THE IMPORTANCE OF VALUE *HONEST*: DETERMINING FACTORS AND SOME HINTS TO ETHICS

Maaja Vadi and Krista Jaakson

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Maaja Vadi¹, Krista Jaakson²

Abstract

*Honesty* is deemed as crucial ground for ethical behaviour in various respects. The aim of this paper is to explore to what extent and in what ways the individual value *honest* signifies in the organisations of Baltic States and Russia and to draw some managerial implications on the basis of our findings. The subjects of study had different cultural background (Estonians from Estonia, Russians from Russia, Lithuania, Latvia, and Estonia) and they were asked to rank their own terminal and instrumental values, including the value *honest* as well as to speculate how their co-workers would rank the same list of values. Consequently, there were two lists of terminal and instrumental values for every respondent and the following analysis focuses on the comparisons of the importance, impact of other values and socio-demographic characteristics (i.e. gender, age, organisational position, and country of residence). One of the most important findings of our study is that the assessment of peer’s

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value *honest* tells the most how important *honest* is for the focal person. Results reveal also the role of some other personal values as well as the country of residence in respect with the importance of value *honest*.

**Keywords:** ethical behaviour, *honesty*, personal values
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The importance of value
INTRODUCTION

The importance of the value honesty is illustrated by Rokeach (1973), on the basis of returning borrowed pencils. Upon completing a questionnaire, 39 percent of the subjects returned the scoring pencils that had been distributed to them, while 61 percent did not. The investigators found four values that significantly distinguished those returning from those not returning the pencils. Those who returned the pencils gave a median rank of 2.0 to honesty, whereas non-returners ranked honesty much lower — a median of 4.38. There was also the paradoxical result that the pencil returners placed a significantly lower value on being helpful. This account suggests that there may indeed be a linkage between the individual value honest and ethical behaviour, if we consider the act of pencil returning to be ethical in its nature. The role of the value helpful suggests that the social aspect of returning of pencils has to be considered as well.

We propose also that if the value honest is important for a person, he/she has a disposition toward ethical behaviour. We use the following definition for honesty: “Honesty is the refusal to pretend that facts of reality are other than what they are” (Becker, 1998). Rokeach elucidated the meaning of the value honest by adding truthful as an explanation of the main concept.

Surveys among executives reveal that honesty and integrity have become the most critical qualities for a job candidate to demonstrate during the job interview (Ethics…, 1996; Honesty…, 2003). Knowledge of the factors that trigger the importance of honest may help identify some preconditions for ethical behaviour at workplace.
The aim of the paper is to find out, on the basis of a sample of organisational members from selected former Soviet Bloc countries, what factors cause people to perceive the value honest as the most important one relative to other values.

In the following article, we will focus on the general aspects of individual values and factors which may affect the appraisal of the importance of the value honest. The second and third section summarises the empirical study, while the final section presents the discussion and implications of the results gained.

1. PERSONAL VALUES AND THE ROOTS OF THE IMPORTANCE OF THE VALUE HONEST

1.1. Personal Values

Value is defined as a recommendable quality that has an impact on the choice of objectives, means and manners available, and is used as a criterion in assessing various phenomena. Personal values are the basis of preferences or modality of selective orientation (for example, Van Deth & Scarbrough, 1995; Kristiansen & Hotte, 1996). Stackman et al (2000) argue that values are neither attitudes nor behaviours, but rather are building blocks of the behaviour of and the choices made by individuals. Meglino and Ravlin (1998) have pointed out that the majority of studies of individual values in organisational contexts deal with the Protestant or work ethic, which is only one particular set of values. In addition, the values concept is both a cause of organisational behaviour and a consequence of the organisation’s modus operandi itself. Values are deemed to be a crucial ground for ethical behaviour in various respects (Pater & Van Gils, 2003; Ethics..., 1996; Blanchard, 1995). To sum up, we refer on Trevino et al (2000), when they have
argued that the executive as a moral person is characterised in terms of individual traits such as honesty and integrity.

There are several approaches to values in the literature, but the classification adopted by Rokeach (1973) has had the most long-standing impact and replication. Rokeach selected values largely on an intuitive basis, having reviewed the American literature on values and personality traits (Braithwaite & Scott, 1991). He identified values as both modes of conduct and end-states, classifying them into two broad categories: (1) terminal values (e.g. self-respect, wisdom, family security, comfortable life, sense of accomplishment, etc.) which reflect a person’s belief about “ends” to be achieved; (2) instrumental values (e.g. ambition, honesty, courage, independence, imagination, helpfulness, etc.) which reflect beliefs about the “means” for achieving the desired ends. Rokeach differentiated between 18 terminal and 18 instrumental values.

