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**Attitude of Estonian People to
Economic Inequity**

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Attitude of Estonian People to Economic Inequity

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Abstract

The aim of the research is to identify the attitude of Estonian people toward economic inequity. In 2004 an extensive study was carried out in Estonia by Tallinn University RAS whose aim was to estimate people's attitude toward economic inequity. From the research arose a question; did the respondents understanding of the questions match what researchers meant with it? If not, did it influence the given answers? From the literature we can often see that the respondents understanding of the question does not match the response of which the researcher was looking for. The researcher does not even know if the respondent understands the question or not (Valsiner, Bibace, LaPushin 2005). There has been very little research about the process of filling rating task by an individual (Rosenbaum, Valsiner 2011). The present research studied how respondents interpret the questions of the previous survey.

For this the verbal probing technique of cognitive interviewing was used for the qualitative method of data collecting. In processing the data qualitative content analysis was used. After the content analysis the data was shown schematically, to show which way respondent responded with their answer.

The research indicates that many respondents who agreed with a particular principle and also those who were against, or held a neutral position toward the same principles were rather similar. Numerous respondents who answered the same way had very different attitudes. In most cases, one half of the respondents understanding of the question did not match what the researcher had intended the question too mean.

Keywords:

Corresponding Author:

Introduction

According to several enquiries carried out in Estonia researchers allege that people living in Estonia are discontented about the big separation between income brackets among its people. Despite this discontentment people tenaciously cast their vote on election days for the parties which have an inegalitarian view of economic system. A reason for this controversy may accrue from the respondents different understandings of the survey questions. In the process of answering a question respondents first have to interpret the content of the question and after they will answer to question they think they are asked to. As every individual can interpret the meaning of the question in a different way the results are not commensurable. Very often researcher does not get to know whether the respondents understanding of the question matches what the researcher had meant with the question. From the article P.J Rosenbaum, J.Valsiner (2011) we can see that there has been very little research about the process of filling rating task by an individual (Valsiner, Bibace, LaPushin 2005, Rosenbaum, Valsiner 2011).

Hence present research examines respondents understanding of the questions from the previous survey carried out in 2004 by Tallinn University RAS with ETF Grant 5952 “Social Justice in Estonia: new generations, new perceptions” and where were used questions from The International Social Justice Project. The main questions are: did all respondents understand the questions of the survey in the same way? If they do not, does it influence the answers they have given? This information is needed to find out why respondents have answered in one way or another. This knowledge will help us to estimate the answers and maybe create a better way to get knowledge about the attitude of people in these sociologic questions. The best way to find out how respondents interpreted one question or another is to ask them to write down how they reached their particular rating. The main problem is the process of giving an answer, not the results (Rosenbaum, Valsiner 2011).

The aim of the research is to find an answer to the question regarding the respondents understanding of the survey questions and the process used to reach a response to them.

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Theoretical background of the study

The theoretical background of the present study predicates on the equity theory and on the theory of distributive justice that propounds a question about fair distribution of resources. Individuals decide about fairness of distribution of resources on the basis of social norms that are accepted in particular

collectivities or in the entire country. The norms are influenced by different norms as a need-based, self-interest commitment. The most important of the norms are equality and equity. Equality norm means that fairness is to share the rewards equally to all members of a group. Equity norm identifies the fairness of the reward proportionately with the inputs exerted for that reward is equal for all individuals who have accomplished the task (Adams 1965, Fisek, Hysom 2008, 2011, Messick, Sentis 1979). People compare the ratios of their own perceived inputs to outcomes with the ratios of inputs to outcomes of other people. If a person feels that their outcome to input ratio is smaller than others, it can create feelings of anger and this person may now be motivated to lower their own inputs (Greenberg 2006).

In practice it is not clear what to count as individual inputs. Meritocratic Criteria involves task performance but it is often difficult to evaluate objectively the actor's true contribution. When it is difficult to evaluate task performance, the importance of status characteristics grows. By the reward expectations theory, input may include efforts imposed by work load, knowledge, employees work experience, education, and also social criteria or status characteristics like gender, age, race, or seniority. For reason to generate a method to measure inputs there is a need to identify which status characteristics enter into the distributive justice processes. Outcomes may include, in addition to salary, a level of status and appreciation (Fisek, Hysom 2008, Greenberg 2006).

