The Transmission of Dishonesty: Teacher-Student Interactions in Homogeneous and Diverse Communities[*]

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Abstract

This paper studies the transmission of dishonesty from teachers to students using administrative data that tracks teacher grading improprieties and subsequent student cheating in high-stakes exams. Understanding how teacher dishonesty influences student behavior is important for standard educational outcomes and broader social issues related to trust and ethical behavior. As role models, teachers are widely believed to shape their students' ethical standards and academic integrity. Exploiting within-student variation in exposure to different teachers, we find that students are significantly more likely to cheat when teachers are unfavorably dishonest (giving exceptionally low internal grades). However, when teachers are favorably dishonest (inflating internal grades), the response varies by community context. In homogeneous, tight-knit communities—particularly prevalent among Arab localities in Israel—students respond to teacher leniency by cheating less, consistent with reciprocal norms. In heterogeneous communities, both types of teacher dishonesty increase student cheating. Using a surname-based measure of locality homogeneity, we demonstrate that this pattern stems from community structure rather than ethnic identity per se. These findings highlight how community structure shapes the transmission of ethical behavior, with implications for understanding moral contagion in educational and potentially other settings.

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1. Introduction

This paper studies the transmission of ethically improper behavior from teachers to students. Understanding how teacher dishonesty influences student behavior is important for both standard educational outcomes and broader social concerns regarding trust and ethical behavior. As role models, teachers shape their students' ethical standards and academic integrity, potentially affecting the long-term development of human capital beyond cognitive skills (Heckman and Rubinstein, 2001; Cunha and Heckman, 2007). Previous research has established that dishonesty in educational environments can have far-reaching consequences (Jacob and Levitt, 2003; Dee and Jacob, 2012; Figlio and Loeb, 2011; Angrist et al., 2017). Studies have also shown that exposure to unethical behavior in authority figures can erode trust and encourage similar behavior among subordinates (Fisman and Miguel, 2007; d'Adda et al., 2017; Ajzenman, 2021). However, the dynamics of how teacher dishonesty influences student cheating and its interaction with the community context remain understudied. In this paper, we exploit detailed administrative data that allows us to track teachers' ethically improper grading behavior and subsequent student cheating in high-stakes exams.

We distinguish two forms of teacher improper behavior: one that is plausibly perceived as beneficial or showing good intentions towards the student, and the other seen as detrimental. We then ask whether and in what ways these behaviors affect the likelihood of the students themselves cheating. Intuitively, these two forms of unethical behavior may have different implications. On the one hand, students may be influenced by the ethical climate established by authority figures (Bandura, 1977) or learn from them about norms of appropriate or moral behavior (Cialdini and Trost, 1998). Peer influences have been shown to significantly affect academic cheating behavior (Carrell et al., 2008), and teachers may similarly establish behavioral norms that students internalize. From this perspective, exposure to dishonest behavior on the part of the teacher should lead to more dishonest behavior on the part of students. On the other hand, if a student is caught cheating, this can have adverse consequences for the cheating student, the teacher, the school community, and its reputation. Thus, it may matter whether the teacher's dishonest behavior shows good or bad intentions toward the student (Rabin, 1993; Falk and Fischbacher, 2006; Dufwenberg and Kirchsteiger, 2004). If bad, this would reinforce the first effect (the student might want to "take revenge"). However, if the teacher's behavior, while dishonest, shows good intentions towards the

student, the student might reciprocate by cheating less. This could mitigate, or even reverse, the first effect. We expect such reciprocal behavior to be more prevalent in tight-knit communities with strong kinship ties, where social bonds are stronger, and expectations of reciprocity are clearer (Bowles and Gintis, 2002; Enke, 2019).

We measure teacher dishonest behavior using systematically large deviations between the "internal" matriculation grades, which the teacher submits to the Ministry of Education, and students' "external" scores in the national matriculation exam administered by the Ministry of Education. Such deviations are considered improper by the Ministry, which uses an apparatus designed to detect them. When large gaps are observed between the average internal and external grades in a given test/subject, the Ministry imposes significant sanctions on teachers and schools. The rationale for these sanctions is widely understood. Accurate and unbiased internal school grades are considered crucial to the system's integrity since they affect the comparability of the final matriculation grades across schools and students. Given the high stakes of the matriculation grades, which often determine a student's career trajectory (Angrist and Lavy, 2009, Ebenstien et al. 2016), violations can have grave distributional consequences by unfairly advantaging some students over others. We follow the ministry's policy and treat these violations of the grading protocol as an indication of the teacher's ethically improper behavior.

Our main analysis exploits within-student variation in exposure to different teachers. This helps overcome any potential correlations between the student (or the class, school, and locality) characteristics and the likelihood of cheating or being caught. Importantly, student fixed effects alleviate a concern that students of different genders, abilities, or ethnicities are differentially monitored for cheating. Furthermore, we use variation in teacher dishonest behavior in the preceding year, thus alleviating concerns about the potential effects of the class's expected performance on the teacher's grading policy.

Our findings suggest that when teachers engage in dishonest behavior, such as giving students exceptionally low internal grades—behavior that is plausibly perceived as detrimental to the students—students are prone to engage in more dishonest behavior themselves, as revealed by the likelihood of cheating in the respective external exam.

However, when teachers are dishonest in ways that *benefit* their students, our analysis reveals a nuanced response that varies with community structure. Recall that two mechanisms may be at work: imitation, which should lead to more cheating when teachers are dishonest regardless of direction, and reciprocity, which should lead to less cheating when teachers are favorably dishonest. The relative strength of these mechanisms should depend on community structure. Indeed, we find that in homogeneous communities, as measured by the prevalence of specific surnames, students exposed to such "favorably dishonest" teachers tend to cheat less, suggesting that reciprocity dominates imitation in these settings. This response is particularly prevalent in the minority Arab community in Israel. Yet, even within the Arab sector, the negative effect of favorable teacher dishonesty on cheating is stronger in more homogeneous localities. In contrast, in heterogeneous communities, the effect of favorable dishonest behavior resembles that of detrimental teacher behavior: both types increase the likelihood of student cheating, suggesting that imitation dominates in these settings, though the effect of detrimental dishonesty remains quantitatively larger.

We consider several alternative explanations for these findings. One possibility is that minority schools, where favorable teacher dishonesty tends to be associated with reduced student cheating, face higher sanctions risk. These sanctions might deter student cheating directly. But while we find that the likelihood of cheating decreases when schools have been sanctioned in the preceding year, the response to teacher dishonesty remains robust to controlling for prior sanctions. Another potential mechanism is that students receiving favorably inflated grades have less incentive to risk these grades by cheating. Indeed, we find that higher internal grades correlate with a lower likelihood of cheating, yet controlling for internal grades does not alter the observed pattern of response to teacher dishonesty.

The paper contributes to three main strands of the literature. First, our study contributes to the economics of education literature, particularly the human capital perspective. It highlights how teacher behavior and the integrity of educational environments can affect the development of students' academic skills and ethical standards, which are critical components of human capital formation. This builds on work examining how educational environments shape non-cognitive skills (Heckman and Kautz, 2012; Deming, 2017) and the importance of these skills for long-term outcomes (Chetty et al., 2014; Jackson, 2018). Our work complements

studies on teacher quality that focus primarily on academic achievement (Rockoff, 2004; Rothstein, 2010; Chetty et al., 2014) by examining how teachers may influence ethical behavior and social norms. It also relates to recent work showing how teachers' biased grading behavior can affect students' academic outcomes and choices (Lavy and Megalokonomou, 2024; Alesina et al., 2024).

Second, a large body of literature examines dishonest and unethical behavior. Given the difficulty of observing dishonest behavior in naturally occurring data, let alone identifying its determinants, researchers have largely turned to lab experiments (Fischbacher and Föllmi-Heusi, 2013; Gneezy, 2005; Abeler et al., 2019) as well as lab-in-the-field experiments (Gächter and Schulz, 2016; Cohn et al., 2014; Cohn et al., 2015). These studies have revealed several factors affecting the likelihood of dishonest behavior, including group norms (Bicchieri and Xiao, 2009; Lefebvre et al., 2015), competitive environments (Charness et al., 2014), and culture (Barr and Serra, 2010). However, the transmission of dishonest behavior from authority figures to subordinates remains understudied in real-world contexts. While d'Adda et al. (2017) have shown that leaders can influence ethical conduct in short-term interactions, evidence on how this influence operates over time with meaningful stakes is limited. Our paper addresses this gap by examining the causal impact of teacher dishonesty on student cheating in high-stakes educational contexts. We exploit administrative data tracking teachers' improper grading behavior and subsequent student cheating, distinguishing between different types of teacher dishonesty—beneficial versus detrimental to students—and examining how these interact with community characteristics, thereby revealing complex mechanisms underlying the transmission of ethical standards.

Third, we contribute to the literature on the role of community structure in shaping moral behavior. Cultural economics research has demonstrated that social structures influence ethical and cooperative behavior (Guiso et al., 2008; Tabellini, 2008, Raz 2025). Particularly relevant is work showing that kinship-based societies often develop different moral standards than those found in more individualistic contexts (Enke, 2019; Henrich, 2020). We find that in homogeneous communities, as measured by the prevalence of specific surnames, students are less inclined to cheat in response to beneficial teacher dishonesty. This is consistent with research showing that homogeneous societies with strong kinship ties often develop and

enforce cooperation norms that rely heavily on reciprocity (Bowles and Gintis, 2002; Leung and Bond, 1984). In contrast, both types of teacher dishonesty in heterogeneous communities lead to more student cheating, suggesting that role modeling dominates reciprocity in these contexts. These findings align with evidence that more diverse societies often rely on different enforcement mechanisms for cooperative behavior (Henrich et al., 2010; Greif, 1994). Our study thus provides novel evidence on how community structure moderates the transmission of ethical behavior across generations, with implications for understanding moral contagion in educational settings and potentially other institutional contexts.

2. Institutional Background

Israeli high school students are enrolled either in an academic track leading to a matriculation certificate (Bagrut) or an alternative track leading only to a high school diploma.[1] The Bagrut is completed by passing a series of national exams taken by the students between 10th and 12th grade. Thus, Bagrut certificates are typically obtained at the end of the senior year (twelfth grade) or later. Students take courses (and respective tests) at various proficiency levels, with each test awarding one to five credit units per subject, depending on proficiency level. Some subjects are mandatory and must be taken for at least three credits. A minimum of 21 credits is required to qualify for a Bagrut certificate. The final matriculation score in a given subject is the mean of the test scores in a school-level ("internal") exam, and a national ("external") exam. The latter is graded independently by two external examiners. About 60 percent of all high school seniors received a matriculation certificate in the 2023 cohort (Israel Ministry of Education 2024).

