



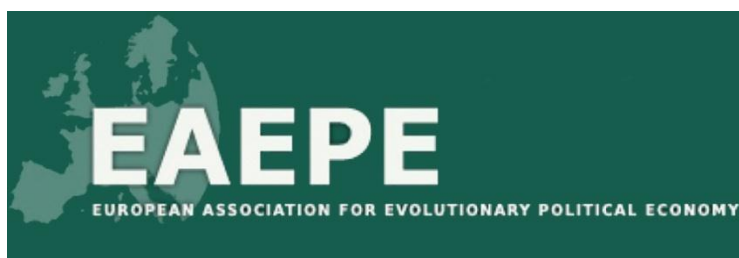
**Nr. 10 (2013)**

Research Area I

ISSN 2219-9268

**The deficit of cooperative attitudes and trust in  
post-transition economies**

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## **The deficit of cooperative attitudes and trust in post-transition economies**

### **Abstract**

Different empirical research has suggested a deficit of cooperative attitudes and of social trust in post-transition countries and even of their degradation compared to the period of centrally planned economies. This deficit may negatively impact on the economic performance of those countries. The objective of this paper is to consider the characteristics and determinants of the propensity to cooperate in post-transition economies and to measure the degree to which they differ from other European economies.

The empirical research is based on the European Social Survey. The taxonomy of European countries is provided based on the set of features characterizing cooperative attitudes and an econometric research on the factors impacting on trust in different clusters of countries is carried out. In the first part of the paper the notions of trust and cooperative attitudes are discussed. Next, the literature on the sources of the propensity to cooperate is reviewed. Further, the hypotheses on particular barriers to the development of cooperation and trust both during the time of central planning and then during transition are discussed. The report of the results of econometric research based on the ESS follows.

The findings of the research are that while it is true, that post-socialist countries have substantially lower trust in general society, it is rooted more in lower quality of political institutions than in actually lower trustworthiness of the members of the society. Those countries share the general pattern of factors of trust with the other European societies, in which trust does not depend any more on associative activity but, besides quality of institutions, on individual optimism, mind openness and education. The major feature of post-socialist societies nowadays is also distrustfulness of younger generation including this brought up after transition.

**Keywords:** trust; cooperative attitudes; trustworthiness; transition economies

**JEL codes:** D03; P26

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\* Warsaw School of Economics and the European Commission; this contribution expresses exclusively the personal opinion of its author and does not, in any case, bind the European Commission.

## **1. Introduction**

The model of the market economy introduced in Central and Eastern Europe 20 years ago was based on the assumption that self-interested individuals competing in the market would provide the best economic results. It was only several years later that the vacuum of informal norms supporting newly introduced formal institutions and the cultural legacies inherited from the past came to the attention of researchers. The deficiencies of trust and cooperation, absent in the original transition agenda, surfaced by themselves as two of the potential reasons for deficiencies in organisation and cooperation in post-transition economies.

Trust and positive cooperative attitudes are recognised as potentially bringing about positive economic results thanks to their facilitating trust-sensitive transactions and innovation, constraining costs of monitoring and of enforcing contracts (Knack and Keefer, 1997). This is of particular importance in long-term transactions and in reaching collective decisions.

Post-transition countries have legitimate reasons to be particular in this respect. They all went through a long period when the development of horizontal social relations was weak, stifled by ideological paternalism and administrative control. A culture of cooperation obviously existed, but was limited to one's family circle, friends and work colleagues. Institutions that were created during transition protected individual entrepreneurship which was boosted by the "propaganda of individual success". This however was at the expense of collective interest and of the culture of cooperation. Nowadays cooperation is necessary for development, based on production and assimilation of innovation, where for example the resources of a single firm may be insufficient and where exchange of information and flexible cooperation is essential.

Empirical research on cooperation in post-socialist economies is rather scarce and only covers the period up to 2000. It was found that the citizens of these countries have little trust in society and in their political systems, low levels of civic engagement and of participation in associations. The evidence on the level of trust in inter-firm cooperation is less straightforward but reveals the importance of different types of networks.

The aim of this paper is to find out if the countries of Central and Eastern Europe still constitute a special group from the point of view of cooperative attitudes and trust, and whether they differ from other European countries. Next, the analysis of the factors underpinning personal trust in society is undertaken. The research is based on the 2006 round of the European Social Survey. The variables taken into account allow us to assess personal

trustworthiness, general trust in society, participation in associations and reliance on “weak” and “strong” social ties. As additional factors potentially impacting on trust, the assessment of political institutions and a number of personal features of the respondents are taken into account.

The paper is organised as follows. In the first section the discussion focuses on the definition of trust and on factors influencing it. In the second section the problem of cooperation in post-transition economies is shown and the results of research to date reviewed. The following section describes the data and methodology on which the research is based. The results of the research are then provided and the final section concludes.

## **2. Definition and determinants of cooperative attitudes and trust**

A number of different properties both of individuals and of their social context are considered as contributing to willingness to cooperate between the members of society. Among them is self-interest (one needs to cooperate to meet one’s needs), obligations imposed by law, social norms and habits and different social structures (family, neighbourhood, associations, networks of cooperation). What interests me here is the reasons for the cooperative attitudes of people which exceed short term self interest. In particular, what determines trust in personally unknown members of the society and willingness to cooperate with them.

Uslaner (2008) distinguishes general (moralistic) trust, defined as belief in the goodwill of the others, from strategic or particularized trust (extended to known people, according to the expectation of their trustworthiness), but admits the existence of continuum between the two. He sees the roots of generalised trust in personal optimism and in feeling of control over one’s life and future. As the origin of this trust he indicates education, identification with broader society, family background. At the level of society trust would arise from cultural homogeneity of the society (sharing common values) and decrease with inequality. Uslaner in general rejects individual experience of cooperation as source of trust. However, he admits that early experiences of life and the perception of trustworthiness of the society impact on it. Thus general trust can not be totally separated from the experience one has of trustworthiness of the others. This position differs the hypotheses of Ahn and Ostrom (2008) reported below, which link trust and willingness to cooperate with actual and expected trustworthiness of the potential partners, who are not necessarily personally known.

Different authors point at importance of trust and willingness to cooperate for the social life and on its differentiation as to whom it is addressed. Culture and informal norms

usually differentiate attitudes to potential partners to cooperation (Fukuyama, 2000). Close family is basically the most obvious environment of cooperation. In traditional societies a clear difference is made between members of the somehow delimited group (extended family, personal friends, tribe, neighbourhood), and strangers. Making a difference between people who are close and strangers may even lead to two-tier moral systems with visibly lower standards of honesty towards the latter. This difference in treatment was at the origin of Fukuyama's concept of the "radius of trust".<sup>1</sup>

Putnam defined two types of cooperation according to the social distance between the agents involved: bonding type (usually limited to a narrow group) and bridging type (between agents from different groups). This mirrors the notions of strategic and generalised trust in (Uslaner, 2008). The "bonding" cooperation is typical for traditional societies, based on the structure of extended families, but also plays a substantial role for example in contemporary big companies, developing their "culture". It stabilises the group, reduces opportunism, and promotes emotional involvement. It may nevertheless lead to the exclusion of strangers and to rigidity and immobility.

Bridging forms of cooperation, bypassing the boundaries of existing social groups, may produce broader social outcomes and in particular enable sharing information. Those benefits are less obvious from the point of view of limited groups. For example, a firm may see building external contacts by its employees as a mark of disloyalty, but it may also find it a way to increase profits from acquiring external information.

The existence of different kinds and origins of cooperative attitudes emerges clearly from the research of behavioural economists. Using a different vocabulary and distinguishing different types of attitudes (reciprocal fairness, inequality aversion, pure altruism) they prove their existence and their difference from "retaliatory" attitudes (Fehr and Fischbacher, 2002).

Explaining efficient cooperation (and in particular collective action) Ahn and Ostrom (2008, 71) underline that trustworthiness as an outcome of the preference for fair cooperation prevailing in a society is a critical factor of trust, being a belief of reciprocation of the others, which conditions willingness to cooperate. In this approach apparently generalised trust would depend on expectation of trustworthiness of the others. Contrary to strategic trust, it would not necessarily depend on the experience of trustworthiness of known people.. However, it is important to underline the distinction between two very different kinds of trustworthiness made by Ahn and Ostrom:

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<sup>1</sup> Similarly, it may be said that people differentiate their attitudes to "weak" ties (people personally unknown) and to "strong" ties (people close).

