools to detect and reduce dishonest behavior.

**Keywords** Dishonesty · Fraud triangle · Teachers · Academics · Researchers · Physicians · Clergy · Ethics

The fraud triangle is a simple tool used by auditors to identify the threat of fraud. The triangle consists of three circumstances that increase the likelihood of dishonest behavior. People cheat if they have i) the opportunity to cheat, ii) the motivation to cheat, and iii) the ability to rationalize or justify their dishonest behavior.

The goal of this essay is to show that the fraud triangle is a tool, that is also relevant to describe behavior of professionals in fields such as medicine, education, science and clergy. These are generally considered to require high level of professionalism and in which ethical standards are not only more important but also more enforced.

---

✉ Petr Houdek  
petr.houdek@gmail.com

<sup>1</sup> Faculty of Business Administration, University of Economics in Prague, W. Churchill Sq. 4, 13067 Prague, CZ, Czech Republic

In this essay I use contemporary advancements in forensic economics (Zitzewitz 2012) and behavioral ethics (Bazerman and Gino 2012; Pierce and Balasubramanian 2015; but see Vranka and Houdek 2015). These disciplines use real data analysis and controlled laboratory and field experiments to discover the scope of secretive behavior of people and the factors that affect their decisions and behavior in situations in which they potentially breach legal or ethical norms.

The essay is further structured as follows: in the next section I use several case studies to illustrate particular factors of the fraud triangle. The following sections address fraud of professionals whose occupation should also represent their life mission. The conclusion states some measures that could limit dishonest behavior.

## Opportunity to Cheat

Opportunity to commit fraud is associated with poor organization of groups, firms or offices that either fail to set appropriate standards of behavior, fail to enforce these standards or fail to enforce them effectively. For example, if road regulations aren't enforced, the rate of accidents will naturally rise; reduction of road police forces to one third may result in 12–29% rise of accidents in which a person is injured or killed (DeAngelo and Hansen 2014). On the other hand, implementation of effective inspections can reduce corruption and public sector expenses (Di Tella and Schargrotsky 2003). In general, the poorer the quality of corporate governance is (for example if the board is not independent from the management, audit department is missing, etc.), the higher the rate of accounting enforcement actions by the Securities and Exchange Commission for alleged violations of Generally Accepted Accounting Principles occurs (Dechow et al. 1996). If executives have extremely powerful position in a company, the

probability of fraudulent behavior rises, as Agrawal and Chadha (2005: 403) found out: the probability of restatement [of earnings] is about .32 higher in firms in which the CEO belongs to the founding family”.

Counterparties’ disadvantages in access to information, regardless of whether these are clients, customers or the regulatory authorities, offer further opportunities for people to cheat. If the counterparty cannot adequately assess the quality of an offered service or a product, the offering side is presented with an opportunity to use such situation to its own advantage (see also case studies of fiscal psychology (Houdek and Koblovský 2015)). In field experiments Meghan Busse, Ayelet Israeli and Florian Zettelmeyer (2017) tested, if car mechanics will discriminate their customers in price if they find out that they have a chance to capitalize on their ignorance. Role-playing figurants hired by the experimenters, both men and women, contacted more than 3000 American car repairs shops and asked how much a change of a radiator on a specific type of Toyota would cost. The first group of (informed) callers let the mechanics know that they researched the customary price of the radiator, which was USD 365, online at [AutoMD.com](http://AutoMD.com). The second group of (uninformed) callers didn’t mention price during the negotiations at all. And the last group of (misinformed) callers informed the mechanic that they researched the customary price online at [AutoMD.com](http://AutoMD.com), but mentioned price of USD 510, a significantly higher amount. The results are expectable: the car mechanics did seize their advantage and responded differently to men and women. If the male caller quoted the correct price or didn’t mentioned it at all, he received almost similar price estimation of the repair. In case the male caller mentioned the higher price, the mechanic took advantage. Women were offered a fair price only in those cases they demonstrated awareness of the correct price. In case they did not mention the price or mentioned the wrong (higher) price, the mechanics seized the opportunity to make easy money. The experiment shows that car mechanics are aware of the fact that women tend to be less experienced in the automobile industry than men and that mechanics do use this knowledge for their own benefit.