The Bagrut matriculation certificate is a prerequisite for university admission, and receiving it is one of the most economically important educational milestones. It is similar to high school matriculation exams such as the French Baccalaureate, the German Certificate of Maturity, the

[1] This study focuses on the two main sectors of the Israeli education system. In the first the language of instruction is Hebrew, and most students are Jewish. In the second, the language of instruction is Arabic, and all students are Arab. We exclude from the study a third sector, which includes the Jewish ultraorthodox population in Israel. Most schools in this sector do not follow the national curriculum and do not participate in the Bagrut matriculation system. Within the first sector, schools can belong to two distinct segments according to the level of religiosity. "State schools" are secular and serve the secular Jewish population. "State-religious schools" serve mainly the religious Jewish population and in some subjects follow a different curriculum.

Italian Diploma di Maturità, and the New York State Regents examinations. The Bagrut can be understood as a "college-bound" indicator in the American vernacular. Most Israeli students who fail to complete a Bagrut still finish their secondary schooling. Nevertheless, post-secondary schooling options for high school graduates without a Bagrut are limited and very few will obtain further schooling. Even institutions that are not otherwise very selective, such as teachers' colleges and two-year professional programs for nursing, optometry, and computer programming, favor applicants with a Bagrut certificate. Accordingly, evidence from the Israeli census suggests high economic returns to holding a Bagrut (Angrist and Lavy 2009).

2.1 Exam Integrity: Student Cheating and Consequences

During the external exam, proctors can note suspected violations of exam integrity, or cheating. These include the possession of unauthorized materials, collaboration between examinees, receiving assistance, disruption of exam conditions, theft of a questionnaire or failure to report a stolen exam, and possession of electronic devices.

There are three additional stages where suspicion of cheating can be raised. First, Ministry inspection teams that randomly visit schools during the exams can raise charges against an examinee or a member of the administrative or educational staff of the school involving the violation of exam integrity. Second, if identical answers, parallel mistakes, or lack of detail are found while scanning all notebooks, these notebooks will be marked as suspect. Third, during the marking by the two external examiners, the latter receives the seating arrangements in the exam classroom and, therefore, can detect similar exam papers and signs of cheating. Suspicion of not maintaining exam integrity in a matriculation exam can lead to the disqualification of the exam.

Handling suspect cases: If a proctor observes inappropriate behavior, then either the proctor, the supervision coordinator, the inspector, or the head of the examination center fills out a detailed report on the incident during the exam or immediately after its conclusion. This report serves as evidence when making future disciplinary decisions. The course of action---

whether to stop the exam or allow it to continue---depends on the nature of the suspicion, as detailed in section 4.4 of the Ministry reference (Director General's Circular – Exam Integrity[2]).

Generally, every student has the right to appeal. If, at the end of the investigation and the appeal review process, the student is held to have violated exam integrity, the exam for that period is disqualified. One or more disciplinary actions will be taken against the student, such as disqualifying the exam and suspending their eligibility for a matriculation certificate until they retake the exam in the same subject or questionnaire in which they were disqualified, depending on the nature and severity of the offense. If the suspicion concerns technological means, such as using a mobile phone, the student is prevented from taking the exam in that subject for at least one year. Suspension can carry forward to several future exam periods - meaning the student will not have the opportunity to take this exam for several future periods (varies by subject).

A student who violated the exam protocol in more than one subject is not permitted to retake the subjects for which they were disqualified for three years from the date of disqualification. Cases of severe and exceptional incidents of exam integrity violations by examinees can lead to suspension of the examinee from taking exams in all remaining subjects for up to three years, disqualification of exams that the examinee has taken so far, suspension of eligibility for a matriculation certificate or completion certificate for up to three years, and to filing a complaint with the police.

School-level consequences when breaching exam integrity code: The Ministry classifies schools into three tracks – red, yellow, and green – each with specific examination management procedures. Red Track: Schools are classified in the red track if 3% or more of their exam papers were disqualified over the past two of the last three years or if significant and severe violations of examination integrity were identified. Such schools are prohibited from independently managing matriculation exams. In exceptional cases, exams are held outside school premises at an external examination center. Schools in this track must undertake significant corrective measures to ensure compliance with regulations and improve their integrity to achieve green status. Yellow Track: Schools with unsatisfactory adherence to examination integrity. Schools are classified in this track if, over the past two or three years,

[2] https://apps.education.gov.il/mankal/horaa.aspx?siduri=512h

1.1% to 2.9% of their exam papers were disqualified., or if there were significant procedural violations. Schools in this track should view their classification as a warning sign and intensify efforts to uphold examination integrity to achieve green status. Green Track: Schools that had no breaches of examination integrity or exhibited minimal violations.[3]

2.2 Grading Code: Teacher Unethical Behavior and Consequences

The Ministry of Education rules determine that the gap within a given exam is exceptionally high if either (i) the school's average internal grade exceeds the average external exam score by more than 20 points (a "lenient" school), or (ii) if the external exam score average exceeds the school's average internal grade by more than 12 points (a "strict" school).[4] In such cases, the sanction is that the final grade in this exam (in the same year) for all students is recalculated according to new weighting: 90% for the external exam score and 10% for the internal school score. If a violation of the grading code is repeated in consecutive years or several exams, the sanction is that the school 'loses' the privilege to issue internal school grades in all exams for two years. Therefore, the final matriculation grade is based solely on the national external exam during this period.

School-Level Consequences: The Ministry announces these sanctions publicly, which affects the school's reputation. The sanction may further affect school enrollment because the students lose a significant privilege in determining final matriculation diploma grades, which can significantly impact their future post-secondary schooling options.

Measuring Teachers' Ethics: To measure the effect of teachers' ethics, we calculate the average difference between school and national scores for each combination of school, year, and exam code. Note that some subjects have more than one teacher teaching the courses leading to a specific exam. This will be the case, particularly in the compulsory math and English subjects. In this case, the measure we use does not uniquely identify the grading ethics of the specific teacher. Thus, we consider this difference as a proxy for the ethical environment induced by the teaching faculty of the specific subject.

[3] https://apps.education.gov.il/mankal/horaa.aspx?siduri=512#_Toc256000051
[4] https://mosdot.education.gov.il/students/matriculation/shaked/

As discussed in the methodology section, we view the average difference between the external and the school test scores as potentially endogenous to student behavior. Therefore, we use the lagged values of the teachers' ethics at year t-1, instead of the contemporary measure at year t.

3. Data

We start by combining data at the student level from two main administrative data files obtained from the Israel Ministry of Education. The first dataset includes matriculation exam scores and an indicator for disqualified exam scores due to cheating for five consecutive 12th-grade cohorts (1998 to 2002). The final matriculation grade in each subject is typically the average of the external and internal exam scores. The school score is based on an exam similar to the national one administered in the weeks leading up to the national exams. The second dataset includes students' demographic and socio-economic information such as gender, parental education levels, number of siblings, year of immigration (if applicable), and ethnicity.

We merge the student-level datasets with administrative information at the school level, including indicators of co-ed or single-sex schools, sector of study programs (Jewish or Arab), and school communities.

Next, we use a Ministry dataset documenting sanctions imposed on schools during these years due to violations of the grading code, i.e., unusually high differences between the average national exam score and the average school score.

As noted above, we use the lagged values of the teacher's ethics at t-1 instead of the contemporary measure at year t to avoid concerns about reverse causality. However, in 1997, three subjects were excluded from the national external matriculation exams and, therefore, were missing external scores.[5] For these subjects, we use the 1996 measure of the teacher's ethics as a proxy for the 1997 measure. Since, in most cases, the teachers in 1996 were the same as those in 1997, this imputation is unlikely to generate a critical measurement error.

[5] This resulted from a policy during 1995-1997, where exams in some compulsory subjects were canceled in order to reduce the number of exams taken at the end of 12 grade. The Ministry of Education used a lottery to determine which three of the seven compulsory subjects were canceled every year. In 1997, the national exams in History, Civic Studies, and Hebrew were canceled.

Finally, we use information from the Central Bureau of Statistics (CBS) about the surname homogeneity of the population within localities. CBS computes a homogeneity score for each locality based on the percentage of population covered by the top 4 surnames. The score takes values from 1 to 100. The higher the index, the more homogenous the local population is. We use this index to examine whether the relationship between teachers' and students' ethics is related to kinship ties within the community.

3.1 Descriptive Statistics

Table 1 presents means and standard deviations of student and school characteristics by sector (Jewish and Arab schools) and gender. Girls constitute a more significant portion in both sectors due to higher dropout rates among boys during high school.

Panel A reports the means of student characteristics. Parental years of schooling are about 11.6 in Jewish schools. These averages are significantly lower for the subsample of Arab schools: about 8.9 for the father and 7.5 for the mother. In both subsamples, these means are not significantly different based on the student's gender. Students in the Arab schools take about one more matriculation exam (over their 10th-12th grade) due to differences in the curricula of the two sectors. On average, students in Jewish schools achieve higher school scores by about 3 points and about 5 points higher national exam scores (both scores range between 0 and 100). Interestingly, girls perform better in both sectors.

Panel B reveals substantial differences in student dishonesty indicators across the two sectors. The share of disqualified exams in the Jewish school subsample is 0.3 percent, whereas in Arab schools, it is 1.3 percent, with no substantial differences across genders. About 3 percent of students in Jewish schools are suspected of cheating at least once during high school, compared to 12 percent of students in Arab schools. Given these differences – and the difficulty in telling how much of them is due to differential monitoring – our main analysis relies on within-school variation, thus holding the sector fixed.

Panel C presents indicators for teacher ethics. The average difference between the (internal) school score and the (external) national score is about 4.4 points for Jewish schools and 6.5 for Arab schools. Thus, teachers in both sectors tend to be somewhat lenient, with higher leniency observed in Arab schools. The mean absolute difference in scores is about 6.5 points in the

Jewish sector and 9 in the Arab. Turning to the more severe deviations in teacher ethics, we present the proportion of exams graded ten or more points higher than the national score ("positive 10-point difference" in subsequent tables) and graded ten or fewer points lower than the national score ("negative 10-point difference"). We also show proportions using the 20-point and 12-point cutoffs used by the Ministry of Education. Approximately 34 percent of exams in Arab schools are 'positively 10-graded', compared to 19 percent in Jewish schools. The discrepancy is smaller using the 20-point cutoffs (5 percent for Arab and 2.5 percent for Jewish schools). Negative grading is far less prevalent, with the percentage higher in Arab schools.