- as behavioural characteristics of individuals, learned from repeated interactions and motivated by self-interest,
- as a cultural preference for reciprocity based on intrinsic motivations.

The previously quoted examples of Fehr and Fischbacher (2002) perceive cooperative attitudes as an intrinsic preference. Similar to this is the approach of Robison et al. (2002) underlying the following: "... a person's or group's sympathy toward another person or group, that may produce a potential benefit, advantage, and preferential treatment for another person or group of persons beyond that expected in an exchange relationship"<sup>2</sup>. This definition focuses on some personal or social attitudes exceeding simple self-interest and treats it as an asset potentially producing a positive outcome for another person or group. Also Francis Fukuyama (2000) stresses on the importance of instantiated informal norms promoting cooperation between individuals (2000, p.3). Those norms are connected to virtues like honesty, keeping of commitments, reliability, reciprocity. In Fukuyama's view it is the informal norms promoting cooperation that matter, while trust, networks, civil society stem from them. Fukuyama admits that these norms of cooperation may have negative or positive consequences for broader society (as the cohesion of the mafia has for outsiders), but treats them as externalities. Fukuyama also uses the notion of the "radius of trust" to describe the limits of the relevance of instantiated norms. It is clear that intrinsic trustworthiness mirrors moral norms shared by the society and relating trust to this kind of trustworthiness is not far from the concepts of generalised trust of Uslaner.

On the other hand, for Pierre Bourdieu cooperative attitude depends on a conscious decision of an individual, inciting him to "invest" in building his cooperation networks through purposeful actions aiming at personal gains (Bourdieu 1986, after Sobel, 2002, 139). Even if the cooperative attitudes to partners thanks to whom one can be potentially rewarded facilitate cooperation (within those relations), this definition, in which cooperative attitudes are conditioned by social structures and based on self interest, clearly differs from previous definitions, focusing on intrinsic altruism.

For Robert Putnam (1995, 258) trustworthiness is also not an intrinsic feature of an individual, but a product of social structure. Norms of reciprocity may embody short-term altruism, but also long-term care for one's self-interest. The environment in which norms of reciprocity may be used are networks of horizontal relations, enabling communication and flow of information concerning reputation. These networks are supposed to work out

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<sup>2</sup> In the original text it is a definition of social capital, which equals here altruistic cooperative attitudes

common gains. Enforcement mechanisms in these networks are based on informal norms, social ostracism and care for reputation. Trust would be a necessary condition for the functioning of informal networks and cooperation enables its reproduction and proliferation (for example through reputation). Trust discussed by Putnam corresponds to strategic trust in the terms of previous classification by Uslaner.

For the needs of this paper I will define trust according to Uslaner, as a belief in a goodwill of the others. As to cooperative attitudes, I will distinguish the willingness to cooperate and the preference for fairness. Trustworthiness would be a feature of actual behaviour, one of the reasons of which would be preference for fairness. I admit that trust, cooperative attitudes and trustworthiness as their outcome may differ depending on to whom they are addressed and that their reasons may be both intrinsic and calculated.

As definitions of trust and cooperative attitudes used by researchers differ (in particular as to their independent nature, or their dependency on social structures and trustworthiness of the others), the explanations of their origins are also different.

The first explanation of trust and willingness to cooperate is that the individual could be born with intrinsic trustful and pro-cooperative attitudes (Fehr and Fischbacher, 2002). Behavioural research confirms existence of preference for fairness and altruistic attitudes without selfish underpinning and also their differentiation among the members of society (Ahn and Ostrom, 2008, 83). However, their origin may be not only genetic.

If an individual is not altruistic by nature, he may learn “calculated” cooperative attitudes if finding out that he gains on social interaction. In the theoretical framework of the iterated prisoner’s dilemma game, the strategy of returning the received strategy (cooperation for cooperation, defection for defection) leads to a cooperative outcome, in which every player sacrifices a part of his individual gain. This learning is mostly driven by expectation of future benefits from identified individuals.

As an individual was born and brought up in society, he was taught values, habits and norms that the society worked out previously. These norms also regulate the relationship of an individual to other members of society. As an outcome of generations of social learning, the norms of respect for others, honesty, reciprocity, are passed on to children. Norms of altruism and respect for others are also strongly supported by the major religious systems (Fukuyama, 2000, p.14). Thus existing informal institutions and cultural context shape to some degree cooperative attitudes and choices of individuals, both with respect to know and unknown individuals. Trustworthiness of this origin can hardly be qualified as “calculated”, it is rather intrinsic. The hypothesis of cultural origin of trust has been validated by some empirical

research. For example, it was found that Protestant populations reveal higher levels of trust than Catholic, Orthodox or Muslim ones (Knack and Keefer, 1997). Taking into account the slow pace of change of informal norms, some authors underline the importance of path dependency in creating and preserving typical cooperative attitudes and trust within a given society.

The question is to what degree trust and cooperative attitudes of individuals are homogenous within the same cultural and institutional framework. In principle reasons of homogeneity exist, due to their being embedded in the same culture and institutional systems, and also due to existing formal and informal controls. But there are at least two reasons for differentiation. One is increasing cultural opening and cultural mixity. Modern societies are not closed anymore, people may look into the heritage of other cultures and opt for the norms they find adequate (if only the formal norms do not prohibit them). The other reason for differentiation is individual experience and learning from social interactions. Some global cultural trend towards individualism should be also taken into account (Putnam, 2000). This obviously impacts on attitudes towards others and with respect to cooperation with them. Esser (2008) points out that the decreasing dependency of people on one another undermines the structural basis of “calculated” interpersonal cooperation.

The other interpretation claims that some limited trustworthiness and strategic trust may emerge from a kind of “investment” made by individuals to develop profitable relations. This possibility is limited to social relations that may be controlled by an individual. This explanation of the sources of localised cooperative attitudes and trust comes from Pierre Bourdieu (2001) who underlines the necessary investment strategies, be it individual or collective, to build rewarding networks of relationships. The efforts invested range from the exchange of gifts, creation of rites, reaffirmation of the limits of a group, to deliberate organisation of groups aimed at deriving benefits for their members. It is true also, that persistence of profitable networks is based not only on effort, but also on some homogeneity of members, thanks to which common interests may be served.

Esser (2008) also claims that localised cooperative attitudes and trust may be created by deliberately choosing and cultivating relations that seem profitable (in particular, in developing “weak” ties, with personally unrelated individuals). Individuals may strengthen their relations by building reputation and a portfolio of mutual obligations.

The research carried out by Glaeser et al. (2002) on the surveys covering American society indicated a possibility of the investment origin of the cooperative attitudes of individuals (measured by the participation of people in associations). Namely, the intensity



of participation in associations was influenced by life cycle (the highest for middle-aged interviewees), increasing with the level of education and with the type of occupation (professionals needing social skills were more frequently members of associations) and with homeownership (a sign of financial standing). It decreased with expected mobility and with physical distance to work and neighbourhood. Thus those better endowed with resources (education, income, stability) and who expect higher rewards (due to type of occupation, length of future career) would be more willing to invest in developing social relations, potential environment to extend trust (within those relations).

Many authors claim interrelation between cooperative attitudes and social structures (networks). Some (as Glaeser et al., 2002) even measure cooperative attitudes by a degree of participation in associations. More generally, Granovetter (2001, 57) underlines the role of embeddedness in concrete personal relations and networks of such relations in generating trust. Similarly, Ahn and Ostrom (2008, 83) argue that networks based on reputation encourage cooperative behaviour and increase trust as belief of reciprocation. Being involved in a network may also strengthen trustworthy behaviour of its participants.

Social structures enable individual learning that may also contribute to trust. Under the assumption of incomplete information trust is being shaped by learning common interests with others through repeated interactions with them. Also repeated interaction strengthens relations themselves. When one grants a favour, one has to maintain the relationship to receive the favour in return (Sobel, 2002, 150). Associations would then be a suitable environment for learning cooperation.

The hypothesis of the impact of associations on trust is however strongly criticised by Uslaner (2008) who claims that associations can at best nourish limited, strategic trust, but not a generalised one. On the contrary, generalised trust may facilitate associative activity.

