Social capital in post-transition economies: how it is and why it is so?

1. Introduction

In the early days of transition of socialist countries to market economy there was no debate about social capital. One reason of this was the assumption borrowed from the neo-liberal strand of economics that competitions between self-interested individuals will bring about order and efficiency by itself. The other, possibly, could be the fresh experience of Solidarity in Poland, that could suppose strength and continuity of civic engagement of the citizens of those countries.

The topic of social capital emerged by itself as one of the potential reasons of deficiencies in organisation and cooperation in post-transition economies. Even if its precise and generally accepted definition is still lacking, the intuition underlying the term of social capital as a prerequisite of cooperation, be it by the attitudes of the citizens, or by the social structures (as networks, associations) is of importance for this question.

There are many reasons for which social capital profile of post-socialist countries may differ from their European peers having longer market economy and democracy history. They all passed by a long period when development of horizontal social relations was weak, stifled by ideological paternalism and administrative control. Social capital and cooperation culture obviously existed, but limited to the circle of one’s family, friends, colleagues from work. Institutions introduced in transition protected rather individual entrepreneurship and it was boosted by the “propaganda of individual success”, at the expense of collective interests and of the culture of cooperation. This culture is necessary for development nowadays, based on production and absorption of innovation, where resource of a single firm may be insufficient and where change of information and flexible cooperation is a must.

The empirical research on social capital in post-socialist economies is rather scarce and refers to the turn of last millennium the latest. It was found that the citizens of those countries reveal low trust in society and in their political systems, low civic engagement and participation in associations. The evidence on the impact of social capital on the quality of

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inter-firm cooperation is less straightforward and reveals importance of not only existence, but also of the type of inter-firm relations.

The aim of this paper is to find out if the countries of Central and Eastern Europe still constitute a very particular group from the point of view of social capital, differing from the other European countries. The research is based on the 2006 round of the European Social Survey. The variables taken into account allow to assess the personal attitudes to cooperation, general trust in society, participation in associations, reliance on “weak and “strong” social ties. This approach enables not only to evaluate the level of social capital (as compared to another countries), but also to assess propensity to develop bonding or bridging forms of cooperation.

The paper is organised as follows. In the first section the discussion is provided on the definition of social capital (and in particular on the level at which it may be identified – be it individual or collective), and on its determinants and consequences. In the next section the problem of social capital in post-transition economies is exposed 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 research are then provided and the final section concludes.

2. The theory of social capital
   The definition of social capital

   The research on social capital builds on the intuition that some properties of social relations may bring about outcomes not stemming neither from calculations based on interests nor on obligations imposed by the law. In particular, easing cooperation and organising collective actions is perceived as an outcome of social capital.

   This intuition is however very general and the definitions of social capital employed by different authors are very differentiated. They differ as to the nature of social capital (in particular, if it has something in common with the other types of capital), as to identification of its locus (is it basically a property of an individual, of a relation or a network of identifiable individuals, or of the society as a whole). The authors strongly disagree on whether social capital is controlled by the individual (private good) used in interpersonal relations and potentially through social structures (in particular networks), or if it is a public good (so a property of social structures, e.g. networks themselves). The problem is also a risk of circularity in definition, which happens if a notion is defined by its outcome.

   In the manual of the World Bank aiming at defining social capital and providing the tool for its measurement one may find a very broad definition: “social capital... as
institutions, relationships, attitudes, and values that govern interactions among people and contribute to economic and social development” (Understanding, 2002, p.2). Then are distinguished the elements of “structural social capital” (networks, associations, institutions, rules and procedures), and of “cognitive social capital” (attitudes, norms of behaviour, shared values, reciprocity and trust). It is further indicated, that social capital may be analysed as micro, meso, and macro level phenomena (at macro level it is assimilated to institutional and political environment).

It is clear that such a broad definition meets the needs of the World Bank in looking for the intangible factors explaining the differentiated development progress achieved by different nations. Nevertheless, such a broad definition clearly overlaps with at least the notions of institutions and culture. Thus it does not clearly delimitate social capital as stand-alone asset and disables the analysis of its outcomes and interrelations with other categories (such as culture and institutions). The authors themselves restrained their definition to the ends of measurement, where they propose only the indicators of membership in local associations and networks, indicators of trust and adherence to norms, and indicators of collective actions. They declare also, that all the three indicators are only the proxies of social capital (Understanding, 2002, p.43-44).