Panel D reports statistics regarding Ministry of Education sanctions imposed on schools for teacher violation of the grading code. For approximately 1.1 percent of the exams in the Jewish sector and 3.6 percent in the Arab sector, the school was sanctioned last year for this specific exam code. Additionally, in about 70 percent of the cases in the Jewish sector and 97% in the Arab sector, schools were sanctioned at least once in the preceding five years. Consistent with the evidence reported in Panel C, Arab schools are sanctioned at higher rates for lenient grading. The sectoral differences in Panels C and D again highlight the importance of performing the analysis within a school. Finally, there are no significant differences across student gender in both Panels C and D.

Finally, as Panel E shows, surname homogeneity is far higher in the Arab sector, with an average of 30% of the population covered by the top 4 surnames, compared to an average of 6% in the Jewish sector.

4. Empirical Model

Our primary analysis exploits within-student variation in exposure to different teachers in different subjects. This strategy addresses any potential correlations between the student's (or the class or the school) characteristics and the likelihood of cheating or being caught. Importantly, student fixed effects alleviate a concern that students of different genders, abilities, or ethnicities are differentially monitored for cheating. Student and school-fixed effects also address other school-level confounding factors. For example, some schools might have a culture of teacher dishonesty. We further include fixed effects for exam codes---i.e., the

subject and specific sub-materials and level---as certain subjects may be more susceptible to teacher dishonesty, student dishonesty, or monitoring.

We measure teacher dishonesty using the average difference between the internal and external exam scores in a given exam code. Note that at the time of filing the internal grade, teachers do not know what the precise average external grade is going to be. Hence, we examine several measures of teacher dishonesty. Our primary measures are dummy indicators based on +10 difference (overly lenient) and -10 (overly strict) as thresholds. We also use the continuous absolute gaps (lenient and strict deviations) as alternative treatment measures. Throughout, we use the gap between internal and external scores in the preceding year. This is designed to overcome endogenous feedback mechanisms from students to teachers. For example, teachers may give bad grades to students who are likely to cheat. Since normally the same teachers continue to teach the same subject over many years, measures of teacher dishonesty are indeed strongly correlated within exam code and school over years.

Our baseline regression takes the following form:

$$Y_{ijet} = \beta_0 + \beta_1 UP_{je,t-1} + \beta_2 DOWN_{je,t-1} + X_i' \delta + FE + \gamma_1 ISS_{ijet} + \gamma_2 SLY_{je,t-1} + u_{ijet} \qquad (1)$$

where Y_{ijet} is an indicator for exam disqualification of student *i*, in school *j*, in exam code (i.e., subject and level) *e*, in year *t*. $UP_{je,t-1}$ is an indicator of upward (overly lenient) ethical violation in school *j* and exam code *e* in year *t-1. S*imilarly, $DOWN_{je,t-1}$ is an indicator of downward (overly strict) ethical violation. X_i is a vector of student characteristics. *FE* is shorthand for a set of fixed effects which, in the full specification, includes cohort, exam period, exam code, school, and student fixed effects.[6] We further include ISS_{ijet}, the internal school score for student *i* in school *j* in exam *e* in year t. This score is known to the student before the exam and may potentially affect their likelihood of cheating. Finally, $SLY_{je,t-1}$ is an indicator for whether the school was sanctioned last year (that is in *t-1*) for teacher violation of the grading code in the same exam code. u_{ijet} is an unobserved error term, clustered at the school by exam-code level. In the full specification, β_1 and β_2 thus capture the within-individual difference in the likelihood of having one's exam disqualified across different subjects, according to the teacher's ethical behavior in the preceding year in those subjects, and controlling for subject

[6] The school fixed effect essentially drops out once we include a student fixed effects, but it will be instructive to see results that include only the former.

fixed effects. β_1 captures the difference (relative to an unbiased teacher) when the teacher violated the grading code in favor of the students, whereas β_2 captures the difference if the teacher's violation is detrimental to the students.

It is important to emphasize that we use the variation in the *average* ethical behavior of teachers and that our estimate of the effect of the teacher's measure of dishonesty is not confounded by how the teacher treats the specific student. This measure of the teacher's ethics is likely correlated with other behaviors of the teachers that students observe, such as actions, words, respect, and fairness in their conduct in the classroom. Thus, our estimates reflect the effect of the general `image' or the `impression' that overly lenient or overly strict teachers make, and not the effect of how the teacher treated the student. Indeed, we control for the grade the student received from the teacher.

5. Results

We start with a look at the raw data. Figure 1 shows the proportion of disqualified exams by teacher ethical violation in the preceding year in the same exam code and school. The right panel shows disqualification rates in relatively homogeneous communities: localities where more than half the families have one of the four most common surnames in the locality. The left panel shows all other communities. Looking at these relatively heterogeneous communities, we see that disqualification rates are lowest where there is no evidence of teacher improper behavior. Disqualification is higher on average in those subjects where the teacher acted improperly, especially when the teacher was improperly harsh (that is, systematically gave lower internal grades than the external grades). Turning to homogeneous communities, however, we observe a strikingly different pattern. Disqualification is again highest when the teacher is improperly harsh, but it is, in fact, lowest when the teacher is improperly lenient. This might be consistent with the idea that, at least in tight-knit, kinship-based communities, imitation is not the only channel underlying the transmission of ethical behavior.

5.1 Teacher Dishonesty and Student Cheating: The Overall Relationship

Of course, from Figure 1, we cannot tell how much of the observed patterns are due to systematic differences across localities, schools, subjects, and students that may be correlated

with both teacher and student behavior. Different sanctioning policies across communities or subjects may also drive the pattern. To address these issues, we start in Table 2 by estimating Equation (1) for the entire sample. The first column controls only for cohort and exam period fixed effects, Column 2 adds student demographic characteristics, and Column 3 adds exam-code fixed effects. The estimates show a positive and statistically significant association between the likelihood of exam disqualification and both positive and negative teacher dishonesty. Consistent with Figure 1, the association is much stronger for the negative violation (the difference is statistically significant).

Column 4 further includes school-fixed effects. This erodes both treatment estimates. In fact, the association of disqualification with positive teacher dishonesty is now zero. This suggests that an important part of the correlation observed in Figure 1 may be due to differences across schools (or communities). In particular, some schools appear to be more likely to both upwardly bias students' internal grades and to have students caught cheating in exams. Using within-school variation, only the effect of negative teacher dishonesty remains statistically significant.

Finally, Column 5 adds student-fixed effects, thereby relying on within-student variation in exposure to different teachers. This provides our first result. Students are, on average, more likely to be caught cheating in those exams where the teacher has been overly harsh. Note that including the student fixed effect suggests that this is unlikely to be due to differential or selective enforcement of the rules due e.g., to gender or ethnicity. This supports the interpretation that students are more likely to cheat when exposed to harsh, dishonest teachers. At the same time, on average students are not more likely to cheat if the teacher is dishonestly favorable.

There are two main concerns regarding this interpretation. First, the Ministry of Education may have sanctioned schools where teachers violated the ethical grading code in the preceding year. Such sanctions may directly affect student behavior in those subjects where the violation occurred.[7] In column 6, we control for whether the school was sanctioned in the previous year for ethical violations in the same exam code. The estimates suggest that being

[7] The sanctions may also affect teacher behavior in the current year, thereby indirectly affecting student behavior. Indeed, as we show in online appendix Tables A5 and A6, being sanctioned last year is negatively associated with being sanctioned this year.

sanctioned last year may indeed be negatively associated with exam disqualification, though the association is noisy. However, this does not meaningfully affect the estimated coefficients on the two dishonesty indicators.

Second, and more importantly, the student's decision whether or not to cheat in the exam may be affected by their internal grade, which is made known prior to the exam. One possibility is that a student may hesitate to risk being caught and losing a good internal grade. Conversely, if the internal grade is low, the student might decide that they have little to lose: they may as well take the risk and cheat in the exam. This would generate a positive association between having a harsh teacher and cheating. In Column 7 we include in the regression the student's internal school score. As expected, the likelihood of exam disqualification is significantly lower (within student) the higher the internal score. However, the estimated effects of teacher dishonesty are basically unaffected. This is also true in the last specification, where we include both controls.

Controlling for the student's internal school score also accounts for a second possibility. A student who received an internal score higher than they deserved may conceivably be incentivized to cheat to try to narrow the gap with their external score in order to reduce the likelihood of a sanction (which would imply a lower weight on the internal score). Conversely, if they received a lower school grade than they deserved, this can generate an incentive to cheat in order to increase the gap between the average school and the external scores, increasing the likelihood of a sanction that reduces the weight of the internal score. Both of these channels coincide with an imitation or role model effect (an incentive to cheat if the teacher was dishonest) but are controlled by including the school grade in the regression.

5.2 The Role of Community Homogeneity

The estimates in the last column of Table 2 reveal a nuanced relationship between teacher dishonesty and student cheating behavior. When teachers exhibit negative dishonesty (systematically giving lower internal grades than external scores), students are significantly more likely to cheat. This is consistent with two potential mechanisms. First, students may imitate the dishonest behavior they observe in their teachers, who serve as role models for

ethical behavior, integrity, and professionalism.[8] Second, students might engage in retaliatory behavior that could adversely affect both the teacher and the school's reputation, potentially increasing the likelihood that a school might sanction a teacher who violated the grading code. In the case of negative dishonesty, both effects work in the same direction.

However, when examining positive teacher dishonesty (giving higher internal grades than warranted), the coefficient is an order of magnitude smaller and not statistically significant. This suggests that the overall effect of teachers being dishonestly generous toward students is more complex. We hypothesize that two competing mechanisms may be at work in this case. While the role model effect (students imitating dishonest behavior) would tend to increase cheating, a reciprocity effect now operates in the opposite direction, with students responding to favorable treatment by cheating less.

To investigate this hypothesis, we leverage the idea that norms of reciprocity are more prevalent in homogeneous communities: Tightly-knit, homogeneous communities often exhibit stronger reciprocal norms and place greater emphasis on within-group cooperation (Bowles and Gintis, 2004; Enke, 2019; Henrich et al., 2010). Table 3 presents separate estimates for non-homogeneous localities (below 50% surname homogeneity) and homogeneous localities (above 50%). The results reveal striking differences between these community types.

In non-homogeneous communities (columns 1-3), both positive and negative teacher dishonesty increase student cheating, with the effect of negative teacher dishonesty more than twice as large as that of positive dishonesty. These effects are robust to controls for school sanctions and internal grades.

In contrast, homogeneous communities (columns 4-6) show dramatically different patterns. Positive teacher dishonesty significantly *reduces* student cheating, with a coefficient of -0.0079, while negative teacher dishonesty increases cheating, with a coefficient of 0.0240 (compared to 0.0015 in non-homogeneous communities). These opposing effects are both statistically

[8] Bandura (1977) emphasizes the role of observational learning and imitation, explaining how students learn behaviors and ethical standards by observing and emulating significant figures, including teachers.

significant and substantial in magnitude. Notably, these estimates remain stable even after controlling for school sanctions and internal grades.[9]

Table A2 in the appendix examines gender differences in these patterns. In homogeneous localities, boys and girls cheat less when teachers show positive dishonesty and more when teachers display negative dishonesty, with remarkably similar point estimates across genders. In non-homogeneous localities, however, only boys show increased cheating in response to (both forms of) teacher dishonesty, while girls' cheating behavior appears unaffected by either.

