

## **Explaining Trust: Society-Centered Approach versus Institutional-Centered Model**

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### **Abstract**

Social capital has received considerable attention in all branches of social sciences, and has recently been the focus in the field to explain about procreator elements. Trust is one of the social capital elements and plays an important role in specifying consequences incidental to social capital. Nearly two decades ago, Robert Putnam proposed an explanation of trust relying on associational life known as society-centered perspective. However, by criticizing Putnam's perspective during the past decade, institutionalists have attempted to specify trust based on quality of social institutions. In this article, by conducting a comparative investigation on 54 countries from the perspective of associational life, quality of institutions, and two general forms of trust, i.e. institutional trust and social trust, we compared Putnam's theory with that of institutional-centered approach. Findings show that institutional-centered model to trust has more explanatory power than Putnam's. The implications of our findings for

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political systems and democracies, as well as two important topics, i.e. legitimacy of democratic political systems and decline of social capital are analyzed in discussion and conclusion section.

### **Key words**

Trust, Social capital, Institutional-centered approach, Society-centered approach, Quality of institutions, Associational life.

### **Introduction**

Trust, as an interesting concept in sociology and one of the elements of social capital, is a key and a necessary tool to achieve development, as well as a civil and democratic society. Citizens' mutual trust in each other and in social institutions along with the creation of beneficial social networks can bring countless positive consequences such as physical and mental health of citizens (Fazeli&Janadeleh, in press), participation in development projects (Azkia&Hasani-rad, 2009), and the efficiency of economic and political system of society (Halpern 2005, p. 212). In fact, trust acts as a facilitator in social relations (Coleman 1998), affects social and cultural fabrics of society, facilitates consensus, cohesion, and participatory action processes, and ultimately stabilizes social order (Ghaffari 2004, p. 11). Declination in trusts and consequently in social capital in the past decade was one of the major issues worldwide, as well as in Iran (Dini-e Torkamani, 2005; Sharepour, 2001, 2004; Abdullahi&Mousavi, 2007). Quality of life is also analyzed as a factor that is influenced by social capital, and the positive effect of trust on that is determined as well (Ghaffari&Onaq, 2005). Many social philosophers such as Hobbes and Tocqueville believe that trust

is the foundation of social system, decreases the conflicts, and promotes solidarity. People need to have more trust in each other to cope with challenges of globalization and communication age (Knack & Keefer, 1997, p. 1261). Trust sustains economic, political, social, and cultural actions, and without it, no certain mutual action would be shaped (Inglehart, 1994). However, declination in social trust is a challenge emerged in social studies and noted in scholars' findings and analyses (Jong-sung, 2005; Bromley et al., 2004; Hall, 1999; Sharepour, 2009; Azadarmaki & Kamali, 2004; Amirkafi, 1996).

In general, there are three types of trust. First type relates to the linkage between actors and anonymous others or whole community, known as social trust. The second type refers to the trust between people who are in networks of acquaintances and relatives or friends, known as interpersonal trust. The third type reflects the trust of people to institutions and organizations in the society, known as institutional trust. Existing theories explaining trust can be divided into two general groups: (1) Institution-centered approach that sees the quality of institutions as an element which specifies the level of social trust; and (2) society-centered model that considers the implications of networks and social relations on trust. The present article attempts to compare these two approaches and specifies the role of structural-institutional elements and social factors (membership in networks and social relations) in explaining social trust as well as institutional trust among a set of countries. In other words, the main question is that which group of elements plays more important role in specifying social and institutional trust: institutional qualities and characteristics, or features relevant to participation and membership in social networks.

Society-centered model is originated from Robert Putnam's approach to explain about the efficiency of democracy in Italy and has led to nearly two decades of research into the role of social capital (Putman 1993). The second approach comes from those beliefs acknowledging the importance of approach and concepts Putnam brought into social sciences, but rejecting his emphasis on participation in social networks while regarding trust as the outcome of quality of institutions (Rothstein, 2005; Rothstein &Stolle, 2008). This article examines the views expressed above by conducting a cross-national comparative investigation to find out their explanatory power.

### **Literature Review**

Research in Poland confirmed that institutional variables influence complex paths of trust and distrust (Sztompka, 2007). Furthermore, Sztompka shows that women are likely to emphasize on easy and light expectations (fairness and justice), while men tend to difficult expectations (efficiency). In addition, the rich as well as those with higher-level jobs have a tendency to focus on difficult criteria (capacity and capability), while the poor and those with low-level jobs, or unemployed rely on easy criteria, i.e. honesty (Sztompka 2007, pp. 67-8). Factors such as efficiency, capacity, and capability are all institutional outcomes.