By the social stratification theory people are working in different specialized roles, performing some of them will be more difficult than others. Higher rewards may motivate individuals to perform more difficult roles if society needs these roles to be performed (Fisek, Hysom 2008).

Differentiated rewards can also have a negative influence on the relations between members of the collective, increasing social tensions among them. Equity as a rewarding system can motivate task performance and increase task success and productivity, but may also increase social tensions. Equality increase integration of the individuals in the system. Therefore it is important to find a good balance between the two principals (Fisek, Hysom 2008, 2011). Walster et al. (1978) assert that people will behave equitably only if they can maximize their own outcomes by doing so. Messick and Sentis (1979) found in their study that low-resource persons in a bargaining context will prefer equal outcomes while high-recourse people prefer equity (Messick, Sentis 1979: 433).

Methodology

In the present research the qualitative method was used. In collecting the data the cognitive interviewing method was used as this method allows the

researcher to prompt the individual to reveal information that will provide clues. It makes it possible to study the respondents understanding of an asked question: what respondents believe, what is asked from them. There are two major sub-types of the cognitive interviewing method: think-aloud interviewing and verbal probing techniques. In the present study the verbal probing technique is used. In a verbal probing technique after the subject answers the survey question, the interviewer asks for information relevant to the question or to the answer given. Probing can be concurrent or retrospective probing. In the case of retrospective probing, probe questions may be scripted and were developed prior to the interview, or spontaneous probes may be used by a particular interviewer and are thought up during the interview. In the present research scripted retrospective probe questions are used which allow researchers to compare different answers (Willis 1999).

The aim of the study was to understand if people answer a question in the same or similar way that they would explain the answer, or not, and also to understand what they really think about the asked question. In the research some questions were used from a survey carried out by Tallinn University RAS in the 2004 with ETF Grant 5952 “Social Justice in Estonia: new generations, new perceptions”. From the survey there were selected arguments that were designed for examining the respondents attitude toward economic inequity and distributive justice. Respondents were asked to mark whether they agree with the proposed argument or not and also asked to explain why they answered in that way, then subsequently asked some clarifying questions about this argument. The tests were sent via e-mail to employees in different fields within the working economy. Of the 24 answers received, 12 respondents worked in the social work field; others were employees in medical, cultural, education fields and so on. Two verbal interviews were carried out with unemployed persons.

In processing the data qualitative content analysis was used for systematic examination of the material. Structuring content analysis filters out particular aspects of the material that helps to assess the material according to particular criteria. Analysis involves formal, context-focused typologies and scaling procedures and these are then subdivided into individual categories (Mayring 2004). The answers were contextualized by every proposition separately. After the content analysis the data was shown schematically to depict how the respondent reaches one answer or another.

Results and discussion

Principles that indicate proponents of egalitarian economic system

At first, researchers observed indicators which could potentially indicate that the respondent is the proponent of an egalitarian economic system. The respondent was then categorized as an advocate of an egalitarian distribution

by state when they chose a minimum of two positive answers out of the three fore-mentioned distributive principles (Roosmaa, Plotnik 2008: 65-66).

An important indicator that indicates an egalitarian view by the respondents is an agreement with proposition: "People with a higher salary should pay a higher income tax than people with a smaller salary". Four of the respondents who agreed with this principle affirmed that it will increase justice and give more opportunity to the state for helping people with smaller incomes in poorer regions. We can ascribe them as the proponents of an egalitarian economic system. Three respondents thought that the income tax for people with smaller salaries should be smaller than it is today not that people with higher incomes should pay higher tax. This does not indicate an egalitarian way of looking at things because this does not bring more money to the states executor that could be distributed out (figure 1).