The Rokeach Value Survey (RVS) has been used for the measurement of factors that may influence ethical behaviour (e.g. Shafer et al, 2001; Mudrack, 1994). The results of studies, it has to be noted, show contradictory tendencies. On the one hand, Finegan (1994) and Mudrack (1994) found that the value honesty was the only value amongst the RVS which was a significant predictor of ethical judgments, and on the other, Shafer et al (2001) demonstrated that personal value preferences, including the instrumental value honest, do not influence ethical decision-making in the process of auditing. Brief et al (1996) argued that personal terminal values measured by RVS and codes of corporate conduct played a significant role in fraudulent financial reporting. On this basis, personal values could be seen as one factor that may have an impact on ethics, but we return to the issue in the discussion section.
1.2. The Manifestation of Honesty in Organisational Life

Individual values have been one of the most important determinants of work ethic. Moreover, honesty seems to be an important part of the expected traits or characteristics for several professions and various organisational contexts. Honesty was found to be an essential quality in Sanders’ literature overview of the characteristics of good police officers (Sanders, 2003). Likewise it has been mentioned as an important trait in the areas of auditing and accounting (Shafer et al., 2001; Vanasco, 1998). Bates (2002) suggests that employees often feel threatened by the process of rating because of lack of honesty from the manager’s side. Johannessen et al. (1999) stress the importance of honesty and integrity as opening means of communication and information flows for managing and organising innovation in the knowledge economy.

The role of honesty could be summarised by referring to the article by Svensson (2004), in which he treats honesty as a part of a conceptual framework perceived as vulnerability in business relationships, defining it in terms of three elements: fairness, motivation to lie, and openness of management.

The role of honesty is the operationalisation of trust and dependence. All these examples imply that honesty might be analysed at both individual and organisational level. Indeed, society may affect the manifestation of honesty at the individual and organisational levels as well.

The last decade’s transformational changes in Eastern Europe have opened an arena for contrasting the Western and former Soviet Bloc countries from the perspective of the role and consequences of honesty in the organisational context. In the former Soviet Bloc the strict rules imposed by ideology are gone; people feel that there is a lot of freedom but they are not prepared to cope with it. Honesty was a mixed moral value for
Soviet people: relationship with the state and government was characterised by hypocrisy and double standards whereas on an interpersonal level honesty was considered a cornerstone for associating with others. This distinction was also mirrored at the organisational level, because on one hand employing organisations represented the state, but on the other hand, honesty played an essential role in fostering good relationships with colleagues. Riha (1994) gives an overview of the reasons why there was no morality in the economic life of the Former Socialist Countries. Longenecker (2001) looks for the reasons why managers fail in Post-Soviet Russia and includes the dynamics of understanding honesty into this analysis. He argues that the ‘red’ executives (i.e., those schooled in Central Planning during 1917–1991) used to have two sets of books in respect of honesty and nowadays market-oriented managers represent wild and unrestrained capitalism. Vanasco (1998) claims that “freedom in Russia means to many people only the license to cut corners, to cheat, to participate in new kinds of illegal deals.” In this light Khazanet’s (1997) advice — the inner circle of employees must be staffed with people whose honesty has been verified — is understandable when he draws a list of items that need to be considered for safety issues in the Former Soviet States.

1.3. Preconditions for the Importance of Honesty

In the subsequent sections four aspects will be discussed as reasons for the assessment of the value honest: personal values in general, perceived social consensus, socio-demographic characteristics, and the country of residence. These aspects are presented in Figure 1, which also illustrates the rationale for the empirical study.
Figure 1. The determining factors for the importance of the value honesty.

Personal values form patterns of values and individuals may vary significantly in terms of combinations of values. In Schwartz Structure of Value System, honesty falls into the cluster of benevolence being close to the helpful, forgiving, loyal, and responsible (Schwartz, 1996). The value honesty is a part of the whole value system, while sometimes it is underlined that it has a special position among the other values. For example, the salient role of honesty was shown on the Turkish sample where honesty ranked as one of the most important instrumental values (Cileli & Tezer, 1998). In a similar way, Akers and Giacomino (2000) argued that honesty was ranked among the five top values regardless of the socio-demographic characteristics when they investigated audit and tax professionals. On the other hand, Giacomino et al (1999) presented the results of three different studies and concluded the opposite tendency — for Japanese business managers honesty was among the less important values. These examples enable us to propose that it is one’s personal value system that generates a framework for appraisal of honesty as important or unimportant. Thus, personal values can carry information for appraising the importance of honesty.
We can hypothesise that the variation is generated by how colleagues perceive the corresponding values. The social impact is generated by different mechanisms, but values’ similarity is considered to be an important phenomenon for characterising people’s similarities. For example, Rohan and Zanna (1996) argue that husbands and wives hold similar value profiles. Another example, Lerman (1968) has investigated the consequences of the situations where an individual’s value choices and his perceptions of his friends’ values are concurrent in the light of deviation and illegal behaviour among the youth. He found that the focal person’s peer-value index is related to the deviant values and admission of earlier misbehaviours. It encourages relating honesty to the understanding about the others and their values around us.