Columns 1-3 in Table 4 repeat this analysis by including interactions of locality homogeneity with teacher dishonesty. This again shows that in heterogenous communities both effects are positive (first two rows), but in highly homogeneous communities, positive dishonesty reduces cheating overall (third plus first rows).

Given the differences in homogeneity and cheating patterns across the Arab and Jewish sectors, Columns 4-9 in Table 4 examine the role of homogeneity within each sector. Within the Jewish sector (columns 4-6), we again find a positive effect for both types of dishonesty in the more heterogeneous communities. Adding the point estimate for the interaction with homogeneous communities in the full specification (column 6), we get an overall negative effect of positive teacher dishonesty (-0.0027), but the interaction term is not statistically significant. In the Arab sector, where homogeneity is higher overall, favorable dishonesty does not have a positive effect, even in the relatively heterogeneous communities (first row). The effect of favorable dishonesty becomes even more negative in the more homogeneous communities (-0.0076 altogether, basically repeating the -0.0079 observed in Table 3), although again the interaction term is statistically insignificant. Table 5 presents results from regressions similar to those in Table 4 but using the continuous homogeneity index instead of the dummy indicator used above. The results depict the same pattern: favorable dishonesty leads to less cheating the more homogeneous the community is.[10]

[9] Table A1 repeats the estimates from Table 3, using a cutoff of 25% surname homogeneity to divide the homogenous and non-homogenous samples. The estimates again show that in heterogeneous communities, both positive and negative teacher dishonesty leads to increased cheating. In contrast, in more homogeneous communities, both effects are statistically insignificant, and the point estimates are again in opposite directions.
[10] Table A4 in the online appendix replicates Table 4 for samples by sector and gender. Table A5 replicates Table 4 when the homogeneity indicators' cutoff is 25 percent.

An additional interesting finding in Tables 4 and 5 is that sanctioning the school in a particular exam code last year significantly reduced cheating (in that school and exam code) only in the Arab sector. Both in Table 4 and in Table 5, the estimate of sanctions in the Arab sector is around -0.008 (se=0.0028), while in the Jewish sample, it is practically zero. When further stratifying the Arab sample by the degree of community homogeneity, we find that the homogenous part primarily drives the negative effect of sanctions on students cheating. The estimate in the homogenous sample is -0.0202 (se=0.094), while in the non-homogeneous sample, it is much smaller, -0.006 (se=0.0027). These results are presented in the online appendix Table A3. Can this pattern also be explained by the strong norms of reciprocity in homogeneous communities? The community reciprocity norms can induce students to cheat less in such circumstances to avoid being sanctioned again. Other explanations, for example, that minority schools are more likely to be punished or sanctioned and therefore make students cheat less, should apply to all, and therefore, it is not consistent with the observed effect only in homogenous communities.[11]

Table 6 examines whether the negative effect of beneficial teacher dishonesty on student cheating primarily stems from locality homogeneity rather than being an Arab sector-specific phenomenon. Column 2 introduces interactions between teacher ethics measures and locality homogeneity, revealing that as homogeneity increases, favorable teacher dishonesty significantly reduces cheating, while the main effect (reflecting very heterogeneous communities) becomes strongly positive (0.0018). When adding interactions with Jewish school indicators in column 3, the homogeneity interaction remains significant while sector interactions are not. These results suggest that community homogeneity—not ethnic identity per se—drives the reciprocal response to teachers' lenient dishonesty, consistent with the

[11] In Tables A6 and A7 in the online appendix, we present results from regressions where the dependent variable is 'sanctions in year t' and the regressor is 'sanctions in year t-1'. The unit of observation is the (Exam Code X Year). The estimates show that in the Jewish and the Arab sectors, in homogenous and non-homogeneous localities, sanctions at year t lower the likelihood of sanctions at year t by about 20 percent. These estimates are quite the same across all samples and regressions. The interpretation is that teachers do respond to sanctions and become more 'ethical' once 'caught' violating the grading ethics. This is even the case in homogenous communities with strong reciprocity norms. The interpretation is that among adults (the teachers), the 'deterring' effect of sanctions once caught violating the marking ethical code somewhat lowers the reciprocity commitment in a homogenous community.

interpretation that tight-knit community structures foster distinctive ethical transmission patterns. Table 7 repeats the analysis with the binary measure of homogeneity.

6. Discussion: Clan Culture in Israel

The above evidence implies that positive reciprocity when teachers' unethical behavior favors students is only seen in homogenous localities. However, in diverse localities, there is no evidence of reciprocity when teachers are unethical, regardless of whether they are in favor or against students. This pattern is likely to reflect the clan culture prevalent in homogeneous communities. Clan culture typically refers to a clan's social structure and traditions, a group of people united by kinship and often residing nearby. Clan culture emphasizes strong familial ties and a sense of belonging based on shared ancestry. Members often feel a deep loyalty and responsibility towards their clan. Reciprocity is a foundational principle that promotes solidarity, mutual aid, and collective well-being. It reinforces social norms and expectations, shaping how individuals interact and cooperate within their clan community. These practices help preserve cultural continuity and strengthen social cohesion within communities.

Despite modernization and urbanization, clan traditions and customs persist in many communities in Israel, particularly in traditional Arab localities. Arab societies traditionally organize in clans where leaders/elders play a crucial role in resolving disputes. In Arab localities in Israel, clan leaders' influence can impact how educational policies are perceived and implemented and how students and parents interact with educational authorities. This influence might extend to attitudes toward grading practices and school ethical behavior.

In light of the above evidence presented in Tables 3 and 4, namely a negative impact of favorable teachers' ethics on students' cheating, the estimates in Table A2 that show no gender differences in this negative effect are particularly intriguing. The Arab clan culture is very traditional, also in terms of women's status and role in society. Women have a high fertility rate, work mainly within households, and have a very low rate of labor force participation (Lavy and Zablotsky 2015). Yet, as our results show, they adhere to clan tradition and rules just as much as men do.

6.1 Evidence from Segregated and Mixed Localities

Most of the Arab population in Israel lives in 'Arab localities' where all the population is Arab. There are, however, some localities with a small minority population of Arabs among predominantly Jewish inhabitants. To assess how sensitive our results are to this unique dual nature of Arab localities, we estimated the models from Table 3 for these two sub-samples. Table 8 presents the results. The estimates for the segregated Arab localities (columns 4-6) replicate the patterns we observe in homogeneous localities: a statistically significant negative effect of favorable teacher dishonesty on student cheating, and a positive effect of harmful teacher dishonesty. The same pattern emerges for boys and girls when estimating these effects by gender (bottom two panels in Table 8).

Remarkably, however, the estimates from the Arab schools in *mixed* localities (columns 1-3 in Table 8) are qualitatively similar to those obtained in heterogeneous localities. They have larger standard errors because they are estimated from a much smaller sample. This again suggests that the differences in the transmission of dishonesty have more to do with the community's tightness than with ethnicity. The reciprocity mechanism based on a gift exchange model is less likely to affect a population – Arab or Jewish – residing in large modern cities like Tel Aviv and Haifa where kinship ties are much weaker.

5. Conclusions

This paper examines the transmission of dishonesty from teachers to students in educational settings, revealing nuanced patterns that depend on both the nature of teacher dishonesty and community context. Exploiting within-student variation in exposure to different teachers, we find robust evidence that teacher dishonesty significantly affects student ethical behavior, but in ways that challenge simple models of moral contagion.

When teachers engage in dishonesty that is detrimental to students—specifically, giving systematically lower internal grades than warranted—students consistently respond with increased dishonesty themselves, as measured by cheating in high-stakes matriculation exams. This finding holds across different community structures and ethnic groups, supporting behavioral models where individuals either imitate the unethical conduct of authority figures or retaliate against perceived unfairness.

However, when teachers exhibit dishonesty that benefits students by inflating internal grades, student responses vary systematically with community structure. In heterogeneous communities, such favorably dishonest teacher behavior still increases student cheating, though to a lesser extent than unfavorable dishonesty. In contrast, in homogeneous, tight-knit communities—particularly prevalent in Arab localities with high surname concentration—students respond to teacher leniency by cheating significantly less. This pattern suggests that in close-knit social structures, reciprocal norms can dominate simple imitation effects, leading students to respond to favorable treatment with increased ethical conduct.

Our data allows us to rule out several alternative explanations for these patterns. The results are robust to controlling for prior sanctions imposed on schools and for students' internal grades, suggesting that the observed effects operate through the ethical environment established by teachers rather than through strategic responses to expected sanctions or grade incentives. Moreover, the distinct pattern observed in homogeneous communities persists within both Jewish and Arab sectors, indicating that community structure—not ethnic identity per se—drives the differential response to teacher dishonesty.

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Table 1: Descriptive Tests Statistics

	Jewish Schools			Arab Schools		
	All	Boys	Girls	All	Boys	Girls
A. Student Characteristics						
Father's Years of Schooling	11.595	11.622	11.572	8.777	8.878	8.700
	(4.788)	(4.869)	(4.716)	(4.119)	(4.249)	(4.016)
Mother's Years of Schooling	11.645	11.651	11.640	7.474	7.518	7.441
	(4.542)	(4.650)	(4.447)	(4.127)	(4.221)	(4.054)
Number of exams taken during high school	9.990	9.779	10.173	11.035	10.714	11.279
	(3.722)	(3.809)	(3.635)	(3.701)	(3.766)	(3.632)
Average School Exams' Score	76.740	74.852	78.383	73.406	71.698	74.708
	(11.175)	(11.257)	(10.838)	(14.917)	(15.331)	(14.459)
Average National Exams' Score	72.254	70.750	73.562	66.779	65.239	67.954
	(12.619)	(12.857)	(12.259)	(15.915)	(16.392)	(15.439)
B. Student Dishonesty Indicators						
Proportion of Disqualified Exam	0.003	0.003	0.003	0.013	0.013	0.012
	(0.056)	(0.058)	(0.053)	(0.112)	(0.115)	(0.110)
Proportion of Students at Least Once Disqualified Exam	0.029	0.031	0.027	0.120	0.122	0.119
	(0.168)	(0.174)	(0.163)	(0.325)	(0.327)	(0.324)
C. Teacher's Ethics						
Difference Between School and National Exam's Score	4.355	4.464	4.263	6.556	6.669	6.474
	(7.371)	(7.617)	(7.157)	(8.921)	(8.985)	(8.874)
Absolute DBSNES	6.542	6.718	6.395	8.942	9.017	8.889
	(5.522)	(5.728)	(5.339)	(6.527)	(6.626)	(6.454)
Proportion of Exams with Positive DBSNES >= 10	0.188	0.196	0.182	0.337	0.341	0.334
	(0.391)	(0.397)	(0.386)	(0.473)	(0.474)	(0.472)
Proportion of Exams with Negative DBSNES >= 10	0.022	0.024	0.021	0.038	0.038	0.038
	(0.147)	(0.153)	(0.142)	(0.191)	(0.191)	(0.192)
Proportion of Exams with Positive DBSNES > 20	0.025	0.029	0.021	0.052	0.055	0.049
	(0.156)	(0.168)	(0.145)	(0.221)	(0.228)	(0.216)
Proportion of Exams with Negative DBSNES > 12	0.014	0.015	0.013	0.026	0.026	0.026
	(0.116)	(0.121)	(0.112)	(0.160)	(0.159)	(0.160)

Notes: The table presents the means and standard deviations (in parentheses) of student characteristics and dishonesty indicators stratified by the sector of school and the gender of the student. In panel C, the teacher's ethics is measured by the average difference between school and exam scores last year at the school and exam code level. The means in Panel A, as well as the proportion of students disqualified at least once, are calculated at the student level. All other means are calculated at the exam level (multiple exams for each student).