Henry Schneider (2012) arrived to similar conclusions. In a field experiment he visited car repair shops in a car with predefined defects and tested, if the mechanics discover the defects and offer him a fair price for the repair. In one third of the cases, the mechanics offered a repair that was significantly more expensive than what was necessary or a repair that was irrelevant for the given defect (for example: instead of connecting a cable to car battery, a full exchange of engine was offered). Similarly taxi drivers take advantage of the fact, that tourists lack information about the local conditions and charge higher prices (Balafoutas et al. 2013). Real estate agents are less dedicated when it comes to advice given to their clients as

opposed to effort they give with respect to sales of their own houses, which leads to the fact that „agent-owned homes sell for about 3.7% (or roughly \$7600 at the median sales price) more than comparable houses and stay on the market an extra 9.5 days (about 10%) longer” (Levitt and Syverson 2008: 400).

### Motivation to Behave Dishonestly

Motivation to acquire assets (property, advantages, status) not attainable by honest means is an obvious reason to behave dishonestly. If the reward from dishonest behavior increases, so does the motivation to engage in such behavior. For example, with rising prices of goods, the possibility of the goods being stolen also rises (Draca et al. 2015); number of employees who reported sick increases when major sporting events are on TV (Thoursie 2004), and journalists write more favorably about companies that are major advertisers of their newspapers (Gambaro and Puglisi 2015).

Managers are motivated by significant bonuses based on defined performance or financial indicators. The higher aspiration levels such executives must reach (Schweitzer et al. 2004) or the higher their bonuses are, the more intense motivation to commit fraud they face. For example, one of the studies found “that CEOs with substantial amounts of in-the-money options are more likely to issue financial statements with non-GAAP accounting irregularities... Moreover, we find that the value of in-the-money options distinguishes between the likelihood of substantial accounting malfeasance, other accounting irregularities, and no misstatement” (Efendi et al. 2007: 703–4).

Many employees, on the other hand, associate motivation to cheat with impending problems on financial or personal level, which they seek to solve by fraudulent behavior. A lot of employees start to embezzle company money, because they have debts from gambling or lack the financial means to fund their drug addiction or divorce. As Scott Rick and George Loewenstein summarize: „A wide range of evidence suggests that people who find themselves “in a hole” and believe that dishonest behavior is the only apparent means of escape are more likely to cheat, steal, and lie” (2008: 645). There is a plethora of different motivations to cheat. A lot of employees intensely perceive the way their employer or their colleagues treat them, and in case they sense unjust or unfair behavior, they start to despise firm’s identity, which in turn leads them to dishonest behavior (Nagin et al. 2002). Some people are simply greedy and materialistic and fraud is a direct way to accomplish their desires (Dellaportas 2013).

Often, however, morality valence depends on the context and sometimes even intended deception may be ethical behavior. For example, many people lie to actually help others (Erat and Gneezy 2012). These white lies can transform immoral

behavior into virtuous actions. As Gasparet al. (2015: 307) fittingly noted: "... by focusing on the costs of deception, we have ignored the potential costs of honesty. Honesty, like deception, can be used to cause pain and harm to others". (I will return to this point later; see the section The clergy and (honest) deception.)

Motivation to cheat is closely related to rationalization of fraudulent behavior – the ability to justify one’s own questionable or morally ambiguous behavior, regardless of whether to maintain and justify their identity of a moral person to themselves or to present a more favorable image to others.

### Rationalization of Dishonesty

Rationalization or justification is a mental process that aligns a person’s morally dubious behavior with his/her personal values or ethical standards in such a way that the person appears (perceives himself) as moral, despite his/her immoral behavior (Shalvi et al. 2015). As stipulated above, employees steal from their employer more if they feel that he acted towards them unfairly – for example because the employer lowered their salaries (Greenberg 1990). In their own eyes, they simply “right” the injustice done to them and, despite the fact that they behave immorally, they do not consider themselves as immoral people.

On the other hand, if people behave morally, they may get the sense that they “deserved” the right to act less morally later. A psychological phenomenon of moral licensing occurs. In one laboratory experiment a single positive story containing a description of their own personality as “caring, generous, fair, and kind” sufficed to make the participants to be less willing to donate to charity (Sachdeva et al. 2009).

Another aspect of rationalization may occur with substituting one moral value by other – for example by striving to achieve professional expertise. In an experiment, in which students were allowed either to show how intelligent they are or to save a life of a mouse, Falk and Szech (2016) illustratively demonstrated to what extent people are willing to subdue or forget morality when trying to prove and display their intelligence. All students (participants in the experiment) were awarded a lump sum reward for taking part in the experiment regardless of how well they manage in the experiment. The students in the first group were informed that they will take part in an IQ test and at the end they will be given the results and will be able to compare themselves to others. They also read a notice on the importance of IQ for academic and professional success. The second group was informed that they will take part in some kind of a questionnaire survey and that they will get the results at the end. In reality, both groups were given the same IQ test but second group’s task was presented as simple questionnaire survey, so the participants wouldn’t feel pressure or ambition to succeed.