From the perspective of work behaviour, Dose (1997) mentions that the degree of social consensus regarding the importance or desirability of the particular value is a forming unit of the work values framework model. She further says that greater social consensus may lead to a greater attempt to influence individuals towards accepting the majority view. In the moral range, there is likely to be a social influence informing individuals of the standards of what is ‘right’ (Dose, 1997, p. 229). Finally, Van Lange and Liebrand (1991) have argued on the basis of an empirical study that the expectations of both others’ and one’s own cooperative behaviour are strongly influenced by perceptions of others’ morality (p. 444). These results lead us to conjecture that the perception of others’ attitudes towards honesty would affect the importance of the value honesty to an individual. Meglino et al (1992) encourage researchers to compare values or sets of values between individuals and thereby to find out the value congruence, which may affect different aspects of human and organisational behaviour. We will try to find out the inner congruence of the value honest because it may mirror the social consensus in a person’s mind.
Socio-demographic characteristics would be one source of the importance of the value *honest* as they affect and are affected by a person’s background and experience. Glover *et al* (2002) and Kamat and Kanekar (2001) compared female and male respondents’ reactions with respect to several dealings of ethical nature, concluding that women were more likely to make ethical choices than men. A sizeable analysis by Ones and Viswesvaran (1998) additionally revealed that women scored higher than men on overt integrity tests and there were very small differences between the cohorts of those under 40 and those 40 and older. Inter-racial differences (Blacks, Hispanics, Asians, and American Indians vs. white people) were also found to be only trivial. Bernardin and Cooke (1993) reported no differences with respect to race, gender, and age when they checked the validity of an *honesty* test among the employees of a convenience store. In opposite, Kujala (2004) argues that there are national differences in respect with importance of *honest*. She refers on the Finnish manager who had said that Finnish businessmen meet problems when they deal with international business because they are too honest compared to others.

The studies create a mosaic of the role of socio-demographic characteristics and lead to the idea to test how gender, age, and nationality influence appraisal of *honesty*. Nationality is also related to society, giving us the understanding of the content of the value *honest* as well as its place among other values and a basis for the degree of social consensus. Hereby we refer to Markus and Kitayama’s (1991) approach, which distinguishes between several contents of the Self, recognising that Western students with independent selves have more distinct self-knowledge, while Eastern students with interrelated selves had more elaborate knowledge of others. They distinguish between Independent View of Self, which expresses individualist tendencies, and Interdependent View of Self, where a person sees him-/herself more connected with and less differentiated from others (Markus & Kitayama, 1991). This issue sets up the
matter of how a single member of an organisation understands the discrepancies among all the members of the organisation.

All this has guided us to studying the importance of the value *honest* to organisational members and their understanding of the meaning of this value for their colleagues, as well as to comparing these moments. We will address our research ideas to the transitional societies, where the ethical principles may still be influenced by the Soviet traditions (Barnes et al., 1997).

### 2. DATA AND METHOD

In order to investigate the importance of the value *honest*, an empirical investigation was conducted on a sample of organisational members from different former Soviet Bloc countries — Estonia, Latvia, Lithuania, and Russia. The major part of the sample represented the Russian nationals in the abovementioned countries, while a group of Estonians was also added to enable us to compare the impact of the nation being native/non-native in the country. In total, the study involved 1,688 respondents; their median age was 37 years. The information about group sizes is presented in Table 1.

In Estonia, the respondents represented 16 different organisations operating in different areas such as the manufacturing

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3 In order to collect data in Estonia, Latvia and Lithuania a network of researchers was developed and cooperation was started. Besides the University of Tartu, Vytautas Magnus University in Lithuania and University of Latvia collaborated in the project. Acknowledgment for the cooperation effort is hereby expressed to Dr. Irene Bakanauskiene, Dr. Nijole Petkevičiūte from Lithuania, to Prof. Erika Sumilo and BA student Aiga Stabulniece from Latvia, as well as to Ph.D. students E. Tolmats and R. Vedina from Estonia. Acknowledgment for their excellent work is also expressed to Michael Vereshagin from Moscow International Business School MIRBIS and London Metropolitan University.
industry, services, and information technology. The data were collected between 1996 and 2004. The survey in Latvia was conducted in June-November 2003 and only Russian-speaking employees of different organisations operating in service and trading sector participated in the survey. The survey in Lithuania was conducted in April–May 2003 in the Ignalina Nuclear Power Plant situated in Visaginas. Lithuanian sample also consisted of Russian-speaking employees. 20 Russian organisations from Moscow and Saint Petersburg represented the following mix: light industry producers and retailers, consumer goods distributors and retailers made the larger part of the sample with other ones being from such diverse range of industries like transportation, food service, advertising, and innovation/high-tech. Data were collected in 2003.