Table 1: Descriptive Tests Statistics *(Continued)*

	Jewish Schools			Arab Schools		
	All	Boys	Girls	All	Boys	Girls
D. Ministry Sanctions						
The School Was Sanctioned Last Year	0.011	0.011	0.010	0.038	0.039	0.037
	(0.102)	(0.107)	(0.098)	(0.191)	(0.194)	(0.188)
The Sanction Last Year Because of Positive DBSNES >= 10	0.009	0.010	0.009	0.036	0.037	0.035
	(0.097)	(0.102)	(0.093)	(0.185)	(0.188)	(0.183)
The Sanction Last Year Because of Negative DBSNES >= 10	0.001	0.001	0.001	0.001	0.001	0.001
	(0.031)	(0.030)	(0.032)	(0.037)	(0.037)	(0.036)
The Sanction Last Year Because of Positive DBSNES > 20	0.007	0.008	0.007	0.024	0.025	0.024
	(0.086)	(0.089)	(0.082)	(0.153)	(0.155)	(0.152)
The Sanction Last Year Because of Negative DBSNES > 12	0.001	0.001	0.001	0.001	0.001	0.001
	(0.025)	(0.025)	(0.025)	(0.034)	(0.034)	(0.034)
The School Has Been Sanctioned at Least Once in the Last Five Years	0.707	0.719	0.698	0.971	0.975	0.969
	(0.455)	(0.450)	(0.459)	(0.167)	(0.157)	(0.174)
E. Homogeneity						
Surname Homogeneity Index	5.762	5.760	5.765	30.170	30.082	30.237
	(4.355)	(4.382)	(4.331)	(21.832)	(21.770)	(21.880)
Number of Observations	3084111	1404601	1679510	592858	249089	343769
Number of Students	308760	143647	165113	53729	23250	30479

Notes: The table presents the means and standard deviations (in parentheses) for ministry sanctions (at the exam level) and the homogeneity index (at the student level), along with measures associating homogeneity with dishonesty. All indicators are stratified by school sector and student gender.

Table 2: The Effect of Teacher Ethics on Student Exam Dishonesty

	Student's Dishonesty: Exam Disqualification							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Teacher Ethics								
Positive Ten-Point Difference	0.0012***	0.0008***	0.0014***	-0.0000	0.0002	0.0003	0.0002	0.0003
	(0.0003)	(0.0003)	(0.0003)	(0.0003)	(0.0003)	(0.0003)	(0.0003)	(0.0003)
Negative Ten-Point Difference	0.0080***	0.0072***	0.0059***	0.0027***	0.0025**	0.0026**	0.0023**	0.0023**
	(0.0012)	(0.0012)	(0.0011)	(0.0010)	(0.0010)	(0.0010)	(0.0010)	(0.0010)
Sanctioned Last Year						-0.0018		-0.0020*
						(0.0012)		(0.0012)
Internal School Score							-0.0001***	-0.0001***
							(0.0000)	(0.0000)
Positive = Negative p-value	0.0000	0.0000	0.0001	0.0108	0.0318	0.0341	0.0571	0.0618
Number of Observations				3677289				
Number of Students				362488				
Cohort and Exam Period FE	✓	✓	✓	✓	✓	✓	✓	✓
Student Characteristics		✓	✓	✓	✓	✓	✓	✓
Exam Code FE			✓	✓	✓	✓	✓	✓
School FE				✓	✓	✓	✓	✓
Student FE					✓	✓	✓	✓

Notes: The table presents the estimated coefficients of positive and negative deviation of the teacher's ethics (the average difference between school and exam scores last year at the school and exam code level) on the student's dishonesty measured as exam disqualification. In column 1 the model includes cohort and exam period fixed effect. In column 2, the model also includes student's gender and father's and mother's education. In column 3, the model also includes a dummy indicator for the exam's code (an exam fixed effect). In column 4, the model also includes a school fixed effect. In column 5, the model also includes a student fixed effect. In column 6, the model also includes a dummy for the school being sanctioned last year at the school and exam code level. In columns 7, the model also includes the internal school score at the specific exam. Standard errors are clustered by the school X exam's code (in parentheses).

Table 3: The Effect of Teacher Ethics on Student Exam Dishonesty
(Below and Above 50% Locality Homogeneity)

	Non-Homogeneous Localities (Below 50)			Homogeneous Localities (Above 50)		
	(1)	(2)	(3)	(4)	(5)	(6)
Teacher Ethics						
Positive Ten-Point Difference	0.0005*	0.0005*	0.0006*	-0.0097**	-0.0078**	-0.0079**
	(0.0003)	(0.0003)	(0.0003)	(0.0038)	(0.0035)	(0.0035)
Negative Ten-Point Difference	0.0017*	0.0018*	0.0015*	0.0235*	0.0240**	0.0240**
	(0.0009)	(0.0009)	(0.0009)	(0.0121)	(0.0121)	(0.0120)
Sanctioned Last Year		-0.0008	-0.0011		-0.0198**	-0.0198**
		(0.0011)	(0.0011)		(0.0092)	(0.0092)
Internal School Score			-0.0001***			0.0000
			(0.0000)			(0.0001)
Positive = Negative p-value	0.1928	0.1976	0.3091	0.0101	0.0124	0.0124
Number of Observations		3561200			96812	
Number of Students		351666			8972	

Notes: The table presents the estimated coefficients of positive and negative deviation of the teacher's ethics (the average difference between school and exam scores last year at the school and exam code level) on the student's dishonesty measured as exam disqualification. In columns 1 and 4, the model includes the control variables from column 5 of Table 2. In columns 2 and 5, the model additionally includes a dummy for the school being sanctioned last year at the school and exam code level. In columns 3 and 6, the model also includes the internal school score at the specific exam. Standard errors are clustered by the school X exam's code (in parentheses).

Table 4: The Effect of Teacher Ethics and Locality Homogeneity (Below and Above 50%) on Student Exam Dishonesty, by School Sector

	Student's Dishonesty: Exam Disqualification								
	All Schools			Jewish Schools			Arab Schools		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Teacher Ethics									
Positive Ten-Point Difference	0.0005*	0.0006**	0.0007**	0.0008***	0.0008***	0.0008***	-0.0025**	-0.0018	-0.0017
	(0.0003)	(0.0003)	(0.0003)	(0.0002)	(0.0002)	(0.0002)	(0.0011)	(0.0012)	(0.0012)
Negative Ten-Point Difference	0.0021**	0.0021**	0.0019**	0.0015**	0.0015**	0.0013**	0.0054	0.0056*	0.0056*
	(0.0009)	(0.0009)	(0.0009)	(0.0007)	(0.0007)	(0.0007)	(0.0034)	(0.0034)	(0.0034)
Positive Ten-Point Difference X School Locality Homogeneity >= 50	-0.0093**	-0.0092**	-0.0091**	-0.0035	-0.0035	-0.0035	-0.0059	-0.0059	-0.0059
	(0.0038)	(0.0038)	(0.0038)	(0.0048)	(0.0048)	(0.0048)	(0.0040)	(0.0039)	(0.0039)
Negative Ten-Point Difference X School Locality Homogeneity >= 50	0.0094	0.0094	0.0093	-0.0064	-0.0064	-0.0062	0.0156	0.0155	0.0155
	(0.0112)	(0.0112)	(0.0112)	(0.0114)	(0.0114)	(0.0112)	(0.0116)	(0.0115)	(0.0115)
Sanctioned Last Year		-0.0016	-0.0019		0.0000	-0.0002		-0.0079***	-0.0079***
		(0.0012)	(0.0012)		(0.0009)	(0.0009)		(0.0028)	(0.0028)
Internal School Score			-0.0001***			-0.0001***			-0.0000
			(0.0000)			(0.0000)			(0.0000)
Positive = Negative *p-value*	0.1095	0.1162	0.1932	0.3324	0.3322	0.5032	0.0223	0.0317	0.0325
PositiveXHomogeneity = NegativeXHomogeneity *p-value*	0.1003	0.1016	0.1064	0.7984	0.7985	0.8088	0.0702	0.0697	0.0697
Number of Observations		3677289			3084463			592793	
Number of Students		362488			308780			53731	

Notes: The table presents the estimated coefficients of positive and negative deviation of the teacher's ethics (the average difference between school and exam scores last year at the school and exam code level) on the student's dishonesty measured as exam disqualification. In columns 1, 4, and 7, the model includes the control variables from column 5 of Table 2. In columns 2, 5 and 8, the model additionally includes a dummy for the school being sanctioned last year at the school and exam code level. In columns 3, 6 and 9, the model also includes the internal school score at the specific exam. Standard errors are clustered by the school X exam's code (in parentheses).

