



Duke Probe Shows Failure of Post-Enron Ethics Classes (Update2)

By Matthew Keenan and Brian K. Sullivan

May 1 (Bloomberg) -- The cheating episode at Duke University may cause academics to conclude the post-Enron emphasis on teaching ethics in graduate business schools is a failure.

Thirty-four first-year master's of business administration students at Duke's Fuqua School of Business were disciplined in the program's largest cheating scandal. Nine students face expulsion for collaborating on a take-home test, violating the professor's rules.

Business students are more likely to cut corners than those in any other academic discipline, several studies show. A Rutgers University survey last year found that cheating at business schools is common, even after ethics courses were added following scandals that bankrupted Enron Corp. and WorldCom Inc.

``What is taught in a business program sometimes reinforces'' students' tendencies to be entrepreneurial and results-oriented, said Timothy Dodd, 50, executive director of the Center for Academic Integrity at Duke, in an interview from Durham, North Carolina. ``Those sometimes aren't the people who understand that moral means have to be used to achieve moral ends.''

A study released by the center in September and conducted by Rutgers professor Donald McCabe in New Brunswick, New Jersey, showed that students pursuing MBA degrees cheat more than other U.S. graduate students. McCabe found that 56 percent of those in business schools acknowledge violating the rules, compared with 54 percent in engineering, 48 percent in education and 45 percent in law.

Blows for Duke

``They'll argue that they're just emulating the behavior they're seeing in the corporate world; they're acquiring a skill that will serve them well when they're out there,'' McCabe, 63, said in an interview. ``Getting the job done is the important thing. How you get it done is less important.''

McCabe's survey of 21,500 undergraduates found 74 percent of business majors reported cheating, compared with 73 percent of engineering students and 71 percent of those studying science. The average was 68 percent.

The Duke business-school scandal is the latest blow for an elite university that has been called the ``Ivy of the South.'' Duke President Richard Brodhead set up committees to study campus culture and excessive drinking. Last year, a stripper accused three lacrosse players of sexual assault, leading to the suspension of the team and the resignation of the coach. The charges were later dropped, and authorities said last month that the players were innocent.

Duke's freshman applications fell 1.1 percent in 2007, the first decline in eight years, while Ivy League schools drew record numbers.

Take-Home Exam

The cheating incident came to light when a professor noticed similarities in answers given by some students on a take-home exam. Fuqua investigated 38 students and cleared four.

Additional student coursework also was scrutinized, Associate Dean Michael Hemmerich said in a telephone interview. There aren't any additional inquiries under way, he said.

The students were from multiple continents and countries, Hemmerich said. All students agree to abide by the honor code when attending.

``All indications are that the judicial board was meticulous in its investigations and hearings," Hemmerich said.

The school's judicial board recommended nine students for expulsion. Fifteen will receive a one-year suspension and a failing grade in the course, nine will fail the class and one will flunk an assignment. The students can appeal.

Honor Code

Fuqua posts an honor code that covers cheating in every classroom.

``We place these words prominently in our classrooms because they represent our core values as an institution," Dean Douglas T. Breeden said in a statement.

Fuqua tied with the University of Virginia's Darden School for 12th in a U.S. News & World Report ranking of the top U.S. business schools. Harvard Business School in Boston is first.

``This is all about human weakness," said Steven Peikin, 41, a former assistant U.S. attorney in New York who prosecuted executives at WorldCom and Adelphia Communications Corp.

The Duke students, on average, were 29 years old and had six years of work experience before enrolling. They already should have gained the maturity to recognize that what they were doing was wrong, said Peikin, who is now a partner with the criminal defense and investigations group of Sullivan & Cromwell in New York.

``They're not kids, they're adults at one of the top business schools, engaged in widespread cheating," Peikin said. ``There's something missing if that can go on."

Ethics Courses

Earlier this decade, after the scandals at Enron, WorldCom and other companies, many business schools added ethics courses or ethics modules to MBA classes. Harvard, for example, instituted a compulsory, graded ethics course in 2004.

The pressure to achieve at business schools pushes some students to cheat, said W. Michael Hoffman, executive director of the Center for Business Ethics at Bentley College in Waltham, Massachusetts.

Students might believe that ``unless I cheat like everyone else or unless I violate my code of ethics, I am not going to be able to compete," Hoffman said. ``There is a lot of pressure to make acceptable grades because people who get the best grades get the best interviews at different businesses."

Companies such as Goldman Sachs Group Inc. and Citigroup Inc. focus on finding business students with the best grades to intern and work at their firms. Base annual average compensation for graduates of the top MBA programs in the U.S. was about \$100,000 last year, based on a Bloomberg survey of business schools.

Current ethics programs at business schools might not be enough, said Dodd of the Center for Academic Integrity.

``It may be that we are promoting academic integrity, but maybe in some way we are promoting the message that some students picked up that the bottom line is king, or that doing this in the quickest way is the payoff," Dodd said.

To contact the reporters on this story: Matthew Keenan in Boston at mkeenana6@bloomberg.net ; Brian K. Sullivan in Boston at bsullivan10@bloomberg.net .

Last Updated: May 1, 2007 14:03 EDT