The other hypothesis is that the quality of the institutional environment and of its enforcement influences on trust and willingness to cooperate. If one may be sure that opportunism of any member of society, no matter if personally known or not, would be restrained due to formal or informal norms, then one is more willing to cooperate. The importance of institutional environment in its quality of monitoring of trustful behaviour for generalised trust has been confirmed by empirical research and experiments (Sobel, 2002, 149). It was found in particular, that the high quality of political institutions and checks on executive power increases trust. According to Rothstein (2004), the universal, non-discriminatory governance rules promote interpersonal trust, while selective ones undermine it. It was found also that different faster evolving society-level structural characteristics

influence trust. These are for example income inequality and ethnic polarisation, income per capita and education rates.

However, interpersonal cooperation based on strategic trust may be also a substitute for deficiently enforced institutions. The “amoral familism” of the Italian South has been explained as a substitute for legal protection of property rights (Putnam, 1995, 276-283). Relational contracts necessary to substitute quasi-nonexistent legal enforcement in post-communist countries is the other (Sobel, 2002, 149).

Different forms of cooperation may have a limited life span. A widely known example is the decline of associations as an element of American lifestyle deplored by Putnam in his famous book *Bowling alone* (2000). It may be caused by cultural change (individualism), but it may be also due to new technological opportunities and changing conditions of life. Extensive use of telephones (in particular mobiles, making everyone available at any time) and of the Internet reveals both the propensity to develop contacts and to change the form under which they are carried out (Sobel, 2002, 140-143). The efficiency of social actions organised through SMS or Internet messages proves the importance of this medium in enabling new forms of cooperation.

### **3. Cooperation problem of post-transition economies**

Cooperation was not a subject of interest for early transition programs. Their authors based their model of the market economy on isolated individuals, probably fearing collusion, as in the well known sentence of Adam Smith: “people of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in conspiracy against the public or in some contrivance to raise prices” (quotation after Granovetter, 2001, 54). During this period (end of 1980s) international financial institutions (the World Bank and the International Monetary Fund) focused their advice for developing and transition countries on the Washington Consensus, where cooperation issues were absent. It was many years later that some authors pointed out the deficiency of inter-firm relations as a substantial reason of decline of output in early transition (Blachard and Kremer, 1997). The comprehensive review provided by Murrell (2005) indicates that in the research undertaken since then on the behaviour of firms more attention was devoted to the institutional vacuum in which they had to operate and to the associative solutions they tried to adopt. In parallel, in the second half of the 1990s, the reports of the World Bank, influenced by development economics, gave more room to broadly defined social capital as a condition for development.

Cooperative attitudes and trust of the citizens of post-transition economies are undeniably affected by over 50 years of authoritarian rule (Sztompka, 2007, 356-360). The economy was governed according to the principle of centralisation, thus promoting vertical relations to the detriment of horizontal ones. Although horizontal relations between companies existed, everywhere (with the exception, and only to some degree, of the tiny private sector) they were influenced by the omnipresent public administration. This created particular use of vertical relations: clientism and paternalism, both based on calculation rather than trust. Employees of companies were also subject to paternalism, being granted access to a range of social services (medical, housing, childcare, holidays). Public authorities lacked legitimacy and trust in public administration was low.

The political context had deep consequences for the life and attitudes of society. Society was under the omnipotent control of public administration. This control aimed at reducing criminality, but also at prohibiting the emergence of organised political opposition. As a consequence, all social organisations: trade unions, professional organisations, cooperatives, were deeply infiltrated by the State and thus “verticalised” in respect to types of relations. The spontaneous creation of social structures and networks was unwelcome. Citizens mostly withdrew from public life and limited their contacts to the enclaves where they could feel safe and free: family, close friends. Broader scale social structures spontaneously created were often functioning underground, as opposition movements. Thus the opportunities of learning cooperative attitudes were limited to the environments either vertically governed (as in the workplace), or of limited scale (family, close neighbourhood, circle of close friends). There was no room for developing trust to “weak ties”<sup>3</sup>.

Transition radically changed the institutional framework. The principles of organisation of the economy shifted from vertical to horizontal, based on relations and contracts between individuals and enterprises which were privatised or already created as private. Public administration to a substantial degree withdrew from direct control. The question thus arises of how society, and its trust and cooperative attitudes in particular, changed in the new conditions and how fast.

Changes in the structure of the economy destroyed numerous elements on which the functioning of society relied: stability of employment, free social services and relative security against crime. People acquired economic and political liberty and were subject to the

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<sup>3</sup> They did however develop in some socialist societies – the most significant case was the coming into being of the Polish dissident trade union Solidarity (which almost disappeared a couple of years after transition).

extensive promotion of individual success in financial terms. Promotion of horizontal relations and of the culture of cooperation between people was lagging behind.

The surveys prove that the degree of satisfaction with life in post-transition economies has fallen (Easterlin, 2009), like the general level of trust (Uslaner, 2008, 112). This was particularly the case during the period of recession following initial institutional changes and privatisation. But also satisfaction with life did not recover at the same pace as the economic recovery that followed. The citizens of post-transition economies were particularly dissatisfied with their work, health and social services and security conditions. This was obviously an outcome of dismantling the previous paternalist and vertically controlled system. On the other hand, they were increasingly satisfied with their material well-being, as a tangible outcome of recovery and of the development of a market economy. Nevertheless, according to the same source of information (World Values Survey) there was also some evidence of deterioration of satisfaction with family life and neighbourhood. This could be only indirectly influenced by economic conditions (like pressure of unemployment, forced migration to places where life seemed easier, for example from cities to natal villages, or from towns to big cities). The perceived deficiencies of family and local life could also prove the previously weak quality of social relationships (underdeveloped altruistic attitude).

Research on trust and cooperative attitudes in post-transition countries is not abundant. It reveals only some elements of the situation and has no conclusions on the sources of deficiencies: be it cultural inheritance, insufficient opportunities of learning cooperation, lack of personal willingness to invest in building cooperation, inefficient formal institutions, or any other unfavourable conditions.

Early research by Rose (1994) confirmed a lower level of civic engagement in post-socialist countries. The research of Raiser et al. (2001) based on the World Values Survey and on the Eurobarometer data on all East European countries (together with Russia, Belarus, Ukraine) over the period 1993-1998 provided the following results:

- transition economies had significantly lower levels of civic engagement than market economies (even taking into account differences in the level of income),
- generalised trust was significantly lower in transition countries than on average in OECD countries (but not lower than in comparable developing countries).

Similar results came out of the comparative research carried out on 70 countries on the data from the 2000 round the World Value Survey (Rossteutscher, 2008). Namely, that the countries of Eastern Europe revealed particularly low levels of trust, rareness of belonging to

associations and engagement in voluntary social activities. Also their citizens revealed very low levels of political participation.

Uslaner (2001) analysed the determinants of generalised trust at the level of individuals in Eastern as compared to Western countries. He found that the factors influencing the level of generalised trust were similar in both groups of countries (personal optimism, altruism, less importance attached to material values, trust in public institutions – only that the last factor had a much weaker impact in Eastern countries).

In the other research it was found also that economic performance may impact on trust in political institution, thus the success of transition may boost trust. Contrary Putnam's hypothesis, only a weak influence was found of civic engagement on improved political governance in different Eastern European countries (Raiser, 2008).

Different researchers also studied the impact of trust and cooperation attitudes on the economic performance of post-transition countries, both at macro- and microeconomic level. At the macroeconomic level, Raiser et al. (2001) found that generalised trust did not correlate positively with economic performance in transition economies. However, trust in public institutions (and in particular in enforcement of law) revealed a positive correlation with the economic performance of the countries studied.

The problem of research at the microeconomic level was to choose how to measure trust between companies as a prerequisite of cooperation. Johnson et al. (1999, 2002) chose to measure it by the level of trade credit between firms, assuming that granting credit proves confidence. They found that this measure was highly influenced by the costs of switching suppliers (which is a parameter of technical order), but also by length of relationship, by the degree of confidence in third party enforcement and by belonging to common business networks. The same study confirmed nevertheless, that functioning within reputational networks discouraged switching to alternative suppliers. It proved thus that those networks may weaken competition between companies.

Raiser et al. (2004) found inter-firm credit inconvenient for measuring trust, as it could be an outcome of financial stress. They chose rather to measure distrust in cooperation as shown by requirement of prepayments. They studied the impact of belonging to different types of networks on this variable. They found a negative impact of belonging to networks animated by the government and a positive one – of the networks built on “strong” ties (family, friends) and also, to a lesser degree, around business associations, on trust. The varying frequency of these networks across the countries they studied impacted on the average measures of inter-firm trust and cooperation.