Causes of disagreement were also different: respondents thought that people have worked hard to get a higher salary so it would be unfair to inflict a higher tax on them, stating higher income tax will make people less motivated in working efforts or persons with higher salaries today already pay a higher sum of income tax and it would be unfair if they had to pay a higher percent of income tax tomorrow. Those respondents can be categorized as proponents of an inegalitarian economic system because it fits a liberalistic view that high taxes will make people less motivated (Brighthouse 2004: 85). Two respondents disagreed with this proposition because they thought that higher tax for people with larger incomes will not help people with smaller incomes so they had a stronger egalitarian way of looking at things than inegalitarian. One respondent disagreed with the proposition and one had no viewpoint because they did not understand what a higher salary is. Some respondents mentioned that the percent of income tax for people with higher salaries must not be higher than for people with smaller a salary. Some of them agreed with the proposition and some of them disagreed. Thus, those who agreed with the proposition follow from conversance that people with a higher salary are paying in sum higher income tax than people with a smaller salary. Some respondents who agreed with principle and also those who disagreed, presume that a higher tax rate must commence from a very high salary, otherwise rather not.

Second indicator that indicates an egalitarian view of the respondent is an agreement with the following proposition: "The most important thing is that people get what they need even if this means allocating money from those who have earned more than they need". Most of respondents mentioned in their answers that human basic needs must be filled and among them were respondents who did not agree with this proposition. Reason for disagreement was that human basic needs must be filled but not at the expense of someone else, or it may also stem from indistinctness as to what basic needs actually are (figure 2). Among the respondents who agreed with this proposition and wishing to help, respondents attached a condition that a person who received

help would be required to contribute according to their abilities. One respondent commented on the answer: "...a human being is lazy by nature. If they become used to getting help they do not extend themselves anymore and begin to depend on this help." This does not indicate an egalitarian way of looking at things from these respondents.

Respondents were also asked to describe how to find out what the amount of money is that a person does not need directly. Fifteen respondents answered that to determine what amount of money is needed to provide healthy food, clothing, a means of hygiene, an amount for expenditure on a proper dwelling and maintaining that dwelling, transportation, free time activities such as: cultural activities, sports, and for active vocation. Then subtract this sum from the net family income. For most Estonian families this result will be a minus, so this indicates that the money does not exist. When respondents were asked the amount of their family income that they do not need directly, most of the respondents answered that they need every cent of their income. The problem is that with an increased income for a family the needs are also growing since the standard of life for this family is higher.

Proposition: "The government should provide a job for everyone that wants one" is also an important indicator conveyed by the proponents of the most egalitarian economic system. Thirteen respondents agreed with this proposition saying humans have to work in order to live or government should provide jobs for disabled persons, young people, or for creating a habit to work.

Three of the respondents who disagreed with the proposition gave a reason for this being that the government is not able to provide a job for everyone and one respondent who had no opinion and also one who agreed with the proposition, answered in the same way. Two respondents explained their reason of disagreement that it is not government who creates jobs but enterprise that does it. Government could only predispose economic growth and the creation of commercial enterprise, and they can provide preferential hiring for persons who are less competitive in the labor market. The same idea was expressed by another respondent who also agreed with the proposition.

Most of the respondents agreed that everybody who wants to work must be given an opportunity to get a job. The answer to this principle follows the presumption that in their opinion, if it is the state's responsibility for the creation of jobs then the respondent agreed with the principle or held a neutral position. If they found that it is the enterpriser's job, then they disagreed with the principle or had a neutral opinion.

Proposition: "People who work hard deserve to earn more than those who do not" was considered by the research to be neither egalitarian nor inegalitarian. Most respondents agreed with this proposition believing that it is fair if people who impone more deserve more. Salary is also a good motivator to work harder. But some respondents answered that it is impossible to measure an

amount of work, among them were the respondents who were in agreeance with the proposition, disagreed with it, or had no opinion. The answers indicate that most of the respondents who agreed with this proposition were proponents of an inegalitarian view of economic system because it comport with distributive principle that fair is the distribution of outcomes that are proportional to inputs.

Principles that indicate proponents of market economy

The proponents of a market economy or people who esteem an inegalitarian view of an economic system esteem distributive principles where the distribution of outcomes is proportional to the perceived distribution of inputs from these members. Persons who work more or who have abilities deemed more valuable, deserve a bigger salary. By the methodology of researchers, these respondents who favor following justice principles belong in the market index (Roosmaa, Plotnik 2008: 65-66).

With the principle: “There is an incentive for individual effort only if differences in income are large enough” was disagreed with by most of the respondents. Two respondents answered that big differences in salaries create tensions among people. That is a really strong egalitarian view. All other explanations were not, stating even little differences between salaries make people work harder (in principle they agreed with this proposition); or realistically you really won’t get a bigger salary with more work, but if they would receive a larger salary they may agree with this proposition. One respondent said that salary must be based on education, responsibility required at work, and the amount of tension at work, so she is not against differences in income.