Table 1. Description of Respondents

<table>
<thead>
<tr>
<th>Categories</th>
<th>Sub-categories</th>
<th>No of Respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position</td>
<td>Workers</td>
<td>605</td>
<td>36%</td>
</tr>
<tr>
<td></td>
<td>Specialists</td>
<td>450</td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td>Managers</td>
<td>329</td>
<td>19%</td>
</tr>
<tr>
<td></td>
<td>Not specified</td>
<td>304</td>
<td>18%</td>
</tr>
<tr>
<td>Age</td>
<td>...–30</td>
<td>582</td>
<td>35%</td>
</tr>
<tr>
<td></td>
<td>31–40</td>
<td>440</td>
<td>26%</td>
</tr>
<tr>
<td></td>
<td>41–...</td>
<td>446</td>
<td>26%</td>
</tr>
<tr>
<td></td>
<td>Not specified</td>
<td>220</td>
<td>13%</td>
</tr>
<tr>
<td>Gender</td>
<td>Female</td>
<td>923</td>
<td>55%</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>595</td>
<td>35%</td>
</tr>
<tr>
<td></td>
<td>Not specified</td>
<td>170</td>
<td>10%</td>
</tr>
<tr>
<td>Nationality and Country</td>
<td>Russians in Russia</td>
<td>635</td>
<td>38%</td>
</tr>
<tr>
<td></td>
<td>Russians in Estonia</td>
<td>423</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>Russians in Latvia</td>
<td>90</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Russians in Lithuania</td>
<td>199</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td>Estonians in Estonia</td>
<td>340</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Not specified</td>
<td>1</td>
<td>…</td>
</tr>
</tbody>
</table>

The concept of values by Milton Rokeach (1973) is used in this study. The authors concluded that a ranking scale would be the
most appropriate type of quantitative study for measuring values. Ravlin and Meglino (1986) have shown that a simple ranking procedure for measuring values proved to be the best method when comparing various aspects of behaviour. In our study, the respondents were asked to rank terminal and instrumental values for themselves. In order to forestall any kind of social desirability bias in the questionnaire, honesty was given as one among 36 (18 instrumental and 18 terminal) values and no hint was given by the instructors that namely that value would be of special interest. After the completion of the first questionnaire, the same pattern of values was given to the respondents again, but this time they had to rank the values as they expected their peers to rank them. In the light of the rationale of our study, we compared a person’s own value ranking with the ranking that he/she speculated would apply to his/her co-workers.

Consequently, there were two lists of instrumental and terminal values for every respondent and the following analysis will focus on the comparison of the importance of and concordance between the estimations of honesty. Applying such a method, the authors were able to capture both personal values and the perception of social consensus. Presumably, the higher the consensus, the more similar the rankings of the values would be.

2.1. A Dependent Variable: honesty as a Personal Value

The current study tries to analyse what contributes to the personal value honesty. Looking at the data of the rankings from our sample it appears that in general, honesty is deemed to be relatively important among the other instrumental values. The average ranking of honesty in a personal value-set is 5.6. The distribution of the rankings is given in Table 2.
Table 2. The ranking of honesty as a personal value

<table>
<thead>
<tr>
<th>Rank</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
<th>16</th>
<th>17</th>
<th>18</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of respondents</td>
<td>364</td>
<td>193</td>
<td>168</td>
<td>141</td>
<td>115</td>
<td>106</td>
<td>82</td>
<td>75</td>
<td>71</td>
<td>96</td>
<td>65</td>
<td>51</td>
<td>44</td>
<td>39</td>
<td>30</td>
<td>21</td>
<td>15</td>
<td>12</td>
</tr>
</tbody>
</table>

Table 2 reveals that the importance of honesty is decreasing together with fewer people agreeing to it. More than 50% of the respondents regard honesty as one of the most important values, i.e. within the ranks 1–4. However, there is also a group that does not attach much importance to honesty and the following analysis will concentrate on those who considered this value either important or unimportant, thus leaving aside the middle group.