By conducting a comparative investigation on social trust in 60 counties, Delhey and Newton (2005) concluded that trust is an integral part of a tight syndrome of economic, political and social conditions. In other words, their study showed that high trust countries are characterized by lack of social gaps, social equity, wealthy people and low corruption. Moreover, Welch et al., (2005) by drawing attention to relational aspect of trust,

have shown us how current considerations of the trust are bound with the formation of social ties. Their findings tend to reinforce that trust is a building block which makes macro-level ties possible. Their work can be considered as a part of society-centered approach. Another research in South Korea has revealed that the effect of inequality of incomes on social trust is significant, relying on World Values Survey data (Jong-Sung, 2005). Eric Uslaner, in his research in the USA, showed the decisive impact of inequalities on reduction of social trust (Uslaner, 2001). By comparing Swiss and Japan in his research, Freitag showed that despite differences between Japan and Swiss in terms of people's moral perspective, level of life satisfaction, and the rate of membership in voluntary associations, it seems that there is a relationship between social trust and variables such as education, using mass media, and cosmopolitan culture in those countries. Moreover, this research reminds us that despite arguments by some scholars stating that there is no relationship between political trust and social trust, the findings indicated that trust in political institutions considerably paves the way for growing and developing social trust in both societies (Freitag 2003).

Based on the examination of institution and society-centered variables, people's trust in police showed that in explaining the trust people have in police force, Institution-centered variables have far larger part than variables concerning participation in voluntary associations (Sharepour, 2009). Sardarnia and Islam (2009).also reported that variables related to good governance are more pertaining to variance of political trust in comparison with social capital variables.

Mansourian and Qodrati's(2009) research is also about the comparison of the society-centered and institution-centered visions for explanation of social trust in order to investigate the

diluted or generalized trust, and thick or particularized trust. Nonetheless, the main focus of this research is on diluted trust and, to explain about such trusts, and respective theoretical framework is also presented. However, the findings have shown that the explanatory power of institutional theory is more than that of social capital theory in explaining trust in the society under investigation.

Some studies highlighted variables other than membership in social networks. However, their perspective is not institution-centered; yet the variables they considered – such as sense of security, life satisfaction, feeling of alienation, a good atmosphere of public mortality, and social solidarity – can be taken as outputs of quality of social institutions (Hezarjaribi & Safari Shali, 2009).

Bretzer has studied the relation between political trust and social capital in Sweden. Through reviewing Putnam's views on social capital as well as Tom Tyler's opinions about political trust, this research attempts to respond to the question of why some citizens have more political trust than others do. According to Tom Tyler, if people evaluate political actions as fair, they will not fail in supporting political institutions and leaders (Bretzer, 2002: 4). Based on this, he draws out three hypotheses from Putnam's theory and three hypotheses from Tyler's, which are, in turn, as following:

1. People who are more active in associations have higher levels of political trust.
2. Higher level of political trust leads to higher social horizontal (trust between actors of equal dignity) trust.
3. Higher estimates from the civic spirit among people leads to higher level of political trust.
4. Higher level of people's trust in judicial institutions and judicial actors leads to higher level of political trust.

5. People's perception of procedural fairness of the local government leads to higher level of political trust.
6. The higher possibility of political decision control, the more the political trust would be (Bretzer, 2002, pp. 9-11).

Research's findings have shown that Tyler's hypotheses can better explain political trust at national level. In general, those with political interests, party identification, or union affiliation or with an overall higher level of social trust, have higher level of political trust as well. Moreover, those who have trust in judicial institutions, lawyers, and judges have higher level of political trust, too. The third hypothesis, stating that people who feel they have an opportunity to object to political decisions (even if they do not take such an opportunity) have higher level of political and social trust, is also confirmed in this research. At local level, it is found that people who have higher trust in police, judges, and judgment system, and those who are optimistic about the judicial procedures, as well as citizens who think they have control over political decisions, have up to 45 percent higher political and social trust than others. Among political and institutional variables, satisfaction with democracy performance had the highest influence on social and political trust, and among economic variables, municipal tax level and citizens' opinion about their municipal economy are the two variables with the highest level of influence on political trust. Bretzer's final proposition is that social trust and political trust should not be explained by the individual variables, but by the institutional ones (2002, p. 26). This study concludes "The main discovery here seems to be that explanations to political trust should be derived not from the individual level, but from the institutional. Individuals do have relevant opinions about institutional performances, both

of output character (service) and of procedural character.” (pp. 26-27)

### **Theoretical Framework**

As Rothstein writes, the underlying idea of Putnam’s *Making Democracy Work* is “To vote a parliamentary assembly into office, however representative, in an election, however free and fair, is all very well and good. But if that body cannot make decisions of sufficient quality to enable their implementation, or if the body loses control over the administrative machinery, the democracy in question is not worth much. Putnam pinpointed a neglected point in studies of democracy: the efficiency of the democratic government” (Rothstein 2005, p. 47).