In agreement amongst most respondents was that a bigger salary is a good motivator for people to work harder, so they are supporting proponents of a market economy. One respondent disagreed with this proposition because she did not understand what was meant by a big income gap so she had no clear viewpoint on this question. The reason for having no viewpoint for three respondents was that money is not the only motivator for working or else people must know in this case how much money others earn, but they do not.

When respondents were asked to imagine that they have been proffered an additional task at work that requires working with more tension or overtime, fourteen persons answered that they would take this task only if they would get a much larger salary for it than what they get today. Six of them were respondents who disagreed with the proposition. The responses indicated that although most respondents attached little importance to income gaps as a motivator to work harder, they themselves felt more motivated to work only if they were given a large additional salary.

The other principle that belongs in the market index was: “Only big income brackets are needful for the development of economy in Estonia”. Most of the respondents were against this proposition. There were 4 main causes for disagreement with this proposition: big income brackets will cause tensions in society; big income brackets may hinder economic growth based upon a strong middle class; and a third group did not see any associations between economic development and income brackets. Some respondents substantiate their answer saying they do not like income brackets. There was no viewpoint from 5 persons, who said that they do not have sufficient knowledge about this sphere or do not understand what a “big income bracket” means. Three respondents who agreed with this proposition support their answer by saying that salary motivates people to work more and achieve greater destinations.

As we can see, the answers were affected by the question: do respondents think that big income brackets motivate people to work more? These people who answered yes agreed with the proposition or had no viewpoint and respondents who answered no, disagreed with the proposition or had no viewpoint. Those who think that there is no relations between income brackets and work motivation, disagreed with the proposition or had no viewpoint (figure 3).

To acquire more information about the respondent’s attitude towards a salary’s quantity associated with motivation to work and readiness to implement innovative ideas, respondents were given an extra question. The respondent was asked to imagine that he had a good business idea that could in the case of effectuation result in high profit but in the case of failure she/he may lose everything. Respondents were asked to say under what circumstances she/he would agree to effectuate it. The answers showed that 11 respondents would explore the idea only if the profit from the business would be many times larger than their present salary. No respondent answered that they would start with the business if the profit would be only a little larger than their present salary. Nine respondents would not take the risk in any case. Interestingly among respondents who agreed with the proposition or were indifferent, the respondent’s ideals were dominant amongst those who would take a risk to get a big benefit, and among those respondents who did not agree with the proposition, there was domination amongst those respondents who would not take a risk in any case. So the reason for their disagreement with this proposition may emanate from the idea that it does not make sense to take a big risk for a monetary benefit.

The third principle that belongs in the market index was: “It is all right if business people make good profits because everyone benefits in the end”. In this proposition respondents have answered to the first or second part of each proposition separately. Causes for agreement with this standpoint where that businessman had taken a chance with starting their business, made big investments, worked hard, and as a result deserve a big profit. So in pursuance

of those respondents opinion it is equitable, because the businessman's input is bigger than the employees. Some respondents answered that business must be profitable and then it will be motivating to others to begin a business. Here we can see that respondents have answered only to the first part of the proposition. Some respondents looking at the second part of the proposition said: "As employers, business people create an advantage for persons or employees to create work. Businessmen are paying taxes also." Only some respondents found that if businessmen get big profits, then persons who are working in his firm will also get a bigger salary and will work harder and be better partner's or offer better services to others.

Respondents who did not agree with this proposition supplement their answer saying that profit often comes from high prices and small salaries. The advantage for businessman is much larger than for others and if businessmen do not make investments everybody will not have an opportunity to benefit also. For some respondents, their opinion of businessmen is equals with persons who get rich while conducting illegal business. Some respondents said that to answer they needed to know the context of the situation. One did not understand the relation between profit of businessmen and the advantage passed along to others.

