

# SOCIAL TRUST – DIFFERENCES AND SIMILARITIES BETWEEN EASTERN EUROPEAN COUNTRIES

Patricea Elena BERTEA\*, Ana MIHEI\*\*

**Abstract:** *Social trust or the belief that others will not harm us or will look after us, if possible, is a concept of interest for many scientists coming from different areas. It can be important for economists, for sociologists, for psychologists or health researchers. Differences in social trust can predict differences in economic development as well. The present study aims to compare the levels of social trust from Romania, Ukraine, Bulgaria, Hungary, Czech Republic and Poland. To do that, we will use data from the European Social Survey, the 2008 round.*

**Keywords:** social trust; institutional trust; European social survey

## INTRODUCTION

Coleman (1990) defines trust as a decision to cooperate under uncertainty. Hardin (2003) defines trust as encapsulated interest: “I trust you because your interest encapsulates mine, which is to say that you have an interest in fulfilling my trust.” In this definition, trust is an expectation: the expectation that the trustee encapsulates the interest of the truster. Social trust can be seen as a generalized form of trust, meaning that people will trust other people whom they do not know, strangers, for whom they will have to appreciate a certain level of trustworthiness. But why is social trust important?

“When people trust each other transaction costs in economic activities are reduced, large organizations function better, governments are more efficient, financial development is faster: more trust may spur economic success” (Alesina and La Ferrara, 2002). This key phrase can stand alone in arguing the importance of social trust research. Having ties with so many areas and influencing our lives at so many levels, social trust has become of great interest for researchers, practitioners and stakeholders, no matter if we talk about the business oriented organizations or state affairs. Economists have started looking into social trust since Putnam (1993) defined it as a part of social capital together with features of social life, networks and norms, “that enable participants to act together more effectively to pursue shared objectives.” Thus, social capital and social trust can improve the functioning of institutions and facilitate economic transactions. Less trust has been associated with lower per capita output and slower growth rates (Tabellini, 2010). Lack of trust generates suspicion and fear of fraud (Tabellini, 2010) which can harm the economic development. Several studies have shown that countries with high levels of trust have grown faster in recent decades than other

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\* PhD, A.I. Cuza University of Iasi, Romania, e-mail: [patricia.bertea@feaa.uaic.ro](mailto:patricia.bertea@feaa.uaic.ro).

\*\* PhD, A.I. Cuza University of Iasi, Romania, e-mail: [ana.mihei@uaic.ro](mailto:ana.mihei@uaic.ro).

comparable countries (Whiteley, 2000; Zak and Knack, 2001; Beugelsdijk *et al.*, 2004).

## 1. LITERATURE REVIEW

Misztal's (1996) defined trust as believing the consequences of someone's intended action will be appropriate from our own point of view. This is the sociological point of view where the individual behaves accordingly to the amount of trust placed in another person or the level of trustworthiness that a person shows. Economists see trust as commodity, resource, and stock, whereas sociologists extend the concept to cooperation, reciprocity, moral obligation and describe the nature of interactions within social relationships (Welch *et. al.*, 2005). Economists believe that social capital stems from trust and try to use trust as a lubricant for economic growth. Societies characterized by high levels of trust usually benefit from well-being, economic prosperity, and low transaction costs in economic exchange (Fukuyama, 1995).

Over the years, important contributions have been developed on the role of social capital and social trust. Among prominent authors, there are Coleman (1988), Putnam *et al.* (1993) and Fukuyama (1996). The importance of studying social trust lies within the relationships that it has with institutions (Knack, 2002), economic development (Helliwell and Putnam, 1995; Knack and Keefer, 1997; Zak and Knack, 2001), corruption and crime (Uslaner, 2002; Buonanno *et al.*, 2009), perceived risk (Sjoberg and Herber, 2008).