The question was also to what degree cooperation networks may help (or even replace) the enforcement of order by formal institutions. The evidence is mixed. According to Johnson et al. (1999) relational contracting was a substitute for trust in courts, while Woodruff (2004) claimed that in fact they are complements. Raiser (2008) pointed out that trust in a sufficient level of third party enforcement is necessary for the development of trusting associations.

There is also some evidence about the underdevelopment of horizontal cooperation ties between SMEs in post-transition countries. The survey of SMEs in Poland proved the lack of interest of these companies in cooperation. Their attitude aimed at preserving their independence and keeping their assets and information to themselves (Raport, 2002).

Cooperation difficulties were found to be a hindrance to innovation in small firms. Since technological development is expensive and is mostly beyond the reach of small companies, it is crucial to cooperate with other businesses and with R&D establishments in particular. That said, these are precisely the small Polish companies that are party to all but a handful of cooperation agreements. Between 2002 and 2004, only 6.4% of small, and 20% of medium sized Polish companies had cooperation agreements with their business partners. Cooperation agreements were more frequent in the companies implementing innovations, which proves their importance (Wojnicka, Klimczak 2006).

A survey based on a detailed questionnaire given to 90 representative SMEs in one of the Polish regions proved that those firms develop strong relationships with their customers and suppliers, but that their cooperation is limited to selling/purchasing functions and aims only at stabilising the position of the company (Starnawska, 2006). Stable relations with customers and suppliers reveal a high degree of interpersonal trust (that is seen through the frequency of oral agreements). The SMEs do not undertake any deeper form of cooperation (common marketing undertakings, pooling resources, making use of economies of scale). They do not see any advantage in these common actions. It was found also that the network of personal relations of the managers/owners of SMEs are of limited scope and are based on “strong” ties (family, close friends) rather than on “weak” ones. These networks are usually not made use of either for developing business (except in the phase of entering the market , by use of personal recommendations) or even for acquiring information (in principle SME managers rely on the Internet). Entrepreneurs exhibit both reticence to broaden their “weak ties” network and to use professional associations for developing business. The weakness of government initiatives to support clusters was indicated as a reason for this situation, but it

was indicated that it was also rooted in the history and mentality of businesspeople (individualism, self-sufficiency, refusal to depend on others).

#### **4. Data and methodology**

For the aim of this research I have focussed on trust and the cooperative attitudes of the members of the society.

My objective is to reveal the level of trust in the other members of the society as a pre-requisite of willingness to cooperate with personally unknown people in post-transition countries and to compare them to features of other European economies. My hypothesis is that low level of generalised trust is related more to the institutional features of post-transition countries than on the actual level of trustworthiness of the members of those societies.

In the first step, I will propose a taxonomy of European countries according to their characteristics of trust, declared preference for cooperation and for fairness, and propensity to cooperate with closer and broader social environment. In the second step the econometric analysis of the factors underlying generalised trust in different clusters of countries will be provided.

The data used to assess the level of trust and type of cooperative attitudes in different European countries comes from the European Social Survey. This survey is bi-annual, and started in 2002. It is a broad survey, covering topics like media use, social and political trust, political interests and participation, socio-economic orientation, moral, political and social values, social exclusion, national, ethnic and religious allegiances, well-being, health and security, demographics and socio-economics. The questionnaire consists of a basic module of approximately 120 questions and several rotating modules. I used the data from the third round of the survey, conducted in late 2006 and early 2007. This round contains a module devoted to social trust, which does not appear in subsequent rounds.

The 2006 round covered 23 European countries (Austria, Belgium, Bulgaria, Switzerland, Cyprus, Germany, Denmark, Estonia, Spain, Finland, France, United Kingdom, Hungary, Ireland, the Netherlands, Norway, Poland, Portugal, Russia, Sweden, Slovenia, Slovakia, Ukraine). Of them nine were the European Union new Member States, and eight (except Cyprus) were post-socialist countries. In every country between 1000-3000 interviews were carried out (from 995 in Cyprus to 2916 in Germany). Total number of respondents amounted to 43,000.

## 5. Results

### 5.1. Groups of countries and their characteristics

Out of all the ESS questions I have chosen those which indicate declared willingness to cooperate and propensity to cooperate with closer and broader society, and also participation in non-political associations and the level of trust in society. It should be underlined that the ESS was not designed for the purpose of studying cooperative attitudes and does not fully cover their features. On the basis of the survey data I will not be able to distinguish if cooperative attitudes are based on selfish calculation or on intrinsic altruistic preferences. Also, as in all surveys, many subjective factors may bias the results (understanding of the questions, willingness to tell the truth). Personal history of the respondent having potentially high importance for his willingness to cooperate is unknown. Actual trustworthiness can not be revealed and it can be only (imperfectly) assessed by declarations of altruism by the respondents. It is why more “neutral” questions on willingness to cooperate have high value<sup>4</sup>.

The questions selected were<sup>5</sup>:

- I. Relating to personal preference for fairness and reciprocity
  1. if I help someone I expect some help in return<sup>6</sup>,
  2. important to help people and care for others well-being,
  3. important to behave properly.
- II. Relating to willingness to cooperate with “weak” ties (with broader society)<sup>7</sup>
  4. how often socially met with friends, relatives and colleagues
  5. help others not counting family/work/voluntary organisations,
  6. help or attend activities organised in local area,
  7. important to understand different people,
  8. feel close to people in local area.
- III. Relating to willingness to cooperate with “strong” ties (with close social environment)

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<sup>4</sup> For example the answer to the question “help or attend activities in local area” says more about actual willingness to cooperate than answer to the question “feel close to people in local area”.

<sup>5</sup> Full description of data is provided in Annex. To make interpretation easier some variables from ESS dataset were re-coded. All the values of variables used in this analysis stand as in the description in the Annex.

<sup>6</sup> The reply to this question is not univocal. It may indicate trust (belief in reciprocity), but also “strategic” willingness to cooperate

<sup>7</sup> Variables 5 and 7 indicate relations with local environment, thus being between “broader” and “closer” environment



- 9. how much time spent with immediate family is enjoyable,
- 10. important to be loyal to friends and devoted to people close.
- 11. anyone to discuss intimate and personal matters with.
- IV. Degree of participation in non-political associations
- 12. worked in another (not political) organisation or association in last 12 months,
- 13. signed petition in last 12 months,
- 14. involved in work for voluntary or charitable organisations.
- V. Relating to general trust in society
- 15. you cannot be too careful – or people can be trusted,
- 16. most people try to take advantage of me, or try to be fair,
- 17. most of the time people are helpful, or mostly look out for themselves,
- VI. Relating to perceived trustworthiness of the others
- 18. feel people treat you with respect,
- 19. feel people treat you unfairly.

The countries characterised by the above listed variables were partitioned using k-means cluster analysis (with SPSS software). In partitioning into 3 clusters the following results were obtained.

Cluster	Countries
1	Austria, Belgium, Germany, Estonia, Spain, France, Great Britain, Ireland, the Netherlands, Slovenia
2	Switzerland, Denmark, Finland, Norway, Sweden
3	Bulgaria, Cyprus, Hungary, Poland, Portugal, Russia, Slovakia, Ukraine

In principle, cluster 1 is that of Western European countries, cluster 2 – of Scandinavian, and cluster 3 – of Central and Eastern European countries. However, the partitioning is not entirely clear. Besides the fact that Switzerland revealed to be similar to Scandinavian countries, some post-transition countries (Estonia and Slovenia) were found similar to Western European, and, on the opposite, some Southern European (Cyprus and Portugal) were placed together with Eastern European.

The average values of variables by cluster are provided in the Table 1.

(about here Table 1)

The most important difference between the clusters is the level of variables concerning trust in society (15-17). Here the countries of cluster 2 are clearly on the top and of the cluster 3 – at the bottom. But, surprisingly, while it is true that the values of variables indicating preference for cooperation and openness to broader social environment and attachment to people close are systematically less favourable in the case of third cluster, the differences are much smaller than those of the level of trust. The declared preference for fairness is close to the averages for other clusters and even the respondents from third cluster declare the highest attachment to proper behaviour. While one would expect high trustworthiness of the members of those societies, it is not reflected at all in the level of trust in society of the respondents. However, the trustworthiness of the social environment, as perceived by the respondents (variables 18 – 19) seems to be lower and more reflected in trust.