The performance of one half of the participants in each group was simply calculated. However, a moral aspect was assigned to the performance of the other half. Each of the participants (in the second half) was assigned one mouse prior commencing the test and was informed that the probability of the assigned mouse being gassed (it was a “surplus” mouse which would be killed by the university regardless by default) would be higher if the participant answers more questions correctly. Each correct answer would increase the probability of gassing the mouse by .9 percentage point. The maximum probability (in case of all correct answers) was 46.8%. If the participant answered all questions incorrectly, the mouse would surely survive. To the participants it was subsequently explained, how the mouse would die and an instruction video depicting the whole process was showed.

The results of the experiment confirmed that students who strived to get their IQ measured achieved better results than students who were simply “filling out a questionnaire”. The difference of 22% attained simply by framing and presenting it as an IQ test demonstrates how significant the effect of trying to succeed in something is. The study discovered that students whose correct answers could lead to possible killing of mouse did worse on the test – they answered that they “didn’t know” more often. Many tried to save the mouse. However, in the group that was aware of filling in an IQ test, this decrease of correct answers between the two groups was much smaller. Regardless of the drastic, fatal impact of their answers, they tried to achieve high score. The striving for success simply overshadowed their perspective on moral missteps.

### Schools and Cheating Teachers

Standardized testing aims to measure added value of academic performance of schools. The No Child Left Behind Act of 2001 established new responsibility of schools in the USA to regularly test students. Based on results of these tests, finances are awarded to schools, personal policy is determined, individual teachers are rewarded based on their contribution to the increase of knowledge of their students. Such environment is supposed to motivate schools to enhance the knowledge of their students. This may, however, be achieved not only by implementing more effective teaching methods and hiring better teachers, but also by rigging the system – by targeted preparation for the questions tested (test specific skills), by manipulation with the population of students actually taking the test or directly by fraud.

David Figlio and Lawrence Getzler used the initiation of the Florida Comprehensive Assessment Test (FCAT) and found “that following the introduction of the FCAT testing program low-performing students and students from low socioeconomic backgrounds were significantly and

substantively more likely to be reclassified into disability categories exempted from the accountability system... We also find that high-poverty schools are significantly more likely to reclassify low-achieving students than are more affluent schools” (2006: 37). Similarly, Brian Jacob, based on analysis of accountability policy implemented in the Chicago Public Schools, discovered that „teachers responded strategically to the incentives along a variety of dimensions—by increasing special education placements, preemptively retaining students and substituting away from low-stakes subjects like science and social studies [subjects that are not included in the accountability policy]” (2005: 763).

Schools may affect the population of their students also by subtler measures, such as composition of nutritional value of food (Figlio and Winicki 2005). It is supported by many studies that high-caloric, in particular sweet foods can increase momentary cognitive abilities or concentration (Hoyland et al. 2008). Based on comparison of nutritional value of lunches on the day of tests and other days, David Figlio and Joshua Winicki confirmed that schools with worse test results serve more caloric dishes to students on test days. They also showed that this strategy is rather successful. Schools that increase the intake of calories achieve better results on tests (however, the study cannot exclude if the effect isn’t caused also by other measures, which the schools implemented in parallel).

Teaching targeted for tests, segregation of students and richer food may be considered as ethical and rational reactions of schools. If the tests would cover complex range of knowledge and abilities of students, then the targeted preparation for such tests would in fact increase the desirable knowledge and abilities of students. Transferring students to special classes may be a result of a detailed assessment of such student and his or her correct assignment to special needs program. However, schools also use clearly manipulative measures. Before test days, they may suspend students with worse grades who would probably worsen the school’s results, or, on the other hand, schools may not suspend students with good grades. Although students with worse grades are generally sanctioned more, during test days this asymmetry is further deepened (Figlio 2006). Based on data from the FCAT and 41,803 incidents of suspension of students, David Figlio discovered that the increase in suspension of students with worse grades generally takes place during the days on which tests are taken and across classes who take the tests. This implies that suspension of inferior students is a targeted and thought-out strategy to achieve better aggregate test results.