Similarly broad is the definition formulated by the representatives of research on collective action. They perceive social capital as a “…set of prescriptions, values, and relationships created by individuals in the past that can be drawn on in the present and future to facilitate overcoming social dilemmas” (Ahn and Ostrom, 2008, 71). They enumerate trustworthiness, networks, and institutions as three basic forms of social capital.

On the opposite side, the most restrictive definition is provided by Robison et al. (2002). The authors claim that all the existing definitions do not focus on social capital itself, but on its possible users, the relations in which it resides, and what it produces. Putting aside all those elements, they give the following definition: “Social capital is 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”. This definition focuses on some personal or social attitude exceeding simple self-interest and treats it as an asset potentially producing a positive outcome for another person or group.

Coleman (1990, 301-304) defined social capital as embodied in relations among persons and facilitating actions of individuals who are within the social structure of those relations. He underlined that two elements are necessary for the social capital to function:
trustworthiness in repayment of obligations and some extent of obligations held. According to him some form of social capital may be social norms requiring to act in the interests of community. Social capital may be embodied in intentional organisations which may require investment, but may be also a by-product of other activities. According to Coleman, social capital, as an attribute of social structure that can not be totally controlled by an individual, is in principle a public good. Nevertheless, some properties of social capital may be captured by those who invest in them.

A recent paper of Esser (2008) clearly drawing on Coleman, proposes to define social capital as all resources that an actor can mobilise and/or profit from because of his embeddedness in a network of relations with the other actors. The locus of social capital is thus above the individual itself. Then a classification of levels of social capital is proposed, differing as to the property of private and public good. One of the layers is relational social capital which is embodied in relations of an individual with particular actors and is a personal resource, generally a private good. Here the notion of social embeddedness is applied after Granovetter (2001) as referring to concrete, personalised relations. The contents of relational social capital, as Esser perceives it is strongly influenced by its identity as capital, and may be created by deliberate investments of the individuals (and may even be a substitute of tangible investment). The relational social capital contains position capital (engagement in “strategically” meaningful relations), trust capital (accruing from reputation) and obligations capital (obligations the other actors owe).

While relational capital may be controlled (at least to some degree) by the individual, the higher level of social capital, system capital, is a typical collective good that an individual can not control. It is composed of social control facilities and trust being enforced in this manner, and also of the system of moral norms, internalised or observed by fear of ostracism.

The other definitions often do not separate quite clearly neither between the features of private vs. collective good, nor the locus of social capital (individual – relational –systemic).

The definition of Pierre Bourdieu focuses on an individual, but in a context of his participation in networks of relations. His basic definition (from Bourdieu, 1986) focuses on the individual: “Social capital is an attribute of an individual in a social context. One can acquire social capital through purposeful actions and can transform social capital into conventional economic gains. The ability to do so, however, depends on the nature of the social obligations, connections, and networks available to you” (after Sobel, 2002, p.139). In the definition from a later book he treats social capital as (different) resources activated by networks of relations and producing higher returns on investment. Literally, the definition is
the following: “social capital is the totality of resources (financial capital and also information etc.) activated through a more or less extended, more or less mobilizable network of relations which procures a competitive advantage by providing higher returns on investment” (Bourdieu, 2005, p.194-15; Bourdieu, 2001, 102-105). Even if the social capital according to this definition resides both at the level of an individual and of (network) of relations, it is still treated as a private good.

Robert Putnam defines social capital as norms of reciprocity and networks of civic engagement (1995, p.258). They are properties of a society, not of single individuals. Norms of reciprocity embody short-term altruism, but also long-term care for one’s interests. The environment in which these norms may be used are networks of horizontal relations, enabling communication and flow of information about reputation. These networks may work out common gains. Enforcement mechanisms in these networks are based on informal norms, social ostracism and care for reputation. Putnam underlines the outcome of social capital in terms of productivity. He explains dynamic relations and path dependency in shaping social networks. Trust is a necessary condition of the functioning of informal networks and cooperation enables its reproduction and proliferation (for example by reputation). Distrust is also reproduced and may disable cooperation. Putnam’s earlier definitions rely on networks as the locus of social capital, while in his later work (2000) both the quality of public and private good are allowed for.