Putnam believes that there is a significant correlation between density and the weight of local associativeness and the way democracy works in Italy. In summary, the more people were organized as voluntary associations, the better democracy functioned among them. Putnam’s analysis took a step further and showed that the level of associativeness not only explained better democracy performance but also explained why some regions in Italy had experienced more economic growth (Rothstein, 2005, p. 48).

Putnam notes Tocqueville’s opinion about internal and external influences of civic associations on democracy in the United States (Putnam, 2001, p. 160) and believes that “... an extensive network of secondary associations is effective both in the embodiment of social cooperation and in helping to create it”. He regards dynamics of associational life as the key of civic solidarity and considers the American “associativeness” in the north and “unethical family orientation” in the south as the reason for existing differences



between the north and the south of Italy (p. 164). He adds, "... history and civic context matter for the way institutions work. So far, the most important factor in explaining about good government is the degree to which political and social life in a region approximates the ideal of civic community" (p. 206).

Putnam explains that participation in voluntary associations yields a social capital by which social interactions are based on people's trust in others. For example, people are eager to participate in what?? because they are confident that others intend to participate in what??as well. With the help of social norms of trust and reciprocity, voluntary associations generate "binding cement" that facilitates the establishment of a collaboration upon which the democracy is founded and builds a ground that enables escaping from social trap – inability to conduct collective action in line with shared interests (See Rothstein, 2005, p. 48). Therefore, social participation in associational life is known as generator of social trust.

Besides having a clear idea about the importance of Putnam's thought and his role in social capital studies, Bo Rothstein has developed a theory in the critique of Putnam's opinion. Rothstein and Stolle divide trust theories into two types: society-centered and institution-centered approaches (2008, p. 275). Fukuyama and Putnam's approaches are placed into society-centered (Putnam 2001; Fukuyama 2006). To them, generalized trust is the indicator of potential readiness of citizens to collaborate and participate in civic activities. Attitudes of generalized trust extend beyond the boundaries of face-to-face interaction and unite people who do not know each other. According to Rothstein and Stolle, the level of civic society does not generate trust; what matters to generalized trust is institutional efficiency and fairness.

They like to highlight instead how social capital is embedded in and linked to formal political and legal institutions. Not all political institutions matter equally, however, they argue that trust thrives most in societies with effective, impartial and fair street-level bureaucracies. (Rothstein & Stolle, 2007)

Lack of trust in institutions, corruption, bribery, and fear of insecurity in relationships with others affect generalized trust. They provide four causal mechanisms to explain the institutional features of generalized trust: a) Institutional efficiency and fairness influence individual's perception of his/her safety and security; In other words, fear of others causes the belief that they are not to be trusted; b) Institutional efficiency and fairness determine individual's attitude towards public interest guardians; If institutions cannot be trusted, then people cannot be trusted too; c) Institutional efficiency and fairness shape individual's opinion about citizens' behavior; If the individual witnesses bribery amongst citizens, he/she may engage in corrupt practices in order to get what he/she deems necessary in life, and so his/her trust in others and in the system will be declined; and d) Institutions may cause people to experience discrimination and injustice when they are in direct contact with people; for example, corrupt and unfair institutions might lead to experiences of discrimination and injustice, which negatively influences generalized trust (Rothstein &Stolle, 2008).

Rothstein in another work reemphasizes that trust usually is promoted in the societies with an effective, fair, and just bureaucracy. This article shows a causal mechanism between institutional characteristics and public trust, and depicts its credibility in a national context. The main argument of this article is that the structure and characteristics of contemporary

public institutions are important but ignored factors in establishment of general trust. In fact, this theory shows that procedural justice of institutions influences the public confidence, and specially states that how citizens experience feeling of safety and sense of support, and how they generalize their attitudes towards government system and officials to other citizens. How is their experience of discrimination against themselves and close others?