Table 5: The Effect of Teacher Ethics and Locality Homogeneity (Continuous Measure) on Student Exam Dishonesty, by School Sector

	Student's Dishonesty: Exam Disqualification								
	All Schools			Jewish Schools			Arab Schools		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Teacher Ethics									
Positive Ten-Point Difference	0.0017***	0.0018***	0.0018***	0.0008**	0.0008**	0.0008**	0.0005	0.0011	0.0011
	(0.0004)	(0.0005)	(0.0005)	(0.0004)	(0.0004)	(0.0004)	(0.0019)	(0.0019)	(0.0019)
Negative Ten-Point Difference	0.0032***	0.0032***	0.0031***	0.0018*	0.0018*	0.0017	0.0069	0.0071	0.0071
	(0.0012)	(0.0012)	(0.0012)	(0.0011)	(0.0011)	(0.0011)	(0.0053)	(0.0053)	(0.0053)
Positive Ten-Point Difference X School Locality Homogeneity Index	-0.0001***	-0.0001***	-0.0001***	-0.0000	-0.0000	-0.0000	-0.0001*	-0.0001*	-0.0001*
	(0.0000)	(0.0000)	(0.0000)	(0.0000)	(0.0000)	(0.0000)	(0.0001)	(0.0001)	(0.0001)
Negative Ten-Point Difference X School Locality Homogeneity Index	-0.0001	-0.0001	-0.0001	-0.0001	-0.0001	-0.0001	0.0000	0.0000	0.0000
	(0.0001)	(0.0001)	(0.0001)	(0.0001)	(0.0001)	(0.0001)	(0.0002)	(0.0001)	(0.0001)
Sanctioned Last Year		-0.0014	-0.0016		0.0001	-0.0001		-0.0078***	-0.0078***
		(0.0012)	(0.0012)		(0.0009)	(0.0009)		(0.0027)	(0.0027)
Internal School Score			-0.0001***			-0.0001***			-0.0000
			(0.0000)			(0.0000)			(0.0000)
Positive = Negative *p-value*	0.2223	0.2226	0.2847	0.3534	0.3541	0.4624	0.2359	0.2671	0.2681
PositiveXHomogeneity = NegativeXHomogeneity p-value	0.5304	0.5422	0.5779	0.7052	0.7063	0.7117	0.2852	0.2877	0.2897
Number of Observations		3658048			3065222			592793	
Number of Students		360616			306908			53731	

Notes: The table presents the estimated coefficients of positive and negative deviation of the teacher's ethics (the average difference between school and exam scores last year at the school and exam code level) on the student's dishonesty measured as exam disqualification. In columns 1, 4, and 7, the model includes the control variables from column 5 of Table 2. In columns 2, 5 and 8, the model additionally includes a dummy for the school being sanctioned last year at the school and exam code level. In columns 3, 6 and 9, the model also includes the internal school score at the specific exam. Standard errors are clustered by the school X exam's code (in parentheses).

Table 6: Comparative Analysis of the Effects of School Sector and Locality Homogeneity (Continuous Measure) on Student Dishonesty

	Student's Dishonesty: Exam Disqualification		
	(1)	(2)	(3)
Teacher Ethics			
Positive Ten-Point Difference	0.0003	0.0018***	0.0023
	(0.0003)	(0.0005)	(0.0018)
Negative Ten-Point Difference	0.0023**	0.0031***	-0.0018
	(0.0010)	(0.0012)	(0.0055)
Sanctioned Last Year	-0.0020*	-0.0016	-0.0017
	(0.0012)	(0.0012)	(0.0012)
Internal School Score	-0.0001***	-0.0001***	-0.0001***
	(0.0000)	(0.0000)	(0.0000)
Positive Ten-Point Difference X School Locality Homogeneity		-0.0001***	-0.0001**
		(0.0000)	(0.0001)
Negative Ten-Point Difference X School Locality Homogeneity		-0.0001	0.0000
		(0.0001)	(0.0002)
Positive Ten-Point Difference X Jewish School			-0.0006
			(0.0015)
Negative Ten-Point Difference X Jewish School			0.0050
			(0.0049)
Positive = Negative *p-value*	0.0618	0.2847	0.4638
PositiveXHomogeneity = NegativeXHomogeneity p-value		0.5779	0.2871
PositiveXJewish = NegativeXJewish *p*-			0.2687
Number of Observations	3677289	3658048	3658048
Number of Students	362488	360616	360616

The table compares the explanatory power of school sector and continuous locality homogeneity in relation to the effects of positive and negative deviations on student dishonesty, as measured by exam disqualification. In column 1 of the model includes the control variables from column 5 of Table 2, a dummy variable indicating whether the school was sanctioned the previous year at both the school and exam code levels, and the internal school score at the specific exam. In columns 2 and 3, the model gradually includes the interactions of the treatment variables with the continuous measure of school locality homogeneity and with an indicator for Jewish schools.

Table 7: Comparative Analysis of the Effects of School Sector and Locality Homogeneity (Below and Above 50%) on Student Dishonesty

	Student's Dishonesty: Exam Disqualification		
	(1)	(2)	(3)
Teacher Ethics			
Positive Ten-Point Difference	-0.0010	-0.0009	-0.0008
	(0.0011)	(0.0011)	(0.0011)
Negative Ten-Point Difference	-0.0032	-0.0032	-0.0032
	(0.0035)	(0.0035)	(0.0035)
Positive Ten-Point Difference X Jewish School	0.0019*	0.0018	0.0017
	(0.0011)	(0.0011)	(0.0011)
Negative Ten-Point Difference X Jewish School	0.0066*	0.0066*	0.0067*
	(0.0036)	(0.0036)	(0.0036)
Positive Ten-Point Difference X School Locality Homogeneity >= 50	-0.0078**	-0.0078**	-0.0077**
	(0.0039)	(0.0039)	(0.0039)
Negative Ten-Point Difference X School Locality Homogeneity >= 50	0.0143	0.0143	0.0142
	(0.0116)	(0.0116)	(0.0115)
Sanctioned Last Year		-0.0015	-0.0018
		(0.0012)	(0.0012)
Internal School Score			-0.0001***
			(0.0000)
Positive = Negative *p-value*	0.5426	0.5219	0.4517
PositiveXJewish = NegativeXJewish *p*-	0.1949	0.1851	0.1695
PositiveXHomogeneity = NegativeXHomogeneity p-value	0.0607	0.0606	0.0621
Number of Observations		3677289	
Number of Students		362488	

The table compares the explanatory power of school sector and dichotomous locality homogeneity ((defined as a dummy variable indicating whether the school's locality homogeneity score is at least 50) in relation to the effects of positive and negative deviations on student dishonesty, as measured by exam disqualification. In column 1 of tthe model includes the control variables from column 5 of Table 2. In column 2, the model additionally includes a dummy variable indicating whether the school was sanctioned the previous year at both the school and exam code levels. In column 3, the model also includes the internal school score at the specific exam. Standard errors are clustered by the school X exam's code (in parentheses).

Table 8: The Effect of Teacher Ethics on Student Exam Dishonesty in Arab Schools Across Mixed and Segregated Localities

	Student's Dishonesty: Exam Disqualification					
	Arab Schools in Mixed Localities			Arab Schools in Segregated Localities		
	(1)	(2)	(3)	(4)	(5)	(6)
		All			*All*	
Teacher Ethics						
Positive Ten-Point Difference	0.0008	0.0008	0.0008	-0.0040***	-0.0031***	-0.0031***
	(0.0022)	(0.0023)	(0.0023)	(0.0012)	(0.0012)	(0.0012)
Negative Ten-Point Difference	0.0109	0.0109	0.0108	0.0075*	0.0078**	0.0077**
	(0.0072)	(0.0072)	(0.0073)	(0.0038)	(0.0038)	(0.0038)
Sanctioned Last Year		-0.0003	-0.0003		-0.0088***	-0.0088***
		(0.0078)	(0.0077)		(0.0029)	(0.0029)
Internal School Score			-0.0000			-0.0000
			(0.0001)			0.000000
Positive = Negative *p-value*	0.1857	0.1823	0.1833	0.0039	0.0057	0.0058
Number of Observations		56583			536188	
Number of Students		4923			48816	
		Boys			*Boys*	
Teacher Ethics						
Positive Ten-Point Difference	0.0014	0.0019	0.0020	-0.0042***	-0.0034**	-0.0033**
	(0.0024)	(0.0026)	(0.0025)	(0.0014)	(0.0014)	(0.0014)
Negative Ten-Point Difference	0.0056	0.0057	0.0056	0.0076*	0.0080*	0.0079*
	(0.0080)	(0.0080)	(0.0081)	(0.0044)	(0.0045)	(0.0044)
Sanctioned Last Year		-0.0064	-0.0065		-0.0089***	-0.0089***
		(0.0065)	(0.0064)		(0.0033)	(0.0033)
Internal School Score			-0.0001			-0.0000
			(0.0001)			(0.0000)
Positive = Negative *p-value*	0.6064	0.6455	0.6576	0.0120	0.0167	0.0176
Number of Observations		23457			225559	
Number of Students		2100			21156	
		Girls			*Girls*	
Teacher Ethics						
Positive Ten-Point Difference	0.0004	0.0001	0.0001	-0.0038***	-0.0030**	-0.0030**
	(0.0025)	(0.0025)	(0.0025)	(0.0012)	(0.0012)	(0.0013)
Negative Ten-Point Difference	0.0146*	0.0146*	0.0146*	0.0073*	0.0075*	0.0076*
	(0.0084)	(0.0085)	(0.0085)	(0.0043)	(0.0043)	(0.0043)
Sanctioned Last Year		0.0035	0.0035		-0.0086***	-0.0086***
		(0.0092)	(0.0092)		(0.0033)	(0.0033)
Internal School Score			0.0000			0.0000
			(0.0001)			(0.0000)
Positive = Negative *p-value*	0.1060	0.0968	0.0963			
Number of Observations		33123			310628	
Number of Students		2823			27660	

Notes: The table presents the estimated coefficients of positive and negative deviation of the teacher's ethics (the average difference between school and exam scores last year at the school and exam code level) on the student's dishonesty measured as exam disqualification. In columns 1 and 4, the model includes the control variables from column 5 of Table 2. In columns 2 and 5, the model additionally includes a dummy for the school being sanctioned last year at the school and exam code level. In columns 3 and 6, the model also includes the internal school score at the specific exam. Standard errors are clustered by the school X exam's code (in parentheses).

Table A1: The Effect of Teacher Ethics on Student Exam Dishonesty
(Below and Above 25% Homogeneity)

	Non-Homogeneous Localities (Below 25)			Homogeneous Localities (Above 25)		
	(4)	(5)	(6)	(7)	(8)	(9)
Teacher Ethics						
Positive Ten-Point Difference	0.0006***	0.0007***	0.0007***	-0.0035**	-0.0025	-0.0025
	(0.0002)	(0.0002)	(0.0002)	(0.0017)	(0.0017)	(0.0017)
Negative Ten-Point Difference	0.0021**	0.0021**	0.0019**	0.0045	0.0048	0.0048
	(0.0008)	(0.0008)	(0.0008)	(0.0050)	(0.0050)	(0.0050)
Sanctioned Last Year		-0.0003	-0.0003		-0.0100**	-0.0100**
		(0.0010)	(0.0010)		(0.0039)	(0.0039)
Internal School Score			-0.0001***			0.0000
			(0.0000)			(0.0000)
Positive = Negative p-value	0.0977	0.0981	0.1658	0.1260	0.1624	0.1623
Number of Observations		3310552			347334	
Number of Students		328995			31711	

Notes: The table presents the estimated coefficients of positive and negative deviation of the teacher's ethics (the average difference between school and exam scores last year at the school and exam code level) on the student's dishonesty measured as exam disqualification. In columns 1, 4 and 7, the model includes the control variables from column 5 of Table 2. In columns 2, 5 and 8, the model additionally includes a dummy for the school being sanctioned last year at the school and exam code level. In columns 3, 6 and 9, the model also includes the internal school score at the specific exam. Standard errors are clustered by the school X exam's code (in parentheses).