As far as institutions are concerned, Knack (2002) found that US states with high trust are more likely to introduce policy innovations and less prone to corruption (Uslaner, 2002). High-quality policy making is, thus, responsible for growth, making social trust again a strong antecedent for it. Bjornskov (2006) provided evidence that social trust influences economic development through the quality of governance and schooling. Herreros and Criado (2008) argued that the presence of the state as a third-party enforcer of agreements can boost social trust and that efficient states promote more trusting societies.

Kenneth Arrow (1972) said that "virtually every commercial transaction has within itself an element of trust, certainly any transaction conducted over a period of time". Zak and Knack (2001) looked at social trust as a way of supporting the increase of investments, which lead to economic growth. Social trust can also be seen in this context as an element of reducing risk, facilitating higher investment rates (Bjornskov, 2006).

Durante (2010) has looked into social trust as originating from the need of farmers to deal with climatic risk. He found that inter-annual variability in both temperature and precipitation has a significant positive effect on current levels of trust at the regional level.

Social trust has been intensively studied in relation with perceived risk (Sjoberg, 1999, 2000; Cerully *et al.*, 2006; Siegrist and Cvetkovich, 2000). Bakir (2006) found that trust shapes public perception, yet Sjoberg and Herber (2008) showed that in some cases social trust is overrated as an influence on the public.

They showed that epistemic trust and antagonism can have a stronger influence and that the social trust approach is not enough for an efficient risk communication. It is not enough to make people believe in other people or in institutions, they also have to trust science and the fact that institutions do not act against them.

Kuovo (2011) analyzed the explanatory power of individual and country level factors when explaining generalized and institutional trust among the Europeans. Results confirmed that generalized trust between people and confidence in institutions is, with some exceptions, at the highest level in the Nordic areas whereas post-socialist countries are at the lowest levels. Also, the analysis led to the idea that it is important to compare countries which are more different in terms of socio-economic development, focusing on aggregate variables and not individual ones. This was supported by the fact that the regime explained more variance in trust at a macro level than all the individual-level variables at the individual level.

Following Kuovo's (2011) recommendation, our study aims to compare Eastern European countries in terms of social trust and institutions or political trust. The analysis wants to offer evidence of differences or similarities between six Eastern European countries that have participated in the European Social Survey: Romania, Hungary, Bulgaria, Ukraine, Poland and Czech Republic.

## 2. METHODOLOGY

The present study looks at social trust from a twofold perspective: interpersonal trust and institutional trust. Several authors have tried to use an objective measure for interpersonal trust by using aggregate indicators such as participation in elections, contributions and involvement in NGO's or blood and organ donations (Guiso *et al.*, 2004, 2008; Buonanno *et al.*, 2009; Putnam *et al.*, 1993.) At the individual level, construct is applied to measure interpersonal trust (Alesina and La Ferrara, 2002; Tabellini, 2005). The most common questions used in the construct have been also employed by the General Social Survey in the US and the European Social Survey (ESS). It measures interpersonal trust as a form of social trust through three items:

- Most people can be trusted (0) or you can't be too careful (10)
  - Most people try to take advantage of you (0), or try to be fair (10)
  - Most of the time people helpful (0) or mostly looking out for themselves (10).
- The items use the semantic differential scale with 10 points, from 0 to 10.

To measure institutional trust, seven items were used by the ESS:

- Trust in country's parliament
- Trust in the legal system
- Trust in the police
- Trust in politicians
- Trust in political parties
- Trust in the European Parliament
- Trust in the United Nations.

These items also use a semantic differential from 0 – no trust at all to 10 – complete trust.

The data used in this study is provided by the ESS, the 2008 round. Six countries are investigated in terms of social trust: Romania, Hungary, Bulgaria, Ukraine, Poland and Czech Republic. The choice of the countries has to do first with their geographic location and, secondly, with their former status of communist countries.

**Table 1 – Countries’ samples from ESS 2008**

Country	No. of respondents	Percent
Bulgaria	2230	19.6
Czech Republic	2018	17.7
Hungary	1544	13.5
Poland	1619	14.2
Romania	2146	18.8
Ukraine	1845	16.2
Total	11402	100.0

### 3. RESULTS

To compare the level of social trust between the previously mentioned countries, we, first, had to test the reliability of the social trust construct composed of the three items. The construct presented acceptable levels of reliability (table 2) according to Cronbach (1951).