Also, the second cluster does not always score the highest for fairness and social openness variables, while its trust variables are always higher than for the other cluster. Thus a deeper analysis of the factors underlying generalised trust is needed.

## **5.2. Econometric analysis of the factors underlying trust and cooperative attitudes**

As said previously, there is no generally accepted theory of the sources of cooperative attitudes and of general trust in society. According to the opinions of the different authors reviewed in section 2, the norms and values of the society may have an impact, and also more broadly the cultural and religious context. The hypothesis has also been formulated about the impact of the quality of political institutions on trust, as a basis for willingness to cooperate. The presence of associations may help in both learning and developing cooperative attitudes. Empirical research indicates that wealthier and also better educated societies and which enjoy higher levels of equality are more trusting. According to another theory, purposeful investment in building networks has a positive influence on cooperative attitudes, at least within those networks.

Eastern European post-transitional societies seem to present a particular profile of these features. Despite historical, cultural and religious differences (apart from Estonia, no Eastern European country in the sample had a significant Protestant tradition) the recent history of totalitarianism has also had an influence in hampering the development of horizontal relations within broader society. The quality of the political system and legal institutions in the countries that have recently undergone transition seems to be lower than in more stable

political systems. Rapidly growing insecurity as for example with respect to employment could also weaken social trust. Transition could also modify social values, promoting individual success at the expense of fairness. Obviously, these societies are poorer than other European ones, but not less educated (at least formally). Income inequality has risen sharply since transition. The problem is how to verify the actual impact of these potential factors.

On the basis of individual data for respondents interviewed in ESS, a series of models were built aiming to explain the level of trust the persons held in general society. The dependent variable was the reply to the question: Most people can be trusted, or you can not be too careful, with the valid values ranging from 0 (you can't be too careful) and 10 (most people can be trusted). The objective was to find, first, what features condition trust in the whole sample (23 countries) and, next, to what degree those conditions differ in the clusters of countries.

Different possible factors potentially impacting on trust were taken into account. According to the hypotheses of (Ostrom and Ahn, 2008) trust would depend on trustworthiness of potential partners to relation (or expected trustworthiness of any member of the society) and on existence and type of social networks. I admitted that both the objective level of trustworthiness (as a proxy of which declared fairness of all the respondents from a country is taken) and frequency of participation in networks in a given society may matter, and also the perception of the interviewee of trustworthiness of her immediate environment and personal participation in networks. The other factor of trust quoted in the literature is the type of institutions and the level of their enforcement. Finally, different researchers claim that individual characteristics of interviewees (as their education, optimism, personal preference for fairness) may impact on trust.

Thus to explain the level of individual trust the following types of variables were used:

0. General characteristics of a country (logarithm of the level of GDP for the country, average level of trust in a given country as a whole)
1. Objective measures of trustworthiness for a country as a whole (averages of variables indicating preference for fairness of the respondents from the given country)
2. Subjective measures of trustworthiness of the others (as perceived by the interviewee)
3. Measures of the types of social networks and relations prevailing in a given country– focus on close or broader environment (averages for respondents from the given country)

4. Participation of the respondent in networks and relations
5. Perception by the respondent of the quality of institutional environment and of the state of the economy
6. Individual characteristics of the respondent (his optimism, values, age, gender, education).
7. The measures of preference for fairness declared by the respondent himself.

The list of all variables used in the models is provided in Annex.

The estimation of regressions imposed some changes to previously distinguished groups of similar countries<sup>8</sup>. Namely, Portugal and Cyprus had to be moved from the group of Eastern and Southern countries to the Western countries group (now rather Western and South) and Estonia was moved to Eastern countries. The pattern of factors of trust of the respondents from Russia and Ukraine was found dissimilar to the other countries. Thus the final clusters of countries are the following;

1. Western and Southern Europe (Austria, Belgium, Cyprus, Germany, Spain, France, Great Britain, Ireland, the Netherlands, Portugal, Slovenia) – regression coefficients in column 2
2. Northern Europe (with Switzerland); Switzerland, Denmark, Finland, Norway, Sweden – regression coefficients in column 3
3. Eastern Europe: Bulgaria, Estonia, Hungary, Poland, Slovakia: regression coefficients in column 4
4. Russia and Ukraine: regression coefficients in column 5.

The following table exhibits the results of linear regressions obtained by standard OLS in SPSS. The stepwise selection method with 0,05 significance level threshold was used to choose the variables to be included in each of the models<sup>9</sup>.

(about here Table 2)

The coefficients of models enable to compare the impact of variables between them. A general comment to be made is that variables of group 1 (measures of objective trustworthiness of the country as a whole) have almost no impact on trust, neither for all the sample, nor for the clusters of countries. One of the reasons may be that declared preference

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<sup>8</sup> The reasons of changes were twofold : to achieve a better explanation of dependent variable for a cluster (higher R2) and to obtain clearer differences between regression coefficient of models for different clusters

<sup>9</sup> Coefficients with significance level lower than 0,99 are italicized.

for fairness does not correspond well to actual trustworthiness, but also that respondents do not realise how reliable unknown members of their society are. It is rather subjective perception of trustworthiness of the environment as perceived by the respondent that matters. The impact of variables of group 3 (types of social networks in a country) and 4 (personal participation of the respondent in networks) is negligible. The personal preference for fairness of the respondent has minor, even sometimes negative, impact on trust. It is interesting that preference for behaving properly has no or negative impact on trust.

Two groups of variables actually determine the level of trust of the respondents: their perception of the quality of institutions and of the state of the economy in their country (group 5) and individual features of the respondent (personal optimism, values, education). The impact of individual features prevails over the impact of trust in institutions, and to the strongest degree in the group of Eastern European countries.

The model in column 1 corresponds to the whole sample. It explains a fair part of the variation of general trust (R squared adjusted 0,311). It is interesting to see that not any single variable from group 1 (objective trustworthiness in the country) was found meaningfully influencing trust of individuals. However, 3 variables concerning individual's perception of trustworthiness are present and the direction of their influence on trust is positive, as expected. The more the interviewee feels treated fairly and with respect, and the more he thinks people in local area help one another, the higher is his trust in general society. Only one objective measure of the type of networks in a given society, namely frequency of the work in voluntary or charitable organisation in a given country is present, but, paradoxically, less frequent it is, higher the trust of the person. This coefficient is however not significant. On the contrary, the individual's participation in networks has positive, but weak, impact on his trust.

The assessment of the quality of institutions (democracy, parliament, legal system, security) and of the state of economy impacts significantly and positively on trust. However, the impact of the variable representing the average assessment of trust in the legal system is negative. This partly counter-balances the positive impact of individual assessment of legal system by the respondents and enables to take into account the differences between the countries.

The other group of variables of very high impact on personal trust are the characteristics of interviewee himself. The more he is satisfied with life and optimistic about his future the higher is his trust. Less he cares about living in safe surroundings and more he feels safe when walking alone more he tends to trust the others. Higher education enhances

trust importantly and also gender (women are more trusting). Personal use of Internet plays some positive role, but also age (older people are more trusting). People of egalitarian preferences are more trusting and so are, surprisingly, those who do not find proper behaviour important. Other unexpected results appeared also. For example, respondents feeling accomplished are less trusting, but those appreciating comparison of income are more.

The personal preference for fairness of the respondent matters for his trust. Personally altruistic people (carrying for others' well-being) are more trustful. However, also more trustful are people not expecting any help in return. It may prove of limited radius of trust of respondents practicing "calculated altruism".

All the models for clusters of countries show some degree of common features. If an independent variable has an impact in different groups of countries, its impact is always of the same direction (positive or negative, the only exceptions being the average of the variable "Feel close to the people in local area" impacting differently on trust in Scandinavian and Eastern European countries and average of the variable "anyone to discuss intimate or personal matters with" having positive impact in Western cluster and negative in Northern). The institutional explanatory variables (group 5) are present in all the models and are almost the same in all models and their impact is very similar. Also the impact of variables indicating subjective perception of trustworthiness of the others (group 2) is shared by almost all the country clusters. Similarly, presence of personal satisfaction with life, education, use of Internet, feeling of safety and care for safety is rather general and their impact is similar. On the opposite, only few characteristics of objective trustworthiness of the society (and different ones) have impact in particular clusters of countries and their impact is often counter-intuitive. The variables measuring intensity of social ties and networks (group 3) have differentiated impact on trust, like those of personal social activity (group 4). For the Eastern European countries the personal feeling of anxiety and security plays a role, contrary to other groups of countries, where rather the values of the individual have impact on personal trust (but not always in an expected manner). Contrary to expectations, the fact that respondent is personally more trustful (variables group 7) rarely impact on his trust (it is the case in the whole sample of countries and in Russia and Ukraine).