Francis Fukuyama uses a much narrower definition: “Social capital is an instantiated informal norm that promotes cooperation between two or more individuals” (Fukuyama, 2000, p.3). The norms constituting social capital are connected to the virtues like honesty, keeping of commitments, reliability, reciprocity. In his view trust, networks, civil society do not constitute social capital itself, while all of them are associated with it. To the social capital in this meaning is attributed the quality of a private good on such a basis that it is produced (instantiated) by the individuals to serve their cooperation needs. Fukuyama admits that this norm may have negative or positive consequences for the broader society (as the cohesion of the mafia has for outsiders) beyond the control of individuals, but treats it as externalities. Fukuyama uses also the notion of the “radius of trust” to describe the limits of relevance of instantiated norms. Nevertheless, as the radius may exceed the scope of instantiated relationships, the univoque qualification of social capital as a private good seems doubtful.

There is thus no consensus on the definition of social capital. Nevertheless, such a definition is needed here, at least to operationalise it for empirical research. I will thus focus on the function of social capital – easing cooperation between the members of the society, and
I will look for some common elements in the definition, trying to avoid tautology (defining the concept by its outcomes). The common element in all the concepts, and seemingly a necessary condition for cooperation, is the personal attitude of an individual towards other individuals (or groups of them) – its willingness to cooperate and in particular in spite of (or in absence of) satisfaction of own short-term interests. As indicated by Ahn and Ostrom (2008), this may be however for two different reasons: due to some form of altruism (when one does not await an instantaneous payoff to the benefits or advantages granted to another person or group), but also to some calculation of further benefits. The necessary (or at least helpful) condition for cooperation are social structures (as networks and associations), with their particular “culture” (as values and norms), as some infrastructure for cooperation and not forms of cooperation themselves. The condition for cooperation are also cultural features aggregated at the level of society, as values together with certain informal norms accepted and instantiated by the individuals, and trust as social emerging property. The broader elements of culture and institutions at the society level will be nevertheless treated as external conditions.

The sources of social capital

The research on the sources of social capital is carried out both at the level of theoretical explanations and by studying apparent relations between social capital and different individual and social features.

The definition of social capital impacts on the explanation how it comes about. Here an important distinction of cooperative attitudes made by Ahn and Ostrom (2008) is very useful. They distinguish:

- cooperative attitudes rooted in self-interests, calculation of future benefits,
- cooperative attitudes embedded in intrinsic norms\(^1\).

The first attitude is linked to the existence of repeated interactions and of social structures enabling them. The typical example of such structures are networks or associations. The other type of cooperative attitudes is autonomous, not depending on social structures. In practice both types of attitudes may be very probably found in the same individual.

\(^1\) The existence of different kinds and origins of cooperative preferences 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 difference from “retaliatory” attitudes (Fehr and Fischbacher, 2002).
The other fact of importance is that the scope of the definition of social capital impacts on the classification of the factors underlying it as internal (to the concept itself) or external. For the narrow definitions of social capital, containing only the cooperative attitudes of individuals, social structures (as networks) and institutions will be external conditions, while they will be within the broader definitions of social capital.

If an individual is perceived as a *tabula rasa*, without any particular social attitudes, he may acquire social capital as an altruistic attitude by social interaction. In a theoretical framework of iterated prisoner’s dilemma game, the strategy of returning the received strategy (cooperation for cooperation, defection for defection) leads to cooperative outcome, in which every player sacrifices a part of his individual gain but both are better off. This explanation of cooperative attitudes is proposed also by the authors from the area of collective action. Learning of cooperation has been also found in empirical research on community interactions (Fukuyama, 2000, p.13).

If social capital is perceived more as a capital, so resources embodied in relations that the individuals may make use of for their aims, it may be created by some kind of “investment”. This possibility is limited to the layers of social capital that may be controlled by an individual. This is the approach to explanation of the sources of social capital of 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 exchange of gifts, creation of rites, reaffirmation of the limits of a group, to deliberate organisation of groups aiming at deriving benefits for their members. It is true also, that persistence of profitable networks is based not only on efforts, but also on some homogeneity of members, thanks to which common interests may be served. The continuous efforts necessary to maintain social networks engage economic capital. There may be a choice between investing in tangible assets and investing in social relations, with a similar outcome in terms of reward, possibly in longer term. Bourdieu even states that the economic capital is a root of all the other types of capital, social capital included. Such a radical hypothesis is however not generally supported.