Teachers directly forge test results as well. In order to determine the prevalence of cheating teachers, Jacob and Levitt (2003) used empirical study in which they identified uncommon patterns of correct answers. For example, it is improbable

that all students in one class answer a whole sequence of questions correctly or if they answer the easy questions incorrectly and the harder ones correctly. Similar correlation of correct answers among students indicates that the teacher cheated by marking whole sequences of answers as correct. Radical improvement of a student in one year and a drop-off (or constant decline) in the following also points out to cheating of the teacher. Based on administrative data from the Chicago public schools that includes the question-by-question answers given by every student who took the Iowa Test of Basic Skills from 1993 to 2000, Jacob and Levitt discovered that similar fraudulent patterns of correct answers may be identified in roughly 4 to 5% of classes. Their method was further confirmed by a prospective test, when the classes they identified as possibly cheating, achieved much worse results when they were re-tested, whereas decline didn’t occur in classes that weren’t suspected of cheating. The study also shows that cheating is more common in low-achieving classrooms and, on the other hand, less common in classes of special needs, the results of which are not counted to the official school results.

## Science and Scientists

In the recent years, series of significant scientific frauds took place. The most prominent instance in the field of social sciences is the case of a Dutch social psychologist, Diederik Stapel, who falsified or manipulated research data throughout his whole career. Dozens of his articles that appeared in prestigious journals and were often co-authored by distinguished psychologists had to be retracted. However, as was pointed out by Stroebe et al. (2012), neither Stapel’s fraud, nor most of similar cases were discovered by traditional scientific procedures such as peer-review, independent methods and/or results replications or inspections carried out by grant committees. Most of fraudulent behavior in science is revealed by whistle-blowers (Stapel’s fraud began to emerge when his doctorate students challenged the credibility of his data).

However, as can be deduced even from publicly available data, problematic scientific practices are probably not limited to few rare cases but may be rather frequent. A study focused on management sciences and observed how much do hypotheses, data and results in the author’s dissertation change in comparison to articles published based on such dissertation. Any such modifications and manipulations are commonly considered as academic misconduct or problematic research practices. The authors discovered that „the ratio of supported to unsupported hypotheses more than doubled... The rise in predictive accuracy resulted from the dropping of statistically nonsignificant hypotheses, the addition of statistically significant hypotheses, the reversing of predicted direction of hypotheses, and alterations to data” (O’Boyle et al. 2014: 376).

Similarly, Uri Simonsohn (2013) showed that simple statistical analysis of raw data may be used to identify the ambiguity and doubtfulness of results of prominent psychological studies which are suspected of fraud. He concludes by emphasizing the importance of disclosure of raw data so that published results may be inspected and checked via independent reproductions of such results.

David Markowitz and Jeffrey Hancock utilized different approach to identify problematic papers; they used linguistic analysis and found that „[f]raudulent papers were written with significantly higher levels of linguistic obfuscation, including lower readability and higher rates of jargon than un-retracted and non-fraudulent papers. We also observed a positive association between obfuscation and the number of references per paper, suggesting that fraudulent authors obfuscate their reports to mask their deception by making them more costly to analyze and evaluate” (2016: 435).

Dishonesty isn't limited to publishing falsified results, it affects also subtler behavior. Edelman and Larkin (2015) analyzed data on downloads of working papers from the SSRN database (online web based repository of scholarly research). Since the number of downloads is a matter of prestige and the ranking of most-downloaded papers is used by a number of academic institutions for determining the future career prospects of scientists, the scientists have incentive to increase the number of downloads, e.g. by downloading the paper repeatedly themselves. Edelman and Larkin discovered that such practice is used mostly by full professors and in particular when the papers of their colleagues are successful, or if the papers of their colleagues are published in similar e-journals or if their studies are approaching the borderline of a meaningful standard.

## Healthcare and Physicians

Healthcare workers should serve as perfect agents of their patients' interests in relation to diagnosis, treatment, medicine prescription or aftercare. But in reality the doctors' interests often take precedence over the interests of their patients. For example, if physicians both prescribe and dispense medicine, they can either prescribe larger quantities or more expensive drugs than needed, thus taking advantage of the mark-up for their own benefit. Using Japanese data on issuance of medicine for high blood pressure Toshiaki Iizuka (2007) demonstrated that such practices in fact really do take place. Had the mark-up been eliminated, the expenses would be reduced by 11–15%. Another study (Domenighetti et al. 1993) acquired Swiss data on frequency of common surgeries on a representative sample of Swiss population and showed that doctors are much less likely to undergo such surgeries (except appendectomy, an operation spread similarly across all groups). The accepted explanation claims that doctors-patients are the