**Table 2 – Reliability analysis**

Country	Cronbach’s alpha
Bulgaria	0.812
Czech Republic	0.683
Hungary	0.784
Poland	0.743
Romania	0.850
Ukraine	0.844

Next, we computed the social trust score at the individual level for each country by averaging the scores of the three items measuring social trust. As one can see from table 3, Romania has the lowest level of social trust, followed closely by Bulgaria. The highest level of social trust is found in the Czech Republic.

**Table 3 – Social trust\* means per country**

Country	N	Mean	Std. Deviation
Romania	2100	3.5998	2.26920
Hungary	1516	4.3536	1.93746
Bulgaria	2153	3.6032	2.09245
Czech Republic	1988	4.7455	2.00504
Poland	1584	4.2485	1.80751
Ukraine	1761	3.9648	2.33361

\*measured on a scale from 0 to 10

To obtain similarities and differences between the six countries we performed an ANOVA analysis having as a dependent variable – social trust – and independent variable – the country. Results of ANOVA showed that there are significant differences between the countries in terms of social trust (table 4).

**Table 4 – ANOVA results**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2030.951	5	406.190	92.621	.000
Within Groups	48661.850	11096	4.386		
Total	50692.801	11101			

A post-hoc analysis was used further to identify which countries are similar/different when social trust is involved (table 5). The analysis revealed that Romania and Bulgaria are not different in terms of social trust, being at the inferior threshold; Hungary and Poland are, also, similar, but are situated closer to the superior threshold. Ukraine and Czech Republic make a separate case. Ukraine has a level of social trust higher and significantly different than Romania's or Bulgaria's, but lower and significantly different than the other three countries analyzed.

**Table 5 – Post-hoc analysis social trust**

Tukey HSD <sup>a,b</sup>					
Country	N	Subset for alpha = 0.05			
		1	2	3	4
Romania	2100	3.5998			
Bulgaria	2153	3.6032			
Ukraine	1761		3.9648		
Poland	1584			4.2485	
Hungary	1516			4.3536	
Czech Republic	1988				4.7455
Sig.		1.000	1.000	.657	1.000

As far as institutional or political trust is concerned, we performed ANOVA for each of the seven items as dependent variables and country as independent variable. Post-hoc analysis showed a different pattern than the one revealed by interpersonal trust.

**Table 6 – Post-hoc analysis trust in country's parliament**

Tukey HSD <sup>a,b</sup>						
Country	N	Subset for alpha = 0.05				
		1	2	3	4	5
Ukraine	1788	1.61				
Bulgaria	2154		1.88			
Hungary	1502			2.62		
Poland	1562				2.99	
Czech Republic	1986				3.20	
Romania	2065					3.82
Sig.		1.000	1.000	1.000	.078	1.000

For instance, when it comes to trust in parliament Ukraine has the lowest level of trust and Romania the highest (table 6). Poland and Czech Republic are similar in this matter and significantly different from the other countries.

**Table 7 – Post-hoc analysis trust in the legal system**

Tukey HSD <sup>a,b</sup>					
Country	N	Subset for alpha = 0.05			
		1	2	3	4
Ukraine	1725	1.80			
Bulgaria	2071		2.23		
Romania	2062			3.78	
Hugary	1491			3.78	
Poland	1540			3.88	3.88
Czech Republic	1991				4.10
Sig.		1.000	1.000	.771	.079

Regarding trust in the legal system, Ukraine has again the lowest level, followed by Bulgaria. Similar countries in terms of trust in the legal system are Romania, Hungary and Poland; a different group is represented by Poland and Czech Republic (table 7).