Also Esser (2008) confirms that relational social capital may be created by deliberately choosing and cultivating relations that seem profitable (in particular, in “weak” ties). 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 confirmed the investment origin of social capital at the individual level (measured by
Namely, social capital was influenced by the life cycle (the highest for middle-aged interviewees), increased with the level of education and with the type of occupations requiring social skills and with homeownership. It decreased with expected mobility and with physical distance to work and neighbourhood. Thus those better endowed with resources (education, stability) and expecting higher rewards (type of occupation, lengths of work) invest in social capital.

In spite of, or rather as a complement to the investment hypothesis, the other authors underline the role of genetic and cultural inheritance to explain the human attitudes as an element of social capital.

Some strand of research underlines the role of genetic inheritance and selection of social groups in which those with higher proportion of altruists have higher proportion of survival, while the cultural cohesion preserves the identity of groups (Henrich, 2004).

It also matters that the individual is born and brought up in a society and thus is being taught values, habits and norms the society worked out previously. He learns norms by imitation of behaviour and is punished for transgressing them. Those norms regulate also the relation of an individual to the other members of a society. As an outcome of generations of social learning, the norms of respect of the others, honesty, reciprocity, are inherited by the 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 social capital in the terms of attitudes and choices of the individuals. This hypothesis was 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 social capital.

The question is to what degree social capital as attitudes of the individuals is homogenous within the same cultural and institutional framework. In principle there exist reasons of homogeneity, due to inheritance and embeddedness in the same culture and institutional system, and also due to existing formal and informal control. But there are at least two reasons for differentiation. One is increasing cultural opening. Modern societies are no more closed, people may look into the heritage of the other cultures and opt for the norms

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2 Even too strongly: the second commandment of Christ requiring “to love one’s neighbour” was often interpreted as extreme, impracticable, altruism, and only recently it was repositioned taking into account its second part (“as yourself”).
they find adequate (if only the formal norms do not prohibit them). The other reason of
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 the attitudes towards the others and with respect to cooperation with
them. Esser (2008) point out that decreasing dependency of people one on another
undermines structural basis of social capital.

Social capital on the level of a social system as a whole, as an aggregation of society-
oriented features of individuals and as general trust, can not be created by individual efforts,
thus it comes into being spontaneously and also with important amount of path dependency
(Putnam, 1995). The aggregate social capital is indirectly (by the impact on individual
attitudes and choices) influenced by informal and formal institutions.

Informal institutions are often perceived as a part of social capital, or at least
overlapping with it (Ahn and Ostrom, 2008). As to the impact of formal institutions, the
genral opinion is that the high quality of political institutions and checks on executive power
increases trust. More precisely, the universal, non-discriminatory governance rules promote
interpersonal trust, while the selective ones undermine it (Rothstein, 2004). But the relation
between social capital and political institutions may also hold the other way round. Putnam
(1995) claims that it is social capital, and more precisely civic engagement that influences the
quality of political institutions. He explains differences in the state of civil society in
contemporary Italy by the centuries old tradition of cooperation.

Existing institutions very strongly influence the coming to being and functioning of
the associations and networks dedicated for channelling and fostering individual social capital
in order to address it either to insiders or to outsiders. They may enable or disable their
existence (for example, lobbyist organisations may be illegal, in some totalitarian systems
any associations are prohibited).

The shape of institutional system may also be the source of creation of social
structures as substitutes for deficiently enforced institutions. “Amoral familism” of Italian
South was explained as a substitute for legal protection of property rights (Putnam, 1995,
p.276-283). Relational contracts necessary to substitute quasi-inexistent legal enforcement in
post-communist countries is the other (Sobel, 2002, p.149). In many cases the same outcomes
may be obtained by different structural solutions. The example of a shopkeeper acting as an
informal custodian for apartment keys, and then replaced by the formal service of a doorman
studied by Jacobs (Sobel, 2002, p.147) enlightens about the role institutions may have an the
choice of social structures.
On the other hand, it was found that different faster evolving society-level structural characteristics influence on trust which is one of components of social capital at the system level. These are for example income inequality and ethnic polarisation, income per capita and education rates.

The decisive factor making social capital provide different outcomes in everyday situations is to whom partial altruistic attitude is addressed. The culture and informal norms usually differentiate potential recipients of altruism. Close family is basically the most favoured. In the traditional societies the clear difference is made between the members of the somehow delimited group (extended family, personal friends, tribe, neighbourhood), and the strangers. Making difference between people 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”.