golden standard showing that a lot of surgeries are performed redundantly among the common population. The only exception of group of people with similarly low probability of undergoing surgeries as doctors were lawyers. The study “suggests that lawyers seem to be considered by their physicians as “special patients” and thus that the medical profession could be more prudent in their evaluation of lawyers' indications for elective surgery. This is because the lawyer could be a “risky” patient, being potentially able to cause more legal troubles to the physician than most ordinary patients, should the surgery result in an adverse event or outcome. The similarity of the prevalence between physicians and lawyers may also be regarded as indirect evidence that the physician-patient's consumption could represent a reference use value, in particular as an indicator of physician-induced demand” (Domenighetti et al. 1993: 512).

Along the same lines but with different opportunities to dishonest behavior, Shin-Yi Chou (2002) compared the quality of treatment between for-profit and non-profit organizations using nursing home data. She found out that the treatment quality stays the same only in cases when family members regularly check up on the patient, i.e. the patients are regularly visited. If the family doesn't visit regularly, the patients in the for-profit organization are provided with a much lower quality treatment (measured for example by frequency of having dehydration and urinary tract infections).

Similarly, Gruber and Owings (1996) demonstrated that obstetricians/gynecologists more often substitute the natural childbirth delivery by C-section, a highly reimbursed alternative, when the birth rate declines in a given region. A similar result was presented by Gans et al. (2007), who analyzed Australian and American data and discovered that the birth rate falls by as much as 4% during annual obstetricians and gynecologists' conferences. Since it cannot be expected that parents take the schedule of these conferences into account when planning the birth of their child, it more likely indicates that doctors plan deliveries to suit their conference schedule.

## The Clergy and (Honest) Deception

Despite the number of news on individual moral missteps of priests, there aren't many studies systematically revealing dishonest behavior among clergy. In one laboratory study (Utikal and Fischbacher 2013) it was showed that the Franciscan nuns lie more than control group of participants. However, the reason why they lied was to gain less money that they possibly could get; they probably want to appear as being modest or as having aversion to greed.

Similar deceptive behavior – however in its essence and consequences for good cause – was researched by Peter Leeson (2012) with relation to medieval trials by ordeal. For many centuries in the Middle Ages, judicial disputes were

determined by, among others, trials by ordeal, i.e. so-called God's judgements. The accused was subjected to a test of putting his hand in a kettle of boiling water and retrieving a ring or walking nine steps while carrying red-hot iron. If the accused escaped injury or death, he was considered innocent. If not, he was considered guilty. Via the priest who administered the test, God expressed his will – *iudicium Dei*, and liberated the innocent and condemned the guilty. Although ordeals seem as a totally unfair and superstitious procedure from today's perspective, the practice was quite successful considering that there were no professional police, judges or evidentiary proceedings in the Middle Ages.

The reason why it worked quite well was because the majority of people strongly believed in God as well as in *iudicium Dei*. Therefore, in particular the innocent was willing to undergo the trial by ordeal, whereas the real perpetrators rather plead guilty or were more inclined to settle the issue out-of-court rather than being judged by God. Based on historic data on ordeals Leeson shows that the accused was in fact proven innocent in majority of cases. The priest themselves thus “cheated” and gave the accused who were willing to undergo the trial by ordeal a decent chance for liberation. The priests themselves hence couldn't believe in *iudicium Dei*.

Almost perfect parallel to ordeals can be nowadays seen in Liberia, where the judicial system fell apart and the people return to a traditional procedure of “sassywood” to settle their disputes instead (Leeson and Coyne 2012). The accused are forced to eat toxic bark of the *Erythrophleum suaveolens*, or sasswood tree, in which the spirit-who-knows-the-truth resides. The perpetrator is poisoned by the toxic bark, whereas the innocent throws it up and survives. The procedure is also administered by a spiritual leader who evidently manipulates the results by putting various amount of the poison into the food.

### Policy Implications of the Fraud Triangle

This essay has dealt with dishonest or norm-violating behavior of professionals active in occupations that are said to require a higher ethical standard. The goal here was not to show that these professions are populated by hypocrites. The purpose was to demonstrate that factors such as opportunity and motivation to cheat or ability to justify one's dishonest actions help to explain the increasing rate of dishonest or deceptive behavior in fields, in which even the most altruistic individuals are concentrated. In other sectors, the rate of dishonesty may be much higher.