Some other factors surprisingly did not emerge in the final models. This is for example the case of family orientation, loyalty to friends and other measures of altruism addressing wider society, satisfaction with revenue. Similarly, neither the degree of religiosity, nor else political orientation do play any role in trust. Also the measures of control of corruption and

of the rule of law (added to the dataset from (Kaufmann et al, 2009), were without any impact.

As to estimated regression for Western and Southern Europe, it is fairly similar to the model for all the countries. However, contrary to the model for the whole of the sample of countries, one measure of general trustworthiness in society is present (average of the variable “people in local area help one another”) but, surprisingly, if it is lower the trust of a person is higher. This outcome may indicate that presence of “bounded” cooperative attitudes in a society may actually lead to distrust. In this model the average value of the dependent variable (ppltrs) appeared as explanatory, and with high positive parameter. It may mean that trust of an individual mirrors the general propensity to trust the others prevailing in a given society. A new variable corresponding to the type of social relations in society emerged: the average declaration of having anybody to discuss intimate matters (inmdisc\_mean) which amplifies trust of individuals. The majority of features of an individual that were found significant in the general model are present and some new appeared. People having more time to do enjoyable things and more happy are more trusting, as in the general model, and also those more tolerant to sexual minorities, more interested in politics and appreciating understanding different people. People personally engaged in the work in another (not political) associations are, as expected, more trusting

The major difference of the model for Northern countries compared to the general model is absence of any meaningful impact of participation in associations, in the sense of average measures for countries and also for the given individual. However, feeling close to people in local area and being socially active impacts positively on trust.. Contrary to the situation in Western countries, the average value of the declaration of having anybody to discuss intimate and personal matters impacts negatively on trust. This is an outcome of differentiation among the countries in the cluster<sup>10</sup>. The coefficient of the variable representing average helpfulness of people one to another (pplhlp\_mean) is high and significant, so more there is the opinion that people in the country are helpful, higher is personal trust. In the group of characteristics of an individual himself (optimism, education) the picture is similar to the model for the global sample. However, the new meaningful feature is impact of the personal preference for equality of people and lack of importance attached to be rich.

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<sup>10</sup> Respondents having nobody to discuss intimate or personal matters with are relatively rare, but the rarest in Switzerland (where the value of generalised trust is the lowest of the cluster) and the more frequent in Finland (where average trust is relatively high).

As to the cluster of Eastern countries, contrary to the model for all countries, a positive impact on trust of the variable representing objective trustworthiness of the society (pplahlp\_mean – feel people in local area help one another) was revealed. As in the case of Northern cluster of countries, only one variable representing individual involvement in social relations (feeling close to people in local area) is present, but closer are ties with local environment, lower is trust. This may prove of negative impact of “bonding” social networks on wider trust. The positive assessment of the state of the economy and of the institutions (legal system, parliament, democracy) impacts positively on trust, as in the case of other clusters. Similarly, the positive impact of a number of individual features is present (satisfaction with life, feeling of safety when walking alone, preference for equality), and also positive impact of higher education and use of Internet. However, a number of variables positively impacting on trust in the other clusters of countries is absent (feeling of happiness, doing things one likes, unimportance of material standing). A major surprise is the direction of impact of the variable distinguishing respondents by age. Young respondents are found more distrustful, while they could not be subject to the transition shock as the elder ones. In this group of countries some features indicating one’s control on one’s life (lack of anxiety – fltanx, assessing that life is as expected - lfcllk) impacts positively on trust. The reason for importance of those variables may generally be undermined stability due to transition. Finally, people not expecting reciprocity of the others (high hlprtrn) are more trustful.

In the case of Russia and Ukraine the degree in which the model explains trust is much lower than for the other countries. Thus the other characteristics of respondent, not captured by the survey, are important. As in the case of the whole group of countries, the average level of trustworthiness is not meaningful, contrary to the subjective feeling of trustworthiness of the people in local area. As in the other clusters, positive assessment of some institutions (parliament, democracy – but not legal system) has strong positive impact on trust. The major feature for this cluster is that more socially oriented people and more open minded (for example liking learning new things) are more trustful. Contrary to the other clusters of countries, only very few features of individual optimism impact on trust and even, paradoxically, people not fearing unemployment are less trustful. Only, as could be expected, people attaching less importance to being rich are more trustful. Also contrary to the other groups of countries, individual preference for fairness of the respondent impacts positively on his trust.



While the impact of different factors (in particular the assessment of institutions and economy) and of personal optimism is similar for the different groups of countries, the average values of independent variables differ a lot. It may be seen from the Table 3.

(about here Table 3).

As can be seen, the values of groups 5 and 6 (assessment of institutions and personal features), the impact of which on trust is the highest, are very differentiated. It is the Northern group that fares the highest as to assessment of institutions and economy (group 5). While the coefficients associated to those variables are similar in the models for different clusters, it is higher values of those variables that results in higher trust of the respondents. Also higher satisfaction with life, feeling of safety, education and popularity of Internet than in the other groups of countries makes Northern Europeans more trustful.

The Eastern countries fall significantly below the others as to the assessment of institutions and state of the economy and it is the major difference making for lower trust of the respondents. Also the composition of meaningful individual features (lower satisfaction with life, lower feeling of security, more difficult access to Internet) impacts on lower trust. It is true also that objective and perceived levels of trustworthiness are also lower than in the other European countries (except Russia and Ukraine) and altruism seems to be rather “calculated”, that additionally lowers trust, in smaller degree. Only attachment to the people of local area is higher than in the other groups of countries, but this feature lowers trust (contrary to Scandinavian countries). It may be seen as a negative impact of some “bonding” feature of social structure (trust to local people feeding distrust to strangers).

## **6. Conclusions**

The quantitative research proved that post-transition societies still constitute a relatively homogenous group and different from the others from the point of view of level of trust and type of social engagement. This is the reality even 17 years after the beginning of transition to a market economy and democracy. The strongest feature is lower general trust in the members of the society, while the declared preference for cooperation (altruism, reciprocity, preference for proper behaviour) are much closer to the averages for the European countries. Also significantly lower is civic engagement and participation in associations. The findings of Rose (1994) and Rossteutscher (2008) and also those of Raiser (2008) and Raiser et al. (2001) as to the particularity of post-transition countries consisting of lower levels of civic

engagement and trust are confirmed. What more is, the citizens of post-transition countries reveal lower willingness to cooperate with broader society and also their family and friendship links are weaker and more superficial (they care less about loyalty and intimate relationships) than in the other countries. This last feature contrast with previous findings of Raiser et al. (2001) and may mean deterioration of close social links without improvement of broader ones.

As lower trust renders cooperation with unknown people more difficult, deeper research was provided on the factors underpinning this difference. Econometric analysis pointed at satisfaction with political institutions and state of the economy as the major factor of social trust for all the European countries. A number of personal characteristics also plays a role: satisfaction with life, feeling of security, frequency of higher education. With this respect the hypotheses of Uslaner (2008) on a decisive role of personal optimism on generalised trust is confirmed. The Eastern European countries score much below the others with respect to those meaningful factors and it contributes to low social trust of their citizens. The other factors for those countries are feeling of anxiety and lower feeling of control over one's life. The most striking fact is substantially lower trust of young, post-transition generation.

On the other hand, declared cooperative attitudes used as proxy of trustworthiness of the citizens of post-transition countries do not seem to play a role to explain deep feeling of distrust in society. While civic engagement is actually low, it could not be concluded that it was meaningfully deteriorating trust. The explanation is rather that of very low trust in political institutions and dissatisfaction with economic conditions of those countries. This would confirm the thesis of Rothstein (2004) on the impact of the quality of the political system on social trust and also the results of the research of Sobel (2002) on the impact of the quality of the institutional environment on the width of "radius of trust".