In order to analyse the phenomenon in a more meaningful manner, the respondents were divided into three groups on the basis of the response-quartiles. We therefore are not looking for an explanation to what affects honesty in general, but rather, how very important and relatively unimportant assessments can be described and predicted. We follow conditionally the path of analysis by Rokeach and Grube (1979) when they confronted students with extremely high and low rankings for the value equality for exploring the issues of changeability of values. With regard to honesty, such confrontation is particularly appropriate, since in the business context one is first and foremost interested in singling out people who care about honesty the least in order to prevent economic loss. Alternatively, some professions might require demonstrating honesty, which is well above the average level.

As a result of extraction two groups remain:

a) First quartile: those who consider honesty to be very important, i.e. rankings 1 and 2 (557 respondents);
b) Fourth quartile: those who consider honesty to be relatively unimportant, i.e. rankings 10–18 (373 respondents).
The dependent variable is thus defined by dichotomy: 1 for the respondents considering honesty unimportant and 0 for those with very important assessments.

### 2.2. The Choice of Explanatory Variables

**Personal Values**

People who deem honesty to be very important might also think highly of some other particular values, both terminal and instrumental. We chose Spearman’s rank correlation coefficient analysis to test this because it enabled us to find the relationships between the ranking scales. When testing the correlations between the rankings of honesty and other personal terminal values — the biggest relationship emerged with family security (0.13, p=0.000). A negative correlation was significant also with comfortable life (–0.15, p=0.000). Among the instrumental values there were three values that emerged as highly correlated: imaginative (–0.19, p=0.000), broad-minded (–0.14, p=0.000) and capable (–0.16, p=0.000). These values were chosen as the explanatory variables providing the best fit for the regression model.

**The perception of social consensus**

As discussed earlier, personal values are influenced by the perception of social consensus. The highest correlation between the personal value honesty and the speculation about one’s peers’ values was also with honesty, the correlation coefficient being 0.29 (p=0.000).

Table 3 below illustrates the number of respondents trying to guess how their peers would rank honesty.
The importance of value honest

Table 3. The ranking of honesty for peers

<table>
<thead>
<tr>
<th>Rank</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
<th>16</th>
<th>17</th>
<th>18</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of respondents</td>
<td>210</td>
<td>142</td>
<td>140</td>
<td>118</td>
<td>96</td>
<td>92</td>
<td>85</td>
<td>74</td>
<td>91</td>
<td>68</td>
<td>86</td>
<td>64</td>
<td>53</td>
<td>59</td>
<td>50</td>
<td>41</td>
<td>24</td>
<td>24</td>
</tr>
</tbody>
</table>

A comparison of Tables 2 and 3 clearly shows that there are more respondents who think of honesty very important for oneself compared to those who think that honesty is just as important for others. The average ranking for honesty for others is 7. The trend and difference are shown in Figure 2.

Figure 2. The respondents’ ranking of honesty among the instrumental values for themselves and for their peers; the ranking scale 1–18.

We also noticed that many respondents — as much as 270 — ranked individual honesty and speculative peers’ honesty identically. Of those 50% fell into the first category of individual honesty, i.e. they ranked it as first or second most important value in their life. This obvious inclination led us to construct a variable that would reflect the similarity of rankings of honesty: it was set to 1 if rankings were identical and 0 if otherwise.
**Societal and socio-demographic variables**
The following variables were tested in the logit regression model:
a) Country of residence (Russia, Latvia, Lithuania and Estonia);
b) Native/non-native respondents (Russians in Russia and Estonians in Estonia versus Russians in other countries);
c) Organisational position (white-collar versus blue-collar workers);
d) Gender (male versus female);
e) Age and age-category.

For statistical analysis, logit regression was chosen, because it allows a mixture of categorical and continuous independent variables with respect to a categorical dependent variable. The data were analysed with STATA software; the criterion for inclusion of variables was 5% significance level of t-test.

### 3. RESULTS

The best estimation for maximum likelihood logit regression is presented in Table 4.

Model based on the logit regression for individual ranking of **honesty** as very important (first quartile set to 0) or not important (fourth quartile set to 1) has eleven explanatory variables, which can be divided into three groups. The first group of variables deals with speculation about peers’ values. This group includes the ranking of peers’ **honesty** as supposed by the respondent. The sign of coefficient allows concluding that if the ranking of peers’ **honesty** increases by one rank, i.e., becomes less important in respondent’s view, the assessment for individual **honesty** moves closer to fourth quartile. The same goes with how respondent thinks of the importance of peers’ **family security**. Ranking similarity of individual and peers’ **honesty** has a negative sign, which should be interpreted as
follows: in case *honesty* rankings are identical, the respondent’s own assessment for his/her *honesty* likely approaches the first quartile. This result is also illustrated by the Figure 3, which shows that identical assessments were given primarily with high rankings of *honesty*. Thus, the perception of social comparisons has a role to play, at least as far as *honesty* is concerned.