Table A2: The Effect of Teacher Ethics on Student Exam Dishonesty, by Gender

(Below and Above 50% Homogeneity)

	Student's Dishonesty: Exam Disqualification					
	Non-Homogeneous Localities (Below 50)			Homogeneous Localities (Above 50)		
	(1)	(2)	(3)	(4)	(5)	(6)
	Boys			*Boys*		
Teacher Ethics						
Positive Ten-Point Difference	0.0006*	0.0007**	0.0007**	-0.0109**	-0.0088**	-0.0087**
	(0.0003)	(0.0004)	(0.0004)	(0.0047)	(0.0042)	(0.0042)
Negative Ten-Point Difference	0.0027***	0.0027***	0.0025**	0.0216	0.0222	0.0222
	(0.0010)	(0.0010)	(0.0010)	(0.0160)	(0.0160)	(0.0159)
Sanctioned Last Year		-0.0014	-0.0014		-0.0229**	-0.0230**
		(0.0012)	(0.0012)		(0.0103)	(0.0102)
School Score			-0.0001***			-0.0000
			(0.0000)			(0.0001)
Positive = Negative *p-value*	0.0527	0.0574	0.1017	0.0611	0.0706	0.0702
Number of Observations		1603995			40934	
Number of Students		162151			3875	
		Girls			*Girls*	
Teacher Ethics						
Positive Ten-Point Difference	0.0004	0.0004	0.0004	-0.0092**	-0.0076**	-0.0077**
	(0.0003)	(0.0003)	(0.0003)	(0.0036)	(0.0034)	(0.0035)
Negative Ten-Point Difference	0.0009	0.0010	0.0007	0.0244**	0.0247**	0.0248**
	(0.0012)	(0.0012)	(0.0012)	(0.0112)	(0.0111)	(0.0112)
Sanctioned Last Year		-0.0003	-0.0003		-0.0174*	-0.0173*
		(0.0014)	(0.0014)		(0.0092)	(0.0091)
Internal School Score			-0.0001***			0.0001
			(0.0000)			(0.0001)
Positive = Negative *p-value*	0.6431	0.6446	0.8011	0.0040	0.0050	0.0050
Number of Observations		1957194			55871	
Number of Students		189514			5097	

Notes: The table presents the estimated coefficients of positive and negative deviation of the teacher's ethics (the average difference between school and exam scores last year at the school and exam code level) on the student's dishonesty measured as exam disqualification. In columns 1 and 4,the model includes the control variables from column 5 of Table 2. In columns 2 and 5, the model additionally includes a dummy for the school being sanctioned last year at the school and exam code level. In columns 3 and 6, the model also includes the internal school score at the specific exam. Standard errors are clustered by the school X exam's code (in parentheses).

Table A3: The Effect of Teacher Ethics on Student Exam Dishonesty
(by School Sector and Below and Above 50% Locality Homogeneity)

	Jewish Schools			Arab Schools		
	All	Non-Homogeneous Localities (Below 50)	Homogeneous Localities (Above 50)	All	Non-Homogeneous Localities (Below 50)	Homogeneous Localities (Above 50)
	(1)	(2)	(3)	(4)	(5)	(6)
Teacher Ethics						
Positive Ten-Point Difference	0.0008***	0.0008***	-0.0031	-0.0026**	-0.0019*	-0.0083**
	(0.0002)	(0.0002)	(0.0033)	(0.0011)	(0.0012)	(0.0036)
Negative Ten-Point Difference	0.0013**	0.0013*	-0.0053	0.0083**	0.0053	0.0263**
	(0.0007)	(0.0007)	(0.0198)	(0.0036)	(0.0034)	(0.0128)
Sanctioned Last Year	-0.0002	-0.0001	-0.0018	-0.0079***	-0.0060**	-0.0202**
	(0.0009)	(0.0009)	(0.0091)	(0.0028)	(0.0027)	(0.0094)
School Score	-0.0001***	-0.0001***	-0.0006**	-0.0000	-0.0000	0.0001
	(0.0000)	(0.0000)	(0.0003)	(0.0000)	(0.0000)	(0.0001)
Positive = Negative p-value	0.5078	0.4968	0.9143	0.0030	0.0385	0.0102
Number of Observations	3084463	3058792	6410	592793	502375	90402
Number of Students	308780	306108	811	53731	45581	8161

Notes: The table presents the estimated coefficients of positive and negative deviation of the teacher's ethics (the average difference between school and exam scores last year at the school and exam code level) on the student's dishonesty measured as exam disqualification. In columns 1 and 4, the model includes: cohort and exam period FE; student's gender and father's and mother's education; a dummy indicator for the exam's code (an exam fixed effect); a school fixed effect; and a student fixed effect. In columns 2 and 5, the model also includes a dummy for the school being sanctioned last year at the school and exam code level. In columns 3 and 6, the model also includes the school score at the specific exam. Standard errors are clustered by the school X exam's code (in parentheses).

Table A4: The Effect of Teacher Ethics and Locality Homogeneity (Below and Above 50%) on Student Exam Dishonesty, by School Sector

	Student's Dishonesty: Exam Disqualification								
	All Schools			Jewish Schools			Arab Schools		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Boys			*Boys*			*Boys*		
Teacher Ethics									
Positive Ten-Point Difference	0.0007*	0.0008**	0.0008**	0.0009***	0.0010***	0.0010***	-0.0025**	-0.0017	-0.0017
	(0.0003)	(0.0004)	(0.0004)	(0.0003)	(0.0003)	(0.0003)	(0.0013)	(0.0013)	(0.0013)
Negative Ten-Point Difference	0.0030***	0.0030***	0.0028***	0.0026***	0.0027***	0.0025***	0.0046	0.0049	0.0049
	(0.0010)	(0.0010)	(0.0010)	(0.0008)	(0.0008)	(0.0008)	(0.0036)	(0.0036)	(0.0036)
Positive Ten-Point Difference X School Locality Homogeneity >= 50	-0.0107**	-0.0106**	-0.0105**	-0.0027	-0.0027	-0.0027	-0.0070	-0.0070	-0.0070
	(0.0046)	(0.0046)	(0.0046)	(0.0061)	(0.0061)	(0.0061)	(0.0048)	(0.0048)	(0.0048)
Negative Ten-Point Difference X School Locality Homogeneity >= 50	0.0081	0.0081	0.0078	-0.0030	-0.0030	-0.0027	0.0150	0.0150	0.0150
	(0.0132)	(0.0132)	(0.0132)	(0.0119)	(0.0119)	(0.0118)	(0.0142)	(0.0142)	(0.0142)
Sanctioned Last Year		-0.0021*	-0.0024*		-0.0006	-0.0007		-0.0086***	-0.0087***
		(0.0013)	(0.0013)		(0.0011)	(0.0011)		(0.0031)	(0.0031)
Internal School Score			-0.0001***			-0.0001***			-0.0000
			(0.0000)			(0.0000)			(0.0000)
Positive = Negative p-value	0.0275	0.0316	0.0603	0.0555	0.0564	0.0956	0.0573	0.0822	0.0878
PositiveXHomogeneity = NegativeXHomogeneity p-value	0.1714	0.1732	0.1828	0.9775	0.9761	0.9971	0.1446	0.1437	0.1441
Number of Observations		1653825			1404771			249031	
Number of Students		166896			143664			23251	
	Girls			*Girls*			*Girls*		
Teacher Ethics									
Positive Ten-Point Difference	0.0004	0.0005	0.0005	0.0007***	0.0007***	0.0007***	-0.0025**	-0.0018	-0.0018
	(0.0003)	(0.0003)	(0.0003)	(0.0003)	(0.0003)	(0.0003)	(0.0012)	(0.0012)	(0.0012)
Negative Ten-Point Difference	0.0013	0.0013	0.0011	0.0004	0.0004	0.0002	0.0058	0.0061	0.0061
	(0.0012)	(0.0012)	(0.0012)	(0.0008)	(0.0008)	(0.0008)	(0.0041)	(0.0041)	(0.0041)
Positive Ten-Point Difference X School Locality Homogeneity >= 50	-0.0083**	-0.0083**	-0.0081**	-0.0043	-0.0043	-0.0042	-0.0053	-0.0053	-0.0053
	(0.0036)	(0.0036)	(0.0036)	(0.0042)	(0.0042)	(0.0042)	(0.0038)	(0.0038)	(0.0038)
Negative Ten-Point Difference X School Locality Homogeneity >= 50	0.0105	0.0105	0.0104	-0.0083	-0.0083	-0.0081	0.0160	0.0160	0.0160
	(0.0110)	(0.0110)	(0.0110)	(0.0153)	(0.0153)	(0.0151)	(0.0114)	(0.0114)	(0.0114)
Sanctioned Last Year		-0.0012	-0.0014		0.0007	0.0005		-0.0073**	-0.0073**
		(0.0014)	(0.0014)		(0.0011)	(0.0011)		(0.0031)	(0.0031)
Internal School Score			-0.0001***			-0.0001***			0.0000
			(0.0000)			(0.0000)			(0.0000)
Positive = Negative p-value	0.4856	0.4927	0.6282	0.6872	0.6848	0.5112	0.0476	0.0589	0.0585
PositiveXHomogeneity = NegativeXHomogeneity p-value	0.0897	0.0908	0.0944	0.8103	0.8127	0.8150	0.0630	0.0629	0.0629
Number of Observations		2023453			1679681			343759	
Number of Students		195591			165115			30480	

Notes: The table presents the estimated coefficients of positive and negative deviation of the teacher's ethics (the average difference between school and exam scores last year at the school and exam code level) on the student's dishonesty measured as exam disqualification. In columns 1, 4 and 7, the model includes the control variables from column 5 of Table 2. In columns 2, 5 and 8, the model additionally includes a dummy for the school being sanctioned last year at the school and exam code level. In columns 3, 6 and 9, the model also includes the internal school score at the specific exam. Standard errors are clustered by the school X exam's code (in parentheses).