The research revealed that Eastern European societies share with all the Europeans their relative insensitivity to the actual trustworthiness of their societies and to the density of civic networks. It is rather the personal perception of an individual of the way he is treated by the close environment and what is the quality of human relations in this environment that makes him trusting or not. It is true that in the Eastern countries marginal associative activity does not play a major role for trust, but also in general in the European societies it did not reveal to be a substantial determinant of social trust. This seems to be a new feature of the society, contradicting the previously formulated hypotheses of the impact of networks on trust. However, contrary to other Europeans (and namely Northern) identification with local relations make Eastern European distrustful. This may prove of the existence of prevalence of

limited “radius of trust” or even of the destructive tendency of the people to compensate weak broader social ties by local, “bonding”, cooperation.

As to the impact of social values in Eastern countries, I found some importance for trust of preference for equality, openness to politics and to learning. As foreseen by Uslaner (2008) people attaching less importance to income are more trustful. However, the high distrustfulness of younger generation may be an indirect result of competition and preference for personal success.

Some of the conditions hampering cooperative attitudes (such as low economic standing) are prone to disappear with progress of economic and institutional development. It may confirm the generalised thesis of Raiser (2008) as to the positive effect of the success of economic and political development on the enhancement of political and social trust. A richer population may be also more disposed to “invest” in building networks of cooperation, as confirmed for American society by Glaeser et al. (2002). However, taking into account low importance of those networks for trust in European societies nowadays, this line of change is doubtful. More alerting is clear distrustfulness of young generation, which may be the structural feature, due to generalised competition.

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Table 1. Average values of variables, by cluster, first grouping

No	Variable	Cluster 1	Cluster 2	Cluster 3
1	Hlprtrn_mean – if I help someone I expect some help In return	2,52	2,64	2,81
2	iphlpl_mean - Important to help people and care for others well being	4,76	4,71	4,59
3	lpbhprp_mean - Important to behave properly	4,31	4,09	4,47
4	scmeet_mean – how often socially met with friends, relatives or colleagues	5,07	5,33	4,71
5	hlpth_mean - help others not counting family/work/voluntary organizations	3,33	3,77	2,34
6	atnoact_mean- help or attend activities organised in local area	2,26	2,32	1,60
7	lpudrst_mean – important to understand different people	4,65	4,63	4,46
8	flclpla_mean - feel close to people in local area	3,43	3,49	3,63
9	fmlenj_mean – how much time spent with immediate family is enjoyable	5,05	5,14	5,03
10	iplylfr_mean – important to be loyal to friends and devote to people close	5,09	5,13	4,90
11	inmdisc_mean – anyone to discuss intimate or personal matters with	1,91	1,93	1,88
12	Wrkorg_mean - worked in another organisation or association	1,16	1,25	1,04
13	Sgnptit_mean - signed petition in the last 12 months	1,25	1,37	1,07
14	wkvlorg_mean - involved in work for voluntary or charitable organizations	2,22	2,36	1,43
15	ppltrst_mean - you can not be too careful – people can be trusted	5,02	6,46	4,01
16	Pplfair_mean - most people try to take advantage of me	5,71	6,85	4,69
17	pplhlp_mean – people are helpful - or mostly look for themselves	5,02	5,94	3,86
18	trtrsp_mean - feel people treat you with respect	4,44	4,71	4,29
19	trtunf_mean - feel people treat you unfairly	4,33	4,60	4,27

Table 2. Regressions

		All countries	Western	Northern	Eastern	RU, UA
	R squared	0,312	0,231	0,262	0,215	0,134
	R squared adjusted	0,311	0,228	0,257	0,210	0,124
Group	(constant)	-,218 (.070)	-6,940 (1,862)	10,985 (5,036)	-3,253 (.728)	-1,499 (0,666)
0	Lngdp	-,275 (.080) [-,050]				
	ppltrst_mean	,707 (.039) [,288]	,694 (.060) [,156]		,468 (.084) [,113]	
	Pplhlp_mean			1,062 (.201) [,105]		
1	iphlppl_mean					
	pplahlp_mean		-,297 (.120) [-,026]		,325 (.126) [,052]	
2	pplahlp Feel people in local area help one another	,104 (.011) [,066]	,104 (.015) [,071]		,175 (.030) [,114]	,181 (.050) [,108]
	trtunf Feel people treat you unfairly	,073 (.013) [,040]	,070 (.017) [,042]	,100 (.024) [,060]		
	trtrsp Feel people treat you with respect	,063 (.016) [,029]	,080 (.022) [,040]	,144 (.033) [,065]		
3	Ficlpla_mean					
	fmlenj_mean					
	inmdisc_mean		2,649 (1,004) [,027]	-9,572 (2,157) [-,088]		
	wkvlorg_mean	-,133 (.059) [,027]				
4	sclact Take part in social activities compared to others of same age			,062 (.030) [,027]		,197 (.077) [,075]
	wrkorg Worked in another organisation or association last 12 months	,098 (.040) [,016]	,119 (.055) [,021]			



	flclpla Feel close to the people in local area			,097 (.029) [,045]	-,104 (.049) [-,040]	
5	trstpri Trust in country's parliament	,093 (.009) [,097]	,104 (.012) [,107]	,090 (.015) [,097]	,076 (.025) [,074]	,108 (.034) [,102]
	stfecoa How satisfied with present state of economy in country	,082 (.009) [,084]	,093 (.012) [,094]	,059 (.015) [,058]	,078 (.025) [,075]	,131 (.041) [,110]
	trstlgl Trust in the legal system	,088 (.008) [,095]	,077 (.011) [,082]	,103 (.015) [,109]	,101 (.023) [,105]	
	Trstlgl_mean	-,203 (.039) [-,100]	-,197 (.053) [-,049]			
	stfdem How satisfied with the way democracy works in country	,052 (.009) [,053]	,025 (.012) [,025]	,090 (.016) [,091]	,078 (.023) [,075]	,113 (.039) [,110]
	brghmwr How often worry about your home being burgled	,151 (.018) [,056]	,160 (.024) [,065]	,172 (.033) [,070]		
6	stflife How satisfied with life as a whole	,066 (.011) [,058]	,064 (.015) [,056]	,064 (.023) [,051]	,064 (.023) [,060]	
	happy How happy are you	,024 (.012) [,018]	,047 (.017) [,035]	,076 (.025) [,054]		
	optftr Always optimistic about my future	,075 (.019) [,027]				
	enjstm Seldom time to do things I really enjoy	,076 (.015) [,034]	,094 (.020) [,044]	,051 (.025) [,027]		
	accdng Feel accomplishment from what I do	-,077 (.022) [-,024]	-,140 (.030) [-,047]			
	flrms At times feel as if I am a failure	-,040 (.016) [-,018]	-,072 (.022) [-,032]	-,062 (.025) [-,035]		,199 (.077) [,077]
	flcllk On the whole life is close to how I would like it to be				,156 (.050) [,061]	
	fltanx Felt anxious, how often past week	,050 (.024) [,014]			,145 (.063) [,042]	

	uempnyr Become unemployed in the next 12 months, how likely					-,213 (.096) [-,067]
	lrrnew Love learning new things					,296 (.104) [,084]
	highedu	,105 (.049) [,022]		,199 (.053) [,052]		,543 (.173) [,091]
	highedu2	,194 (.052) [,038]	,317 (.049) [,065]		,210 (.111) [,036]	
	netuse Personal use of internet/e-mail/www	,032 (.006) [,039]	,024 (.008) [,030]	,034 (.013) [,039]	,058 (.017) [,072]	
	polintr How interested in politics	,057 (.020) [,020]	,070 (.026) [,028]			
	age Age of respondent, calculated	,007 (.001) [,037]	,007 (.002) [,036]	,007 (.002) [,047]	,017 (.004) [,086]	
	gndr Gender	,141 (.032) [,030]	,098 (.044) [,022]	,149 (.054) [,039]		
	impsafe Important to live in secure and safe surroundings	,101 (.014) [,053]	,140 (.019) [,077]	,042 (.021) [,028]		,200 (.067) [,090]
	aesdrk Feeling of safety of walking alone in local area after dark	,175 (.023) [,057]	,178 (.031) [,058]	,178 (.039) [,064]	,266 (.060) [,079]	
	ipeqopt Important that people are treated equally and have equal opportunities	,070 (.016) [,030]		,145 (.024) [,079]	,094 (.042) [,039]	
	freehms Gays and lesbians free to live life as they wish	,059 (.015) [,027]	,074 (.022) [,032]	,097 (.028) [,046]		
	ipudrst Important to understand different people		,053 (.022) [,023]			
	ipbhprp Important to behave properly	-,059 (.013) [-,030]	-,066 (.018) [-,036]	-,062 (.021) [-,041]		

	inccmp Important to compare income with other people's income	-,029 (.008) [-,023]	-,024 (.011) [-,020]	-,048 (.015) [-,043]		
	imprich Important to be rich, have money and expensive things			,054 (.023) [,032]		,117 (.058) [,060]
7	iphlppl Important to help people and care for others well-being	,049 (.017) [,019]				,194 (.073) [,081]
	Hlprtrn If I help someone I expect some help in return	-,042 (.015) [-,019]		-,058 (.027) [-,030]	-,133 (.040) [-,058]	