Using the various waves of World Values Survey from 1980 to 1995, the survey data from Goteborg University of Sweden, and the national data of the Equality, Security and Community survey of Canada (1999-2000), Rothstein seeks for an empirical illustration. These data revealed that there are different types of institutional trust. In order to document this, the author employed the factor analysis method for the third wave of World Values Survey, and concludes that the citizens from 56 countries differentiate between diverse types of trust in institutions in a list. In other words, citizens make distinction between governmental institutions, particularly political institutions, and other institutions. The key point in this article is the direction of causality, and that effective, efficient, and fair institutions which are away from corruption generate social trust, but not vice versa (Rothstein &Stolle, 2007).

According to Rothstein and Stolle, Putnam's social capital theory cannot differentiate between those voluntary associations which generate generalized trust and those that generate particularized trust (strong intra-group trust in contrast to extra-groups). In addition, this theory should have micro-logic to show the formation of trust from the heart of face-to-face interactions. Moreover, empirical studies illustrate that in some societies the level of participation in associations

is high, but generalized trust is weak. Furthermore, Uslaner argues that those who have trust will join associations more than those who do not. Therefore, Rothstein believes that associational life is a good thing but is not necessarily generator of generalized trust (Rothstein &Stolle, 2008,pp. 277-278).

Institutional-centered model makes distinction between density of civic institutions and their efficiency. In addition, institutionalists believe institutions can generate positive and generalized trust, or a trust which is dark and strengthens only intra-group relations and even ends in a conflict with extra-groups (terrorist groups, Nazi associations, or criminal gangs are examples of intra-group dark trust). Instead of asking about what type of individuals or social networks generate societies with high social capital, institutional theorists prefer to find out what types of societies and with which institutions produce individuals or networks with high social capital.

### **Hypotheses**

Following our argument, we can put forward three hypotheses regarding the emergence of social trust. The first hypothesis is based on Putnam's opinion. The second hypothesis stands against Putnam's and relies on institutional-centered idea about generation of social trust. According to the first hypothesis, "the more the density of associational life, the more social and institutional trust." The second hypothesis states that "effectiveness and efficiency of institutions explain social and institutional trust." The third hypothesis reflects the relation between the democratic governance of countries and the level of trust in such countries. Based on this hypothesis, quality of democracy can also produce trust.

### *Methodology and Data*

This research has been conducted in form of cross-national comparative or variable-centered comparative analysis. Data related to social trust, institutional trust, associational life, and quality of institutions from 54 countries are used for testing the hypothesis. To evaluate social trust, institutional trust, and associational life, World Values Survey<sup>1</sup> is used.

Trust can be specified as three types: 1) interpersonal trust or trust in people we know, such as family, relatives, and friends; 2) social/generalized trust or trust in strangers; and 3) institutional trust or trust in organizations and institutions. Trust in other people is logically different from trust in institutions and political power. Empirically, political trust and social trust can be either related or unrelated, but theoretically, a distinction between them should be made. Trust in government or political institutions can be a reason or a consequence of social trust, but it is not the social trust itself. Regarding that many social consequences and processes are influenced by institutional and social trust, the present study emphasizes on these two types of trust as well.

In order to assess generalized trust, the following question is used: “Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?” The percentage of people in a country who have chosen “most people can be trusted” is regarded as the indicator for generalized trust of that country.

The level of trust in families, neighbors, acquaintances, people who are met for the first time, people of other religions, and people of other nationalities is also assessed based on multiple-choice questions. The average of each indicator for

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1- WVS 2005-2006 Wave

each country is calculated and used to assess the level of trust in relatives and friends. In addition, institutional trust is assessed based on the level of confidence an individual has in church, armed forces, press, television, labor unions, courts, central government, political parties, parliament, public offices, major companies, environmental organizations, women's organizations, and charitable and humanitarian organizations. The average of trust in each organization in each country is taken as trust assessment indicator for that organization.

Moreover, in the World Values Survey, people are asked about their membership in church or religious organizations; sports organizations and clubs; art, music, or education organizations; labor unions; political parties; environmental organizations; charity and humanitarian organizations; consumer organizations; and other organizations. Respondents could choose among choices of active member, inactive member, and no membership. Therefore, it can be said that membership in organizations is measured using rating scale. These data are used to measure density of associational life in each country.

In the World Values Survey, the respondents were asked to rate how democratically the country is being governed on a scale of 1-10. The average score obtained from the respondents in each country is used as an indicator for attitude of fellow-people towards democratic performance of political system in that country. In addition, Freedom House organization calculates two indicators for each country varying between 1 to 7, based on each country's degree of civil liberties and political rights. A higher score indicates a lower degree of civil freedom and political rights in a country. Based on the sum of the scores of these two indicators, countries are divided into three

categories, i.e. free, partly free, and not free. We have used this indicator to assess the state of democracy in countries.