The fraud triangle provides for an inspiration how to limit such dishonest behavior. If people are stripped of the opportunity to commit fraud, they cannot take part therein. The study on downloads of SSRN papers shows that if a webpage implements measures preventing

fraudulent downloads, the practice of downloading one's own papers will disappear. If people are perceived as knowledgeable in a given field (as showed by the examples of informed men and women getting cheaper car repairs or by lawyers who undergo surgeries on a lower rate than other groups), they are less likely to be cheated. Therefore, measures eliminating information asymmetry, such as webpages comparing competing providers; measures taken by organization for protection of consumers; or a simple demonstration that the individual knows what he or she is talking about, seem as effective solutions (Gneezy et al. 2012). Similarly, if people won't be motivated to cheat because the chance of getting caught and apprehended was high enough, the non-ethical behavior will decline (Nagin 2013). The same applies for eliminating or limiting people's possibilities to rationalize their non-ethical behavior (Zhang et al. 2014).

Advancements of forensic economics, behavioral psychology and other disciplines provide increasingly detailed tools for detecting and discovering dishonest actions. Not only do they identify dishonest processes and their scope but by examining the causal factors, such tools are able to suggest measures for elimination or limitation of such behavior.

### Further Reading

- Agrawal, A., & Chadha, S. 2005. Corporate Governance and Accounting Scandals. *The Journal of Law and Economics*, 48(2), 371–406. doi:10.1086/430808.
- Balafoutas, L., Beck, A., Kerschbamer, R., & Sutter, M. 2013. What Drives Taxi Drivers? A Field Experiment on Fraud in a Market for Credence Goods. *The Review of Economic Studies*, 80(3), 876–891. doi:10.1093/restud/rds049.
- Bazerman, M. H., & Gino, F. 2012. Behavioral Ethics: Toward a Deeper Understanding of Moral Judgment and Dishonesty. *Annual Review of Law and Social Science*, 8(1), 85–104. doi:10.1146/annurev-lawsocsci-102811-173815.
- Busse, M. R., Israeli, A., & Zettelmeyer, F. 2017. Repairing the Damage: The Effect of Price Knowledge and Gender on Auto-Repair Price Quotes. *Journal of Marketing Research*, 54(1), 75–95. doi:10.1509/jmr.13.0291.
- Chou, S.-Y. 2002. Asymmetric information, ownership and quality of care: An empirical analysis of nursing homes. *Journal of Health Economics*, 21(2), 293–311. doi:10.1016/S0167-6296(01)00123-0.
- DeAngelo, G., & Hansen, B. 2014. Life and Death in the Fast Lane: Police Enforcement and Traffic Fatalities. *American Economic Journal: Economic Policy*, 6(2), 231–257. doi:10.1257/pol.6.2.231.
- Dechow, P. M., Sloan, R. G., & Sweeney, A. P. 1996. Causes and Consequences of Earnings Manipulation: An Analysis of Firms Subject to Enforcement Actions by the SEC. *Contemporary Accounting Research*, 13(1), 1–36. doi:10.1111/j.1911-3846.1996.tb00489.x.
- Dellaportas, S. 2013. Conversations with inmate accountants: Motivation, opportunity and the fraud triangle. *Accounting Forum*, 37(1), 29–39. doi:10.1016/j.accfor.2012.09.003.