**Table 4.** Categorised and ranked variables describing individual *honesty*

<table>
<thead>
<tr>
<th>Logit estimates</th>
<th>Number of obs = 826</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LR chi2(11) = 325.69</td>
</tr>
<tr>
<td></td>
<td>Prob &gt; chi2 = 0.0000</td>
</tr>
</tbody>
</table>

Log likelihood = -399.73 Pseudo R2 = 0.2895

| Ind.hon   | Coef. | Std. Err. | z    | P>|z|   | [95% Conf. Interval] |
|-----------|-------|-----------|------|-------|----------------------|
| peers.hon | .11   | .19       | 6.02 | 0.000 | .08                  |
| rank simil.| -0.68 | .26       | -2.58| 0.010 | -1.19                |
| FS(peers) | 0.06  | 0.02      | 2.82 | 0.005 | 0.02                 |
| imagin(ind) | -0.10 | 0.02      | -5.39| 0.000 | -1.19                |
| CL(ind)    | -0.06 | 0.02      | -3.21| 0.001 | -0.09                |
| FS(ind)    | 0.05  | 0.02      | 2.43 | 0.015 | 0.01                 |
| broadm(ind)| -0.08 | 0.02      | -4.32| 0.000 | -1.11                |
| capable(ind)| -1.12 | 0.02      | -5.95| 0.000 | -1.66                |
| ruslat     | 1.28  | .46       | 2.80 | 0.005 | 0.38                 |
| ruslit     | -1.03 | .30       | -4.27| 0.000 | -1.90                |
| estest     | -1.52 | .27       | -5.57| 0.000 | -2.06                |
| rusest     | .72   | .22       | 3.24 | 0.001 | -1.16                |
| _cons      | 2.48  | .47       | 5.23 | 0.000 | 1.55                 |

*Note: peers.hon – peers’ honesty in ranking order; rank simil. – honesty ranking similarity to peers (dummy); FS(peers) – peers’ family security in ranking order; imagin(ind) – individually imaginative in ranking order; CL(ind) – individual comfortable life in ranking order; FS(ind) – individual family security in ranking order; broadm(ind) – individually broad-minded in ranking order; capable(ind) – individually capable in ranking order; ruslat – Russians in Latvia; ruslit – Russians in Lithuania; estest – Estonians in Estonia; rusest – Russians in Estonia.*
Figure 3. Identical ranking of honesty individually and for peers

The second group of variables confirm the idea that the importance of honesty is related to some other personal values, both instrumental and terminal. Namely, the values imaginative, capable and broad-minded (instrumental values) and the values family security and comfortable life (terminal values) are related to respondents’ assessment for his/her honesty. As these variables again represent the rankings from 1 to 18, we can see that some values are positively and others negatively related to honesty. For the values such as imaginative, capable, comfortable life and broad-minded, the lesser importance would shift the honesty assessment towards the first quartile, i.e. those who considered it very important. The opposite is true for family security: the less important this value is for the respondent, the less he/she likely regards for honesty. In other words: if one values family security, he or she believes that honesty contributes to this value. It should be noted that the absolute values of the coefficients of this group are relatively small. Hence, dramatic changes in the rankings are needed to switch a person from first quartile of honesty to the fourth or vice versa.

The final group of variables is related to country of residence. According to the model, Russians in Lithuania and native Estonians differ remarkably from Russians in Latvia and Russians in Estonia with respect to individual rankings of honesty. Especially, Russians in Latvia stand out for their belonging to the fourth quartile of individual honesty. In contrast, Russians in
Lithuania and native Estonians regard honesty very important compared to other groups.

Socio-demographic variables like gender, age (or age-category) and position were not statistically significant in predicting how honesty was ranked among the individual values. The model describes nearly 29% of overall variation, which is considered satisfactory level in the context of social phenomena. The number of observations has decreased by half due to excluding the middle 50% of respondents whose rankings for individual honesty were between 3 and 9. Nevertheless, more than 800 respondents is an adequate sample for the analysis of value pattern.