Another index<sup>1</sup>, provided by Economist Institute, is also applied to measure democracy. This index is based on 60 indicators grouped into five different categories: electoral process and pluralism, civil liberties, functioning of government, political participation, and political culture<sup>2</sup>. This index varies from 0 to 10 where a higher score indicates improvement in the state of democracy in the country. According to this index, countries are grouped into four different categories: 1) full democracies – scores of 8 to 10, (2) flawed democracies – scores of 6 to 7.9, (3) hybrid regimes – scores of 4 to 5.9, and (4) authoritarian regimes – scores of 0 to 3.9. As we have used the 2005-2006 World Values Survey data in this research, we also employed data from The Economist's democracy index in 2006 (the first year that this index is calculated).

To assess the quality of institutions, the World Bank's data on the "World Governance Index" were used. Since 1999, Kaufmann et al. (1999) have provided a method to measure "governance". To them, some observed indices can be regarded as indirect measurements of some unobserved and latent indices. The number of dimensions that are considered as indicators of good governance has increased to six until 2007 (Kaufmann et al., 2007). In the 2007 report, over 350 measured indicators in countries under investigation were used based on data mining of 33 data sources to measure six dimensions of good governance. These dimensions are:

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1-Economist Intelligence Unit's index of democracy

2-For theoretical and methodological details see Kekic, 2008.

1) Voice and accountability: capturing perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

2) Political stability and absence of violence: capturing perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism.

3) Government effectiveness: capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

4) Regulatory quality: capturing perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

5) Rule of law: capturing perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

6) Control of corruption: capturing perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption.

These are called the Worldwide Governance Indicators (WGI). Each country scores from -2.5 to +2.5 in per index.



This measurement method has a potential to be used in a comparative analysis. The calculated scores for different countries in each of six dimensions are accessible<sup>1</sup>. We regard the WGI as indices of institutional quality.

Good Governance Indicators indicate the quality of institutions. Political rights and civil liberties indicators by Freedom House, as well as The Economist's Democracy Index are used to assess how democratically countries are being governed. These show a concrete and tangible reflection of latent structural characteristics in institution-centered approach. Moreover, Putnam's concept of social capital (society-centered) is used to examine the relationship between two variables of active membership in voluntary associations and the level of social trust, and institutional trust, and to provide an answer to the main question of this research, i.e. whether structural - institutional variables or society-centered variables are more effective in explaining social trust.

### **Finding**

*Social trust:* In Table 1, the distribution of one of the dependent variables, i.e. social trust, among countries under investigation is presented. To answer the following question, "Do you think most people can be trusted?" respondents could choose between "most people can be trusted" and "need to be very careful in dealing with people." The percentage of people who have chosen first option is considered as the basis of cluster analysis.

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<sup>1</sup>See, <http://www.govindicators.org>

**Table 1.** Distribution of social trust in the countries under investigation

<i>No.</i>	<i>Countries</i>	<i>Min. of the Cluster</i>	<i>Max. of the Cluster</i>	<i>Mean</i>	<i>SD</i>
1	Norway, Sweden	68	74.2	71.1	4.38
2	Australia, China, Finland, New Zealand, Swiss	48.2	58.8	52.32	3.92
3	Canada, Iraq, Japan, the Netherlands, Thailand, USA, Indonesia	39.1	44.5	41.44	1.83
4	Germany, Italy, Jordan, South Korea, Russia, Ukraine, UK, Uruguay	26.7	34.1	29.82	2.24
5	Andorra, Argentina, Bulgaria, Burkina Faso, Chili, Colombia, Cyprus, Egypt, Ethiopia, France, Georgia, Guatemala, India, Iran, Mali, Mexico, Moldavia, Morocco, Poland, Romania, Slovenia, South Africa, Spain, Taiwan, Zambia	10.6	24.4	17.52	3.83

6	Brazil, Ghana, Malaysia, Trinidad and Tobago, Turkey, Rwanda, Peru	3.8	9.2	6.62	2.2
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*Institutional trust:* Institutional trust has been measured through responding to the level of trust people have in following organizations: churches and mosques, armed forces, press, television, labor unions, police, courts and judicial system, central government, political parties, parliaments, government agencies, large private companies, environmental movements, women movements, and charity and humanitarian organizations. Factor analysis method is applied on variables related to the level of trust in these organizations. Therefore, variables related to trust in 16 institutions are grouped into three categories, which are presented in Table 2. The dominant dimension in the first category is the relation between organizations and political governance. In the second category, only the large companies lack the characteristics of volunteerism. However, in an economy comprising of large private sectors, major companies can also be regarded as part of voluntary social participation. The dominant aspect of the institutions in the third category is their activities in cultural context.