- Di Tella, R., & Schargrodsky, E. 2003. The Role of Wages and Auditing during a Crackdown on Corruption in the City of Buenos Aires. *The Journal of Law & Economics*, 46(1), 269–292. doi:10.1086/345578.
- Domenighetti, G., Casabianca, A., Gutzwiller, F., & Martinoli, S. 1993. Revisiting the Most Informed Consumer of Surgical Services: The Physician-Patient. *International Journal of Technology Assessment in Health Care*, 9(04), 505–513. doi:10.1017/S0266462300005420.
- Draca, M., Koutmeridis, T., & Machin, S. J. 2015. The changing returns to crime: Do criminals respond to prices? *CEPR Discussion Paper No. DP10647*. Retrieved from <https://ssrn.com/abstract=2615887>.
- Edelman, B., & Larkin, I. 2015. Social Comparisons and Deception Across Workplace Hierarchies: Field and Experimental Evidence. *Organization Science*, 26(1), 78–98. doi:10.1287/orsc.2014.0938.
- Efendi, J., Srivastava, A., & Swanson, E. P. 2007. Why do corporate managers misstate financial statements? The role of option compensation and other factors. *Journal of Financial Economics*, 85(3), 667–708. doi:10.1016/j.jfineco.2006.05.009.
- Erat, S., & Gneezy, U. 2012. White Lies. *Management Science*, 58(4), 723–733. doi:10.1287/mnsc.1110.1449.
- Falk, A., & Szech, N. 2016. Pleasures of skill and moral conduct. *CESifo Working Paper Series No. 5732*. Retrieved from <https://ssrn.com/abstract=2743194>.
- Figlio, D. N. 2006. Testing, crime and punishment. *Journal of Public Economics*, 90(4–5), 837–851. doi:10.1016/j.jpubeco.2005.01.003.
- Figlio, D. N., & Getzler, L. S. 2006. Accountability, ability and disability: Gaming the system? In T. J. Gronberg, & D. W. Jansen (Eds.), *Advances in applied microeconomics* (vol. 14, pp. 35–49). Amsterdam: Elsevier.
- Figlio, D. N., & Winicki, J. 2005. Food for thought: The effects of school accountability plans on school nutrition. *Journal of Public Economics*, 89(2–3), 381–394. doi:10.1016/j.jpubeco.2003.10.007.
- Gambaro, M., & Puglisi, R. 2015. What do ads buy? Daily coverage of listed companies on the Italian press. *European Journal of Political Economy*, 39, 41–57. doi:10.1016/j.ejpoleco.2015.03.008.
- Gans, J. S., Leigh, A., & Varganova, E. 2007. Minding the shop: The case of obstetrics conferences. *Social Science & Medicine*, 65(7), 1458–1465. doi:10.1016/j.socscimed.2007.05.034.
- Gaspar, J. P., Levine, E. E., & Schweitzer, M. E. 2015. Why we should lie. *Organizational Dynamics*, 44(4), 306–309. doi:10.1016/j.orgdyn.2015.09.008.
- Gneezy, U., List, J., & Price, M. K. 2012. Toward an understanding of why people discriminate: Evidence from a series of natural field experiments. *National Bureau of Economic Research Working Paper Series, No. 17855*.
- Greenberg, J. 1990. Employee theft as a reaction to underpayment inequity: The hidden cost of pay cuts. *Journal of Applied Psychology*, 75(5), 561–568. doi:10.1037/0021-9010.75.5.561.
- Gruber, J., & Owings, M. 1996. Physician Financial Incentives and Cesarean Section Delivery. *The RAND Journal of Economics*, 27(1), 99–123. doi:10.2307/2555794.
- Houdek, P., & Koblóvský, P. 2015. Where is My Money? New Findings in Fiscal Psychology. *Society*, 52(2), 155–158. doi:10.1007/s12115-015-9873-7.
- Hoyland, A., Lawton, C. L., & Dye, L. 2008. Acute effects of macronutrient manipulations on cognitive test performance in healthy young adults: A systematic research review. *Neuroscience & Biobehavioral Reviews*, 32(1), 72–85. doi:10.1016/j.neubiorev.2007.05.006.
- Iizuka, T. 2007. Experts' agency problems: Evidence from the prescription drug market in Japan. *The RAND Journal of Economics*, 38(3), 844–862. doi:10.1111/j.0741-6261.2007.00115.x.
- Jacob, B. A. 2005. Accountability, incentives and behavior: The impact of high-stakes testing in the Chicago Public Schools. *Journal of Public Economics*, 89(5–6), 761–796. doi:10.1016/j.jpubeco.2004.08.004.
- Jacob, B. A., & Levitt, S. D. 2003. Rotten Apples: An Investigation of the Prevalence and Predictors of Teacher Cheating. *The Quarterly Journal of Economics*, 118(3), 843–877. doi:10.1162/00335530360698441.
- Leeson, P. T. 2012. Ordeals. *The Journal of Law & Economics*, 55(3), 691–714. doi:10.1086/664010.