4. DISCUSSION OF RESULTS

Modern managers of the companies with Soviet history have admitted that the biggest challenge in their managerial career has been changing employees’ attitudes towards stealing company’s assets. However, the stealing incident is only part of the problem; the real issue has been to facilitate the culture that the thief would be turned in by his/her colleagues. But the situation in the former Soviet Bloc countries is far from unique in respect with ethical behaviour — for example KPMG reckons with its Fraud Survey (2003) that nearly two-thirds of U.S. corporations had suffered from employee fraud in 2003. It is also important to mention that the role of ethical issues is increasing yet because new technologies involve the areas where the employees’ ethical decisions play a crucial role. Organisations have to find ways for avoiding significant losses and this is why employers are naturally concerned about honesty of their workforce.

This paper proposed a model on how the personal value of honest can be influenced and predicted. In the empirical study it was found that perception of social consensus and some
personal values are most telling factors for individual ranking of *honesty*. Differences were also spotted for countries studied.

Our results highlight some issues that have implications on the ethical behaviour in organisations. There is room for interpretation because the societies analysed are in the process of developing an understanding of the ethics in the reality of market economy. New types of society and economy highlight the importance of role of Human Resources Management issues and personnel selection field (i.e. Loogma, 2004; Vadi & Suuroja, 2003). The engagement of people who share certain type of ethical understanding may be one of the solutions in order to prevent thefts and other ways of derogation of an organisation. But the assessment of *honesty* in pre-employment is complicated and often regulated by law. In this paper we were able to measure how important the value *honest* was considered but it is beyond the scope of this study to relate it to the everyday behaviour or decisions. Nevertheless, we want to indicate four potential implications of our results for the pre-employment assessment.

First, the measurement tool of the *honest* would include the assessment of perception of this value with regard to peers. We have shown that the understanding of co-workers’ value *honest* has a direct connection to the focal person’s own evaluation of this value. It is logical because interpretation of value *honest* is worked out on the basis of interactions and social feedbacks form others. This conclusion may contribute to the design of *honesty* scales.

Secondly, the way how the question about the peers’ values is put, would be critical. We did not find that the rankings of the focal person’s own and speculations for co-workers were necessarily at the same level of importance, however, if that was the case, *honesty* tended to be very important. Thus, if we ask the person how important he or she sees his or her peers consider the certain value; we cannot evaluate the focal
The importance of value honest

person’s ranking of values. The route of asking would be the following: firstly we ask how similar is his or her ranking of value honest to his or her peers’ ranking and after that we can ask to speculate ranking of values for peers. It would be indirect way to find out about a person’s internal thoughts about honesty, because those who see the congruence probably consider the value honest has important place in the rank order of values.

Thirdly, we can ask about the person’s values of family security, imaginative, comfortable life, capable and broad-minded in order to get more information about the importance of honesty. There is room for interpretation because this is the stage of working out the common sense about the ethics in the reality of market economy. It was found that the importance of family security goes hand in hand with the importance of honesty. Alternatively, it follows both from the definition of honesty as well as from the empirical part of the paper, that being imaginative is important for people who have a lower regard for honesty. It is interesting that according to our study qualities such as being broad-minded and capable are associated with the ability to tell lies or avoid telling the truth. The same could be concluded for comfortable life, i.e. telling the truth would deteriorate persons’ comfort-zone. This result resembles to Schwartz value clusters where honesty differed from values expressing hedonism. The role of family security deserves separate remark. First, it is the only value that significantly and positively correlates with honesty and secondly, it appears significant when assessing peers’ values. We believe it is the phenomenon specific to Soviet context and might not hold for other societies or even studied societies after some time: family used to be the only entity during Soviet times where one could openly express one’s ideas and thoughts. There were many legends about neighbours, colleagues and even friends turning out to be government informants and therefore true feelings with regard to ideology were often suppressed when socialising with them. Therefore, the studies of individual values may open
the variety of aspects that play role in the forming of common sense in respect of ethical behaviour.

Lastly, country of residence could be taken into account. It was shown that Russians in Estonia and especially Russians in Latvia tend to regard less of individual honesty relative to other groups. For Russia, organisations such as the OECD and EBRD have highlighted the problems of corruption and unfairness in the society, especially in the public sector (Russia Programme…, 2004; Strategy for…, 2004) and therefore implications for individual honesty assessments were expected. However, based on our study, the situation should be much worse in Latvia, if the results could be generalised for the whole country. As an extension of the study, native Latvians should be included in the future research. Given result cannot be explained by the possible difference between the native and non-native respondents, rather the variation stems from the specific society or organisations studied. Here, one might recall that Estonians are deemed to be extremely straightforward communication partners, which to some extent resembles honesty (Pajupuu, 2002). As for Lithuanian result, there was just one organisation studied — nuclear power plant. In addition, Russians form only a small fraction of Lithuanian society — less than 10% compared to 30–40% in Estonia and Latvia as of 2004 (City Paper, 2004) — and their integration has been much more successful than in Latvia or Estonia.