Conclusion

The present research indicates that the attitudes of many respondents who agreed with some principles and also those who were against it or had a neutral position to the principles were rather similar. On the other hand a number of respondents who answered the same way reasoned their answers very differently. In every proposition we can see that approximately half of respondents who agreed with the principle that indicate an egalitarian or inegalitarian view, the respondents really thought out their response when answering the question in the same manor that was intended by the researcher. The same can be said with respondents who disagreed with some propositions. The results are in accordance with Jaan Valsiner, Roger Bibace, Talia LaPushin (2005) proposition that respondents understanding of the questions do not match with what the researcher meant with it.

A reason for this controversy may accrue from some constructions of principles. Some of them consist of two parts and in this case respondents may answer only to one part of the proposition. Some principles contain words or phrases that can make definite associations such as for some respondents who said being a businessmen equals with being a person who gets rich while conducting illegal business. Sometimes the propositions had already given an answer - nobody could say it is not important that human basic needs must be filled or that large differences in income are good. In many cases people disagreed with propositions or had no viewpoint because they did not

understand the question completely such as: how big is a big salary, what are a humans basic needs, or how do you estimate an amount of work? Some propositions needed some knowledge of the economy such as: “Only big income brackets are needed for development of the economy in Estonia”.

The research also indicates that Estonian people accept an inegalitarian view if it seems to be fair – most respondents agreed with the proposition, “People who work more deserve to earn more than those who do not”, and they really mean that it is fair if people who impone more to work deserve bigger salaries. That matches Adams (1965) theory of fair distribution of payoffs across a group of persons when the distribution of outcomes is proportional to the perceived distribution of inputs from these members (Meesik, Sentis 1997). If it is not possible to estimate an amount of work they prefer equal sharing of rewards. With the proposition, “Only big income brackets are needed for development of the economy in Estonia”, the number of respondents who agreed with this was the lowest. Respondents felt a need to help people who need it, mostly disabled persons and children, but wishing to help was often attached with a condition that a person who received help would be required to contribute according to their abilities.

As we had only 24 respondents and half of them had a social work background, we can not make a generalization about the research for all Estonia. But we can see the tendencies and that the topic needs closer studying.

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List of figures

Figure 1. Answers to the proposition that people with a higher salary should pay a higher income tax than people with smaller salaries.

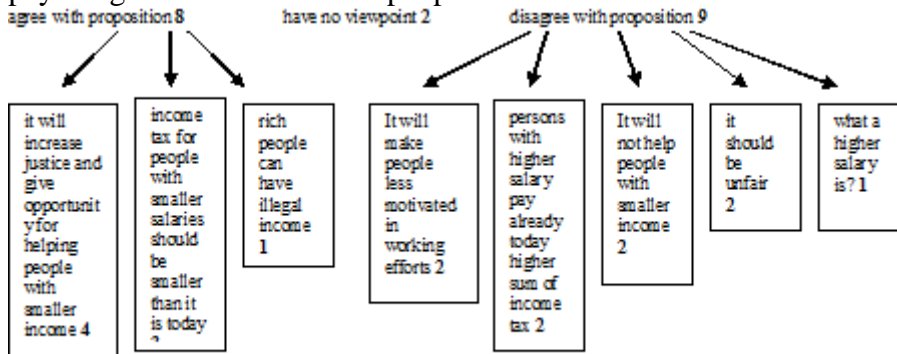


Figure 2. Scheme of thinking about proposition: The most important thing is that people get what they need, even if this means allocating money from those who have earned more than they need.

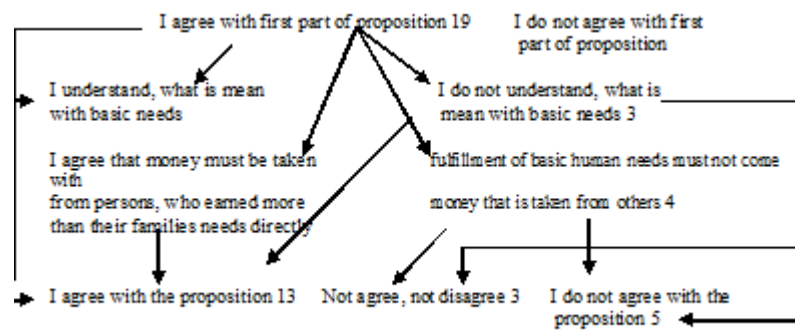


Figure 3. Scheme of thinking proposition: big income brackets are needful for development of economy of Estonia