Table A5: The Effect of Teacher Ethics and Locality Homogeneity (Below and Above 25%) on Student Exam Dishonesty, by School Sector

	Student's Dishonesty: Exam Disqualification								
	All Schools			Jewish Schools			Arab Schools		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Teacher Ethics									
Positive Ten-Point Difference	0.0007***	0.0008***	0.0008***	0.0008***	0.0008***	0.0008***	-0.0017	-0.0010	-0.0010
	(0.0003)	(0.0003)	(0.0003)	(0.0002)	(0.0002)	(0.0002)	(0.0012)	(0.0012)	(0.0012)
Negative Ten-Point Difference	0.0032***	0.0032***	0.0030***	0.0014**	0.0014**	0.0013*	0.0105**	0.0108**	0.0108**
	(0.0008)	(0.0008)	(0.0008)	(0.0007)	(0.0007)	(0.0007)	(0.0043)	(0.0043)	(0.0043)
Positive Ten-Point Difference X School Locality Homogeneity >= 25	-0.0042**	-0.0041**	-0.0040**	-0.0004	-0.0004	-0.0005	-0.0031	-0.0030	-0.0030
	(0.0017)	(0.0017)	(0.0017)	(0.0021)	(0.0021)	(0.0021)	(0.0020)	(0.0020)	(0.0020)
Negative Ten-Point Difference X School Locality Homogeneity >= 25	-0.0047	-0.0048	-0.0049	0.0015	0.0015	0.0015	-0.0043	-0.0044	-0.0044
	(0.0051)	(0.0051)	(0.0051)	(0.0071)	(0.0071)	(0.0071)	(0.0065)	(0.0065)	(0.0065)
Sanctioned Last Year		-0.0016	-0.0018		0.0000	-0.0002		-0.0079***	-0.0079***
		(0.0012)	(0.0012)		(0.0009)	(0.0009)		(0.0028)	(0.0028)
Internal School Score			-0.0001***			-0.0001***			-0.0000
			(0.0000)			(0.0000)			(0.0000)
Positive = Negative p-value	0.0054	0.0057	0.0125	0.3598	0.3597	0.5386	0.0053	0.0068	0.0069
PositiveXHomogeneity = NegativeXHomogeneity p-value	0.9114	0.8934	0.8585	0.7923	0.7921	0.7843	0.8586	0.8356	0.8341
Number of Observations		3677289			3084463			592793	
Number of Students		362488			308780			53731	

Notes: The table presents the estimated coefficients of positive and negative deviation of the teacher's ethics (the average difference between school and exam scores last year at the school and exam code level) on the student's dishonesty measured as exam disqualification. In columns 1, 4 and 7, the model includes the control variables from column 5 of Table 2. In columns 2, 5 and 8, the model additionally includes a dummy for the school being sanctioned last year at the school and exam code level. In columns 3, 6 and 9, the model also includes the internal school score at the specific exam. Standard errors are clustered by the school X exam's code (in parentheses).

Table A6: Effect of Previous School Sanctions on Current Sanctions

	(1)	(2)	(3)	(4)	(5)	(6)
	School Was Sanctioned This Year					
	All Schools		Jewish Schools		Arab Schools	
Sanctioned Last Year	0.0467***	-0.2038***	0.0449***	-0.2120***	0.0404***	-0.1892***
	(0.0072)	(0.0078)	(0.0086)	(0.0096)	(0.0132)	(0.0131)
Number of Observations	105506	99273	87509	82083	17990	17190
	School Was Sanctioned This Year With Positive 20-Point Difference					
	All Schools		Jewish Schools		Arab Schools	
Sanctioned Last Year	0.0409***	-0.2262***	0.0461***	-0.2358***	0.0212*	-0.2077***
	(0.0076)	(0.0084)	(0.0099)	(0.0111)	(0.0116)	(0.0124)
Number of Observations	105429	99194	87437	82008	17985	17186
Cohort & Exam Period FE	✓	✓	✓	✓	✓	✓
Exam Code FE	✓	✓	✓	✓	✓	✓
School FE	✓	✓	✓	✓	✓	✓
SchoolXYear FE	✓	✓	✓	✓	✓	✓
SchoolXExam Code FE		✓		✓		✓

Notes: The table presents the estimated coefficient of last year's sanction on the probability of the school being sanctioned this year. In odd columns, the model includes cohort, exam period FE, a dummy indicator for the exam's code (an exam fixed effect), school-fixed effects, and school-year fixed effects. In even columns, the model also includes school-exam code fixed effects. The observation level is at the school-exam code-year level. Standard errors are clustered by the school-exam code (in parentheses).

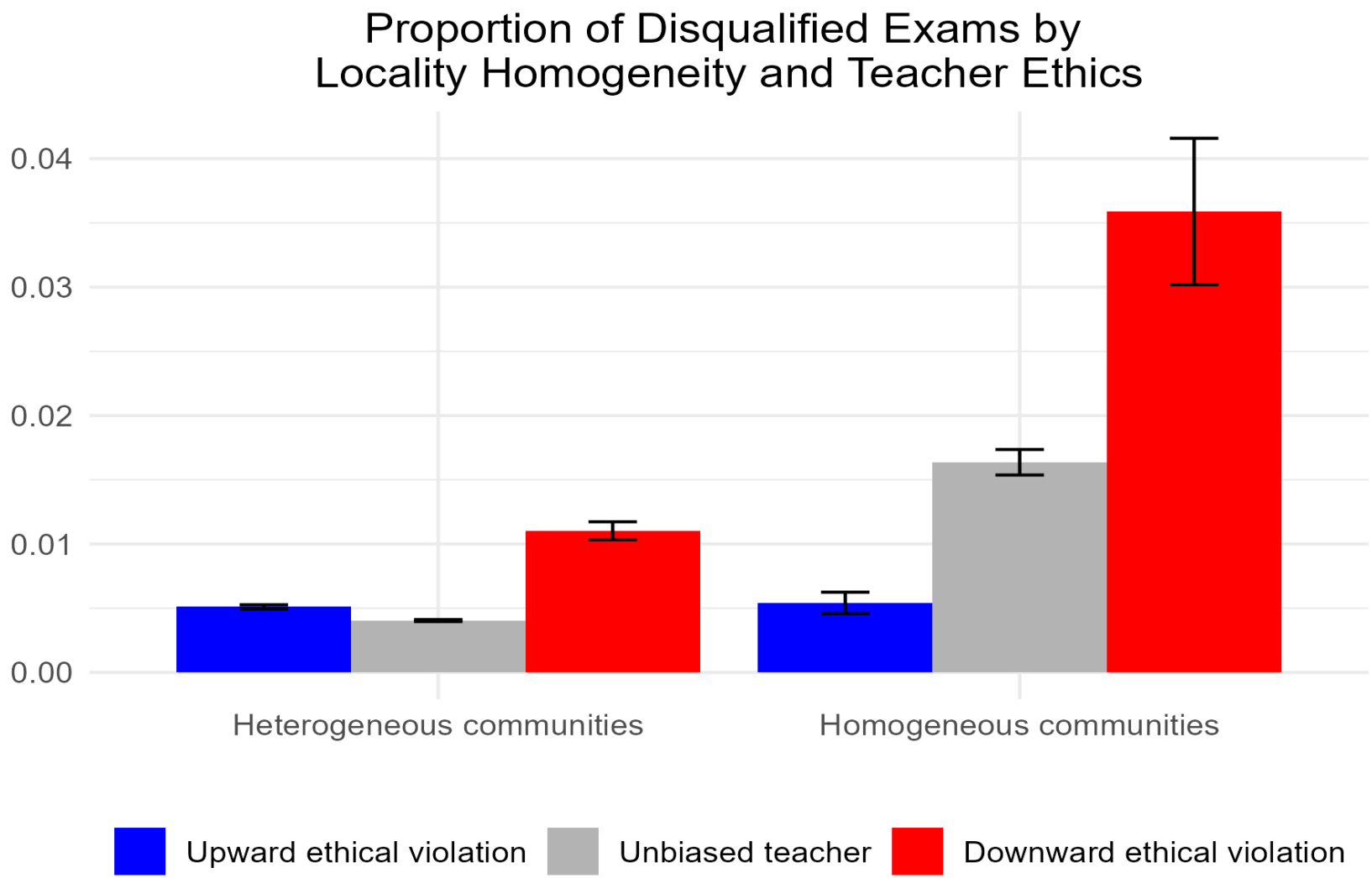
Table A7: Effect of Previous School Sanctions on Current Sanctions

(Below and Above 50% Homogeneity)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	School Was Sanctioned This Year							
	Jewish Schools				Arab Schools			
	Non-Homogeneous Localities (Below 50)		Homogeneous Localities (Above 50)		Non-Homogeneous Localities (Below 50)		Homogeneous Localities (Above 50)	
Sanctioned Last Year	0.0450***	-0.2123***	0.1263	-0.1832**	0.0415***	-0.1890***	0.0429	-0.1957***
	(0.0086)	(0.0097)	(0.1374)	(0.0725)	(0.0145)	(0.0143)	(0.0309)	(0.0314)
Number of Observations	87157	81761	773	729	15493	14821	3351	3183
	School Was Sanctioned This Year With Positive 20-Point Difference							
	Jewish Schools				Arab Schools			
	Non-Homogeneous Localities (Below 50)		Homogeneous Localities (Above 50)		Non-Homogeneous Localities (Below 50)		Homogeneous Localities (Above 50)	
Sanctioned Last Year	0.0461***	-0.2359***	0.2074	-0.2425**	0.0220*	-0.2094***	0.0392	-0.2027***
	(0.0099)	(0.0111)	(0.2158)	(0.0963)	(0.0127)	(0.0135)	(0.0321)	(0.0298)
Number of Observations	87086	81686	772	729	15489	14817	3350	3183
Cohort & Exam Period FE	✓	✓	✓	✓	✓	✓	✓	✓
Exam Code FE	✓	✓	✓	✓	✓	✓	✓	✓
School FE	✓	✓	✓	✓	✓	✓	✓	✓
SchoolXYear FE	✓	✓	✓	✓	✓	✓	✓	✓
SchoolXExam Code FE		✓		✓		✓		✓

Notes: The table presents the estimated coefficient of last year's sanction on the probability of the school being sanctioned this year. In odd columns, the model includes cohort, exam period FE, a dummy indicator for the exam's code (an exam fixed effect), school-fixed effects, and school-year fixed effects. In even columns, the model also includes school-exam code fixed effects. The observation level is at the school-exam code-year level.

Figure 1



Upward ethical violation represents teachers with a positive difference of 10 points or higher.
Downward ethical violation represents teachers with a negative difference of 10 points or lower.
Unbiased teacher represents teachers who are neither upward nor downward ethical violators.