Gender, age and position did not affect honesty assessment significantly in our sample. We could not find any evidence for women valuing honesty more than men, which has sometimes been reported. Based on previous research, we hypothesised insignificant effect of age and this we were able to confirm. Previous knowledge on the relationship between honesty and position was scarce and this paper could not find any meaningful interaction either. It could be the case that honesty assessment plays little role in a person’s vertical career, whereas it is of higher significance in his/her choice of profession.
It has to be noted that from the perspective of organisational life, it would be useful to differentiate between honesty and integrity. As Becker (1998, p. 158) points out: “Honesty is a necessary but not sufficient condition for integrity”. Although it seems to be a logical observation, these concepts have not been clearly defined. On the basis of an extensive study of relevant journals Sackett and Wanek (1996) argued that integrity was ill-defined illustrating this indistinctness by emphasising that the former ‘honesty’ tests were more often called ‘integrity’ tests (Ibid., 1996). Thus, the value honest may or may not lead to ethical behaviour and this prompts us to ask the question — why? There is no simple answer to this rhetorical query because it is a complicated area of human behaviour and the discussion about the relationship between honesty and integrity may be useful in this context (i.e. Becker, 1998; Scarnati, 1997) as it shows that these concepts are mutually related. Integrity is ‘closer’ to ethical behaviour than honesty, but it involves honesty. This creates a justification for an analysis of the factors affecting the importance of the value honest in a person’s value system. Although it is not an ideal tool, it is still the best available proxy for ethical behaviour.

The results obtained in this paper could substitute the deficiency of knowledge. Although this is an artificial construction, it may open some aspects of ethical behaviour, which is very complicated phenomenon. If academics can give some useful ideas to predict organisational members’ behaviour in the world where the role of personal decisions has significantly increased, this has both an academic and a business value.
5. LIMITATIONS

First, we have put the investigation into the environment of former Soviet Bloc countries but not developed the deeper explanation of the specific features of every single country or national group. The variable of non-Soviet Bloc countries has to be added in order to get picture about impact of wider social processes on the values’ assessment (i.e. honesty). Currently, we have to be careful in trying to generalise the results without further research.

Secondly, with a method of self-reporting questionnaires the subjectivity issue always emerges. It is a clear limitation that people understand values (incl. honesty) differently and apply diverse standards when evaluating them.

Thirdly, the time period of measurements was quite a long, especially in respect with Estonian sample. Transition societies move fast and therefore there might be some factors that we not able to consider.

Finally, the seclusion of some values from the total personal value system is artificial and obviously, the variation among people is higher than these results have revealed.
REFERENCES


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Aususe olulisust mõjutavad tegurid ja seis eetikaga


Siinse uuringu eesmärgiks on mõnede endiste Nõukogude Liidu riikide organisatsioonide liikmete näitel välja tuua, millised faktorid mõjutavad inimeste hinnangut aususe olulisusele. Autorid eeldasid, et faktorid tulenevad indiviidi väärtuste struktuurist, kaaslaste väärtuste tajust, sotsiaal-demograafilistest teguritest ja asukoharühmistest. Empiriiline uurimus viidi läbi 1688 vastanu seas erinevatest organisatsioonidest Eestis, Lätis, Leedus ja Venemaal. Uurimuses rakendati Milton Rokeach’i
(1973) väärtuste küsimustikku ja osalejatel paluti reastada väärtused olulisuse järjekorras. Sellele järgnevalt reastasid vastajad väärtused nii nagu kaastöötajad seda nende arvates teeksid.


Sotsiaaldemograafilistest teguritest uuriti ametikoha (töölised, spetsialistid, juhid), vanuse, soo ja rahvuse (venelased kolmes Balti riigis ja Venemaal ning eestlased Eestis) mõju aususe olulisusele. Ükski neist näitajatest aususe hinnangut oluliselt ei mõjutanud.

Asukohariigi roll aususe tähtsuse määrajana oli antud uuringus siiski oluline. Ilmnes, et Eesti ja eriti just Läti venelased pidasid ausust enda jaoks tunduvalt vähem oluliseks kui Leedu venelased ja Eesti eestlased. Et just Venemaa on päevinud rahvusvaheliselt organisatsioonidelt (EBRD, OECD) palju kriitikat seoses pettustest ja korruptsiooniga sealses ühiskonnas, eeldati, et sealsete vastanute hinnangud aususele erinevad Balti riikidest. See ei leidnud aga otseselt kinnitust ja siinkohal tuleb arvestada, et küsitleti inimesi õigriparalitsoonidest, mitte avalikust sektorist.