**Table 2.** Classification of trust in organizations

Category	Organizations	Title of the Category
1	Armed forces, labor unions, police, courts, government, political parties, parliament, public services	Governmental institutions

2	Large companies, environmental organizations, women organizations, and charity organizations	Voluntary civil organizations
3	Church and religious organizations, press, television	Cultural organizations

*Membership in voluntary associations:* In the World Values Survey, the respondents were asked about their membership in 13 civil voluntary organizations. The reliability analysis showed that the percentage of active membership of people of a country in each of these organizations can be regarded as an indicator for the expansion of civil societies. Here, Cronbach’s alpha was 0.837. Therefore, we computed an overall score for the level of people’s membership in civil organizations in each country.

*Good Governance Indicator:* By combining the six dimensions, the indicator of good governance was measured and then the countries under investigation were clustered based on that indicator.

**Table 3.** Clustering countries based on “Good Governance Indicator”

<i>Category</i>	<i>Countries</i>	<i>Min. of the Cluster</i>	<i>Max. of the Cluster</i>	<i>Mean</i>
1	Colombia, Ethiopia, Georgia, Guatemala, Indonesia, Iran, Russia, Rwanda, Ukraine	-1.423	-1.03	-1.18
2	Argentina, Brazil,	-0.92	-0.13	-0.547

	Bulgaria, China, Egypt, Ghana, India, Jordan, Mali, Mexico, Moldavia, Morocco, Peru, Romania, Thailand, Trinidad and Tobago, Turkey			
3	Italy, South Korea, Malaysia, Poland, South Africa, Uruguay	0.036	0.294	0.206
4	Andorra, Australia, Canada, Chile, Cyprus, Finland, France, Germany, Japan, Netherlands, New Zealand, Norway, Slovenia, Spain, Sweden, Swiss, Taiwan, UK, USA	0.538	1.684	1.162

Factor analysis showed that all six indicators of good governance can be regarded as one factor. KMO index for this factor analysis was 0.876. In addition, factor loadings of all variables on latent factor “good governance” were between 0.913 and 0.918. It means that the common factor robustly explains about the variance of variables. Thus, good governance factor can be defined with confidence and its factor score can be used for clustering countries. Good governance indicator within the countries under investigation varies from -2.285 to 1.684. The lowest belongs to Iraq and the highest belongs to Finland. To do the clustering, Iraq is removed from the analysis. From 2003 to 2005, Iraq went through major crises caused by the occupation and war.

Therefore, Iraq's highly unfavorable situation had made it distinct from all other countries.

As it was mentioned earlier, the three hypotheses of this article regarding factors influencing institutional and social trust include:

1. An increase in associational life level would increase levels of social trust and institutional trust.
2. An increase in the quality of institutions would increase levels of social trust and institutional trust.
3. An increase in the level of democracy would increase levels of social trust and institutional trust.

It might be stressed again that level of democracy as an indicator of procedural fairness and also its effects on the presentation of political procedure accounted for social and institutional trust explanation.

### **First Hypothesis: Associational life and trust**

Pearson correlations between associational life and various types of trust can be seen in Table 4, showing that the density of associational life (percentage of active memberships in civil institutions) in different countries has a correlation of 0.355 only with the level of trust in voluntary civil organizations (see Table 4). There was no significant correlation between other types of trust and the density of associational life. Therefore, density of associational life has 12.6 percent contribution in the variance of trust in voluntary civil organizations.

These findings show that Putnam's theory regarding the influence of participation in voluntary associations on trust can be criticized. As there is no significant correlation between associational life and other types of trust, causality is ruled out. But, the relationship observed between the level of associational life and trust also shows that if there is a causal

influence of associational life on trust, or vice versa, arguing that those who put trust are more likely to participate in associational life, explanatory power of two variables is low. Only can 12.6 percent of common variance of these variables be attributed to each other.