- Leeson, P. T., & Coyne, C. J. 2012. Sassywood. *Journal of Comparative Economics*, 40(4), 608–620. doi:10.1016/j.jce.2012.02.002.
- Levitt, S. D., & Syverson, C. 2008. Market Distortions When Agents Are Better Informed: The Value of Information in Real Estate Transactions. *Review of Economics and Statistics*, 90(4), 599–611. doi:10.1162/rest.90.4.599.
- Markowitz, D. M., & Hancock, J. T. 2016. Linguistic Obfuscation in Fraudulent Science. *Journal of Language and Social Psychology*, 35(4), 435–445. doi:10.1177/0261927x15614605.
- Nagin, D. S. 2013. Deterrence: A Review of the Evidence by a Criminologist for Economists. *Annual Review of Economics*, 5(1), 83–105. doi:10.1146/annurev-economics-072412-131310.
- Nagin, D. S., Rebitzer, J. B., Sanders, S., & Taylor, L. J. 2002. Monitoring, Motivation, and Management: The Determinants of Opportunistic Behavior in a Field Experiment. *American Economic Review*, 92(4), 850–873. doi:10.1257/00028280260344498.
- O'Boyle, E. H., Banks, G. C., & Gonzalez-Mulé, E. 2014. The Chrysalis Effect: How Ugly Initial Results Metamorphose Into Beautiful Articles. *Journal of Management*, 43(2), 376–399. doi:10.1177/0149206314527133.
- Pierce, L., & Balasubramanian, P. 2015. Behavioral field evidence on psychological and social factors in dishonesty and misconduct. *Current Opinion in Psychology*, 6, 70–76. doi:10.1016/j.copsyc.2015.04.002.
- Rick, S., & Loewenstein, G. 2008. Hypermotivation. *Journal of Marketing Research*, 45(6), 645–648. doi:10.1509/jmkr.45.6.645.
- Sachdeva, S., Iliev, R., & Medin, D. L. 2009. Sinning Saints and Saintly Sinners: The Paradox of Moral Self-Regulation. *Psychological Science*, 20(4), 523–528. doi:10.1111/j.1467-9280.2009.02326.x.
- Schneider, H. S. 2012. Agency Problems and Reputation in Expert Services: Evidence from Auto Repair. *The Journal of Industrial Economics*, 60(3), 406–433. doi:10.1111/j.1467-6451.2012.00485.x.
- Schweitzer, M. E., Ordóñez, L., & Douma, B. 2004. Goal Setting as a Motivator of Unethical Behavior. *The Academy of Management Journal*, 47(3), 422–432. doi:10.2307/20159591.
- Shalvi, S., Gino, F., Barkan, R., & Ayal, S. 2015. Self-Serving Justifications: Doing Wrong and Feeling Moral. *Current Directions in Psychological Science*, 24(2), 125–130. doi:10.1177/0963721414553264.
- Simonsohn, U. 2013. Just Post It: The Lesson From Two Cases of Fabricated Data Detected by Statistics Alone. *Psychological Science*, 24(10), 1875–1888. doi:10.1177/0956797613480366.
- Stroebe, W., Postmes, T., & Spears, R. 2012. Scientific Misconduct and the Myth of Self-Correction in Science. *Perspectives on Psychological Science*, 7(6), 670–688. doi:10.1177/1745691612460687.
- Thoursie, P. S. 2004. Reporting sick: Are sporting events contagious? *Journal of Applied Econometrics*, 19(6), 809–823. doi:10.1002/jae.758.
- Utikal, V., & Fischbacher, U. 2013. Disadvantageous lies in individual decisions. *Journal of Economic Behavior & Organization*, 85, 108–111. doi:10.1016/j.jebo.2012.11.011.
- Vranka, M. A., & Houdek, P. 2015. Many Faces of Bankers' Identity: How (not) to study dishonesty. *Frontiers in Psychology*, 6(302). doi:10.3389/fpsyg.2015.00302.
- Zhang, T., Gino, F., & Bazerman, M. H. 2014. Morality rebooted: Exploring simple fixes to our moral bugs. *Research in Organizational Behavior*, 34, 63–79. doi:10.1016/j.riob.2014.10.002.
- Zitzewitz, E. 2012. Forensic economics. *Journal of Economic Literature*, 50(3), 731–769. doi:10.1257/jel.50.3.731.

**Petr Houdek** is an assistant professor at University of Economics in Prague, Czech Republic and at J. E. Purkyně University, Ústí nad Labem, Czech Republic. He is also a Ph.D. candidate of Theoretical and Evolutionary Biology at Charles University in Prague. His primary research interests include behavioral economics, social psychology, and management sciences. He has published papers in *Academy of*

*Management Perspectives, Perspectives on Psychological Science, Journal of Management Inquiry, Behavioral and Brain Sciences, PLoS ONE, Critical Care Medicine, Society etc.* He would like to thank Štefan Král and Markéta Sýkorová for editing the English version of the manuscript.