*Remark: non-standardised coefficients, standardise in squared brackets*

Table 3. Average values of variables, for clusters of countries (second grouping)

Group	Averages	Western	Northern	Eastern	RU-UA
0	lngdp_mean	10,38	10,57	9,69	9,22
	ppltrst_mean	4,87	6,46	4,28	3,91
	pplhlp_mean	4,91	5,94	3,99	3,76
1	iphlppl_mean	4,79	4,71	4,59	4,40
	pplahlp_mean	3,51	3,70	3,30	3,16
	hlprtrn_mean	2,45	2,64	2,80	3,30
2	trtunf_mean	4,32	4,60	4,37	4,08
	trtrsp_mean	4,48	4,71	4,21	4,18
3	flclpla_mean	3,47	3,49	3,68	3,42
	fmlenj_mean	5,08	5,14	5,00	4,91
	inmdisc_mean	1,91	1,93	1,88	1,87
	wkvlorg_mean	2,20	2,36	1,33	1,40
4	sclact_mean	2,76	2,88	2,56	2,76
	wrkorg_mean	1,15	1,25	1,04	1,03
5	trstprl_mean	4,58	5,86	3,42	2,86
	stfeco_mean	5,05	6,77	4,03	2,97
	trstlgl_mean	5,11	6,63	4,02	3,11
	stfdem_mean	5,32	6,79	4,10	3,34
	brghmwr_mean	3,01	3,22	2,94	3,00
6	stflife_mean	6,99	8,00	5,87	4,78
	happy_mean	7,33	8,03	6,39	5,77
	optftr_mean	3,68	3,82	3,54	3,61
	enjstm_mean	3,06	3,31	2,97	2,83
	accdng_mean	3,77	3,94	3,67	3,92
	flrms_mean	3,80	3,30	3,34	3,28
	lfclk_mean	3,57	3,81	3,22	2,89
	fltanx_mean	3,39	3,59	3,17	2,89
	pdaprp_mean	3,18	3,22	2,74	2,61
	uempnyr_mean	3,34	3,49	2,98	3,03
	lrrnew_mean	4,05	4,08	3,78	3,98
	highedu_mean	0,30	0,36	0,20	0,55
	highedu2_mean	0,20	0,31	0,14	0,25
	netuse_mean	3,38	4,67	2,45	0,95
	polintr_mean	2,35	2,60	2,30	2,35
	gndr_mean	1,54	1,51	1,56	1,60
	impsafe_mean	2,41	2,80	2,08	2,24
	aesfdrk_mean	2,96	3,26	2,72	2,45
	ipeqopt_mean	4,97	4,88	4,86	4,70
	freehms_mean	3,85	4,02	3,18	2,74
	ipudrst_mean	4,64	4,63	4,49	4,36
	ipbhprp_mean	4,31	4,09	4,55	4,44
	inccmp_mean	3,81	3,81	3,46	3,43
	imprich_mean	4,22	4,42	3,84	3,45

Annex. Description of variables

Variable and description	Values
Lngdp – natural logarithm of GDP in PPP, 2006	Real
Subjective trust	
Ppltrst – you can not be too careful – or people can be trusted	0 you can not be too careful, 10 – people can be trusted
Pplhlp – most of the time people are helpful, or mostly look for themselves	0 –mostly look for themselves, 10 – mostly helpful
lphlppi – important to help people and care for others wellbeing	1 – not at all like me, 6- very much like me
Pplahlp – feel people In local area help one another	0 – not at all, 6 – a great deal
Hlprtrn- If I help someone, I expect some help In return	1 – strongly disagree, 5 strongly agree
trtunf Feel people treat you unfairly	0 – a great deal, 6 – not at all
trtrsp Feel people treat you with respect	0 – not at all, 6 – a great deal
Ficlpla – feel close to people In local area	1 – strongly disagree, 5 - strongly agree
Fmlenj – how much time spent with immdiate family is enjoyable	0 – none, 6 – all time
Inmdisc – anyone to discuss intimate or personal matters with	1 – no, 2 – yes,
Wkvlorg – involved in work for voluntary or charitable organization	1- never, 6 - at least once a week not in models
sclact Take part in social activities compared to others of same age	1- much less than most, 5 – much more than most
wrkorg Worked in another organisation or association last 12 months	1 – no, 2 - yes
trstprl Trust in country's parliament	0 –no trust, 10 – complete trust
stfeco How satisfied with present state of economy in country	0 – extremely dissatisfied, 10 – extremely satisfied
trstlgl Trust in the legal system	0 –no trust, 10 – complete trust
stfdem How satisfied with the way democracy works in country	0 – extremely dissatisfied, 10 – extremely satisfied
brghmwr How often worry about your home being burgled	1 – most of the time, 4 – never
stflife How satisfied with life as a whole	0 – extremely dissatisfied, 10 – extremely satisfied
happy How happy are you	0 – extremely unhappy, 10 – extremely happy
optftr Always optimistic about my future	1 – strongly disagree, 5 – strongly agree
enjstm Seldom time to do things I really enjoy	1 – strongly agree, 5 – strongly disagree
accdng Feel accomplishment from what I do	1 – strongly disagree, 5 – strongly agree
flrms At times feel as if I am a failure	1 – strongly agree, 5 – strongly disagree,
lfcclk On the whole life is close to how I would like	1 – strongly disagree, 5 – strongly agree

it to be	
flt anx Felt anxious, how often past week	1 – all the time, 4 – none,
pdappr Get paid appropriately, considering efforts and achievements	1 – strongly disagree, 5 – strongly agree,
uempnyr Become unemployed in the next 12 months, how likely	1 – very likely, 4 – not at all likely
lrvnew Love learning new things	1 – strongly disagree, 5 – strongly agree,
highedu	1 if post-secondary non-tertiary, tertiary first level, tertiary second level, 0 otherwise
highedu2	1 if tertiary first level, tertiary second level, 0 otherwise
netuse Personal use of internet/e-mail/www	0 –no access, 7 – every day
polintr How interested in politics	1 – not at all interested, 4 – very interested,
age Age of respondent, calculated	Real
transition_generation	1 if age <35, 0 otherwise
gndr Gender	1 – male, 2 – female
impsafe Important to live in secure and safe surroundings	1 – very much like me, 6 – not at all like me
aesfdrk Feeling of safety of walking alone in local area after dark	1 – very unsafe, 4 – very safe,
ipeqopt Important that people are treated equally and have equal opportunities	1 – not at all like me, 6 – very much like me,
freehms Gays and lesbians free to live life as they wish	1 – strongly disagree, 5 – strongly agree,
ipudrst Important to understand different people	1 – not at all like me, 6 – very much like me,
ipbhprp Important to behave properly	1 – not at all like me, 6 – very much like me,
inccmp Important to compare income with other people's income	0 – very important, 6 – not at all important,
imprich Important to be rich, have money and expensive things	1 – very much like me, 6 – not at all like me
sclmet - How often socially met with friends, relatives and colleagues	1 – never, 7 – every day
hlpoth – help others not counting family/work/voluntary organisations, how often past 12 months	1 –never, 6 - at least once a week
atnoact - help or attend activities organised in local area	1 –never, 6 - at least once a week
iplylfr – important to be loyal to friends and devote to people close	1 – not at all like me, 6 - very much like me
sgnptit - signed petition last 12 months	1 – no, 2 – yes
pplfair - most people try to take advantage of me, or try to be fair	0 – most people try to take advantage of me, 10 – most people try to be fair