**Table 4.**Correlations matrix between level of associational life and types of trust

	(1)	(2)	(3)	(4)	(5)
Membership in civil institutions (1)	1				
Trust in governmental institutions (2)	0.059	1			
Trust in voluntary civil organizations (3)	0.355*	0.000	1		
Trust in cultural organizations (4)	0.008	0.000	0.000	1	
Social trust (5)	0.062	0.545*	-0.137	-0.241	1

\*  $p < .05$

### **Second Hypothesis: Quality of Institutions and Trust**

Table 5 shows the correlation matrix between the quality of institutions and different types of trust. The good governance indicator has a significant correlation with trust in voluntary civil organizations, and also has a significant correlation with all three types of trust, i.e. trust in governmental institutions, trust in cultural organizations, and social trust.



**Table 5.**Correlations between quality of institutions and different types of trust

	(1)	(2)	(3)	(4)	(5)
Good governance indicator (1)	1				
Trust in governmental institutions (2)	0.386*	1			
Trust in voluntary civil organizations (3)	-0.003	0.000	1		
Trust in cultural organizations (4)	-0.543*	0.000	0.000	1	
Social trust (5)	0.541*	0.545	-0.137	-0.241	1

\*  $p < .05$

It would be interesting that higher levels of WGI are correlated with trust in cultural organizations (churches, printed and digital media) negatively.

*Third Hypothesis: Democracy and Trust*

Table 6 shows the correlation matrix between democracy indexes, civic liberties, and political rights indicators, and various types of trust. It presents some of the most significant findings of this research. Correlation between democracy index by Economist Institute and two indices by Freedom House is at a level that it can be said that they confirm each other. The more The Economist’s democracy index increases, the more lack of civil liberties and political rights decreases.

However, the important point is that The Economist's democracy index had no significant correlation with trust in governmental institutions and voluntary civil organizations. The same is true for civil liberties and political rights. The correlation between democracy index, and trust in cultural and social institutions was significant, but in a different direction. With an increase in the democracy index's value, level of trust in cultural institutions is reduced and social trust is increased. This relationship is exactly similar regarding civil liberties and political rights indicators.

**Table 6.**Correlations between level of democracy and types of trust

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Economist Democracy index (1)	1						
Absence of Freedom Indicator (2)	-0.918*	1					
Absence of Political Rights Indicator (3)	-0.884*	0.95*	1				
Trust in Governmental institutions (4)	0.039	0.000	0.089	1			
Trust in Voluntary Civil Organization	-0.126	0.023	0.107	0.000	1		

s (5)							
Trust in Cultural Organizations (6)	- 0.479 *	0.495 *	0.389 *	0.000	0.000	1	
Social Trust (7)	0.471 *	- 0.350 *	- 0.278 *	0.545 *	- 0.137	0.241	1

\*  $p < .05$

These findings confirm one of the most important critics of Putnam’s theory, while confirming the institution-centered approach. Our analysis regarding the second hypothesis showed that quality of institutions is correlated with institutional trust. The analysis of the third hypothesis also showed that having trust in institutions does not have any significant correlation with whether they are democratic. In other words, this is not just democratic legitimacy of institutions that matters, but their efficiency and quality have the highest influence on institutional trust.

**Putnam versus institution-centered approach**

Tests of Hypotheses showed that all variables of associational life density, quality of institutions, and quality of democratic life and institutions were correlated with different types of trust. Now, we can run a regression analysis to all independent variables to explain social trust and institutional trust. This analysis can discover the importance of quality of institutions. Table 7 shows the result of regression analysis for explaining social trust and institutional trust with the help of two variables, i.e. quality of institutions and density of associational life, using stepwise regression analysis.

Table 7 represents the complex nature of the relationship between those two variables and trust. The first row in the Table shows that density of associational life has no part in explaining about social trust. In addition, the quality of institutions can explain 28.9 percent of variance of social trust. The second row implies that density of associational life in predicting institutional trust is not important. However, the contribution of the quality of institutions for explaining the institutional trust is lower than the share of this variable in explaining about social trust. Trust in civic organizations is explained by density of associational life quite slightly. Only 8.9 percent of variance of trust in voluntary civil organizations can be explained by density of associational life and the quality of institutions.

Trust in cultural organizations had also no significant relationship with density of associational life and its correlation with quality of institutions was negative as well. This finding should be understood regarding the relation between level of democracy and quality of institutions.

Although we initially said that we intend to investigate the relationship between trust and three variables of i) associational life, ii) quality of institutions, and iii) level of democracy in regression model but measures of multicollinearity showed that level of democracy and quality of institutions variables both are strongly collinear, and so it is better to exclude one of them. We have removed the level of democracy, but if we substituted level of democracy variable for quality of institutions variable, no significant change will occur in coefficients.