**Table 8 – Post-hoc analysis trust in the police**

Tukey HSD <sup>a,b</sup>						
Country	N	Subset for alpha = 0.05				
		1	2	3	4	5
Ukraine	1768	2.17				
Bulgaria	2161		3.21			
Romania	2101			4.35		
Hungary	1508			4.36		
Czech Republic	2000				4.78	
Poland	1586					5.12
Sig.		1.000	1.000	1.000	1.000	1.000

Ukraine is situated again at the lowest level for trust in the police, which is consistent with the previous results on trust in the legal system (table 8). Similar countries in terms of trust in the police are Romania and Hungary; the other countries are all significantly different from each other.

**Table 9 – Post-hoc analysis trust in politicians**

Tukey HSD <sup>a,b</sup>						
Country	N	Subset for alpha = 0.05				
		1	2	3	4	5
Ukraine	1777	1.43				
Bulgaria	2139	1.61				
Hungary	1504		1.94			
Poland	1568			2.28		
Czech Republic	2002				2.62	
Romania	2076					3.05
Sig.		.107	1.000	1.000	1.000	1.000

Ukrainians have the lowest level of trust in politicians being similar to Bulgarians (table 9). Romanians have the highest level of trust in politicians.

**Table 10 – Post-hoc analysis trust in political parties**

Tukey HSD <sup>a,b</sup>						
Country	N	Subset for alpha = 0.05				
		1	2	3	4	5
Ukraine	1776	1.57				
Bulgaria	2127	1.70				
Hungary	1491		2.02			
Poland	1562			2.31		
Czech Republic	1997				2.76	
Romania	2067					3.13
Sig.		.406	1.000	1.000	1.000	1.000

Trust in political parties shows the same pattern as trust in politicians, having Ukraine and Bulgaria similar, and the other countries significantly different.

**Table 11 – Post-hoc analysis trust in European Parliament**

Tukey HSD <sup>a,b</sup>					
Country	N	Subset for alpha = 0.05			
		1	2	3	4
Ukraine	1334	3.42			
Czech Republic	1919		3.87		
Hungary	1348		4.12		
Poland	1419			4.55	
Bulgaria	1855			4.56	
Romania	1914				5.43
Sig.		1.000	.099	1.000	1.000

As far as the European Parliament is concerned, Romanians are the most trustful, while Ukrainians the least. Czech Republic and Hungary are similar in terms of trust in the European Parliament; Poland and Bulgaria are also similar, but different from the others, with a higher level of trust (table 11).

**Table 12 – Post-hoc analysis trust in United Nations**

Tukey HSD <sup>a,b</sup>					
Country	N	Subset for alpha = 0.05			
		1	2	3	4
Ukraine	1336	3.37			
Hungary	1283		4.63		
Bulgaria	1674		4.73		
Czech Republic	1883		4.80		
Poland	1397			5.15	
Romania	1856				5.55
Sig.		1.000	.608	1.000	1.000

Finally, trust in the United Nations has the same interval ends – Ukraine and Romania – as trust in the European parliament (table 12). Hungary, Bulgaria and

Czech Republic trust the same way the United Nations. Ukraine, Poland and Romania are significantly different from the each other and the other countries.

## CONCLUSIONS

The analysis showed that the level of social trust is usually lower in countries that are less developed from an economical point of view (Romania, Bulgaria). These results are consistent with previous studies (Tabellini, 2010; Kuovo, 2011). Countries with higher levels of social trust are associated with economic growth; our analysis positioned Poland, Hungary and Czech Republic in this category. Results are also in line with several studies which showed that countries with high levels of trust have grown than other comparable countries (Whiteley, 2000; Zak and Knack, 2001; Beugelsdijk *et al.*, 2004). The institutional trust yielded different results depending of the object of trust. Romanians seem to trust the parliament, the politicians and political parties more than the rest of the Eastern European countries analyzed. Romanians are situated also at the superior threshold as far as trust in international institutions is concerned (European Parliament, United Nations). Ukrainians are placed at the other end of the interval, being the least trustful in all cases.

Further research should focus on the relationship between the social trust and institutional trust with economic development. The present analysis was done at an individual level, yet a macro-analysis may offer more information regarding the differences and similarities between these countries.

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