**Table 7.** Multiple regression analyses of variables predicting types of trust

Dependent variable	Independent variables	Non-standard regression coefficients	Standard regression coefficients	Level of significance
Social trust $R^2 = 0.289$	Constant	21.25	-	0.000
	Quality of Institutions	1.984	0.563	0.000
	Density of associational life	0.001	0.003	0.981
Institutional trust $R^2 = 0.111$	Constant	-0.211	-	0.441
	Quality of Institutions	0.084	0.385	0.008
	Density of associational life	0.000	0.011	0.935
Trust in civil voluntary organizations $R^2 = 0.089$	Constant	-0.583	-	0.039
	Quality of Institutions	-0.010	-0.048	0.736
	Density of associational life	0.008	0.360	0.014
Trust in cultural organizations $R^2 = 0.270$	Constant	0.148	-	0.552
	Quality of Institutions	-0.121	-0.553	0.000
	Density of associational life	0.002	0.076	0.546
Trust in cultural organizations $R^2 = 0.181$	Constant	-0.721	-	0.006
	Absence of freedom and civil and political rights	0.143	0.446	0.002

Zero-order correlations between trust in cultural organizations and the two variables of quality of institutions and The Economist' Democracy index, are -0.543 and -0.479, respectively. First-order correlation between quality of institutions and trust in cultural organizations is decreased to -0.309 because of control over variable of democracy index. This observation implies the influence of democracy on formation of people's attitudes to religious organizations, press, and television programs. However, in order to complete the observation on relationship between democracy and trust in cultural organizations, the relationship between absence of civil liberties, absence of political rights, and trust in cultural institutions should be investigated.

We considered two models for explaining about trust in cultural organizations to avoid collinearity between quality of institutions and variables implied democratic mode of government. In addition, to reduce the collinearity between absence of civil liberties variable and absence of political rights variable, we aggregate them and create a composite variable. The last row of table 7 shows that absence of freedom, political rights, and civic rights can explain 18.1 percent of variance of trust in cultural organizations, and its standardized regression coefficient is also positive. These findings imply that in political systems where civil liberties and political rights are less respected, closed media atmosphere, for two reasons, leads to greater trust. On the one hand, people are exposed to one-sided and limited interpretations, which avoid confusion created by plurality of media; disregarding the accuracy or inaccuracy of such information, this will lead to people's trust in cultural institutions. On the other hand, it is probable that in countries

where there are no civil liberties and political rights, people exercised self-censor and displayed positive attitudes to cultural institutions in the World Values Survey.

### **Conclusion and discussion**

Our analysis shows the complicated nature of relationship between trust and variables attributed to two competing theories. On the one hand, there is Putnam's theory that emphasizes the importance of associational life in establishment of trust and the respective consequences. On the other hand, there are some institutionalist scholars who believe that trust is the consequence of quality of functioning of institutions, and not the output of associational life. Our findings strongly support the latter.

One of the important findings of this research relates to the idea of the erosion of trust in democracies because of reduction in institutional quality. Democratic systems require legitimacy, but democratic legitimacy caused by electoral processes does not suffice per se for maintaining acceptable level of trust in these systems. Comparative analysis shows that there is a significant correlation between quality of institutions and democracy, but this correlation does not show a direct causal relationship between them. In other words, it is not clear if democracy necessarily ensures the quality of institutions or vice versa. This issue requires theoretical analysis more than calculation of correlations. However, apart from this, our findings show that being democratic without paying attention to the functioning of institutions and social organizations cannot generate social capital via generating trust.

The finding of this study revealed that institutional trust is also a complicated issue and encompasses diverse dimensions. Institutional trust can be explained at least in three areas: 1)

trust in governmental institutions, 2) trust in voluntary civic organizations, and 3) trust in cultural organizations; each of them follows a different mechanism. Trust in governmental institutions increases through improving the quality of governmental functioning, but simultaneous influence of democratization and quality of functioning of institutions decreases the level of trust in cultural organizations. Social trust, as well, is related to third dimension, i.e. trust in voluntary organizations. It is possible that we witness some societies with cultural traditions and institutions rooted in those traditions (such as religious communities or charities with religious visions that are active in Iran and many other traditional societies), to which trust is historically spreaded. But this type of trust has no significant relationship with institutional trust and trust in cultural organizations. It means that not all types of civil participation are capable of building up trust.

These findings have important implications for investigation on the consequences of trust. The available literature emphasizes on the relationship between trust and outcomes such as mental health, economic development, political support, environmental behavior, and some other most important aspects of social life. However, multifaceted nature of trust means that its consequences should be analyzed based on its various types and theoretical mechanisms which are creators of those consequences.

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