Besides cultural explanation of the width of the “radius of trust”, the individual experience may also contribute. Under assumption of incomplete information trust is being shaped by learning common interests with the others through repeated interactions with them. Also using social capital in interactions strengthens relations themselves. When one grants a favour, he has to maintain the relation to receive the favour in return (Sobel, 2002, p.150).

The width of the “radius of trust” is also enhanced by the quality of institutional environment and of its enforcement. If one may be sure that opportunism of any member of the society, no matter if personally known or not, would be restrained due to formal or informal norms, he is more prone to extend trust. The importance of institutional environment in its quality of mutual monitoring for trusting behaviour has been confirmed by empirical research and experiments (Sobel, 2002, p.149).

The interrelations with culture and institutions are among the reasons why the different social structures embodying social capital have their life span. A widely known example is the decline of associations as an element of American style of life deplored by Putnam in his famous book *Bowling alone* (2000). It may be caused by cultural change (individualism), but as well it may be due to new technological opportunities and changing conditions of life. Extensive use of telephone (in particular mobile, making everyone available at any moment) and of Internet reveals both propensity to develop contacts and to change the form under which they are carried out (Sobel, 2002, p.140-143). Efficiency of social actions organised through SMS or Internet messages prove of importance of this medium in making use of social capital.
The outcomes of social capital

Social capital is recognised as one of the factors of development (Knack and Keefer, 1997). If defined as stemming from partly altruistic attitude, it may enable to transgress narrow and/or immediate individual interests in social interactions. It may thus provide for:

- limiting negative consequences of the conflict between individual (or between individual and collective) interests in interactions,
- promoting synergies stemming from shared interests.

As to the first outcome, it reduces opportunism and conflict (Fukuyama, 2000, p.6). As opportunism is recognised as a major source of transaction costs, the outcome would be reduction of those costs (Williamson, 1998). Awareness of a high level of social capital in a given community would bring about reduction of both ex-ante transaction costs (of search of the partners, negotiations, contract formulation) and of ex-post ones (of solving conflicts). Under a sufficient degree of honesty, shared values and common informal norms, some reactions may be foreseen as automatic or easy to agree upon without a need to formalise. This is of particular importance in long-term transactions and/or those under high uncertainty where complete contracts can not be applied. Tacit agreements may be used in different transactions, in the framework of companies, between the companies, or else between agents and groups implied in less formal instances of coordination. In those different circumstances it will bring about less complete contracts, or their substitution by informal agreements, or completion of contracts by informal rules of behaviour.

Besides avoided costs, different positive gains may emerge from a high level of social capital. The study of the World Bank indicates that social capital (in broad sense, also at the level of networks and society as a whole) favours flow of information at low cost (Understanding, 2002, p.8-9). This information may concern reputation of the individuals, that is a crucial condition for sustaining trust, but also information on actual or potential subjects of transactions. According to selfish interests, information should be hidden or even manipulated. But even if information has an intrinsic value and is sometimes a property (under intellectual property rights – for example in research), there is usually an informal information exchange between research communities that enables progress.

The other positive outcome of social capital, according to World Bank study, is enhancement in reaching collective decisions. This is crucial for governing common resources in mostly horizontally organised structures (neighbourhoods, associations,
networks). Social networks may also efficiently complement formal enforcement by the courts (Woodruff, 2004).

Social capital was found important also for companies, even if they are mostly governed by hierarchies. Nevertheless a company is also a network of human relations, with more or less predatory or altruistic attitudes, with more or less shared values and interests. It is underlined that social capital within a firm revealing itself by corporate cohesion and synergy of interests enhances motivation of employees and thus efficiency of the firm (Osterloh, Frey and Frost, 2001).

The example of the firms indicates that social capital may be applied in more or less localised relations. As indicated above, trust may have wider or narrower radius. Similarly, Putnam defined two types of social capital (in our definition: of cooperation forms) according to the social distance of agents involved: bonding type (usually limited to a narrow group) and bridging one (linking agents from different groups). The first is typical for traditional societies, based on the structure of extended families, but also plays a substantial role in contemporary firms. It stabilises the group, reduces opportunism, and promotes emotional involvement. It may nevertheless lead to exclusion of strangers and to rigid and immobile functioning.

Bridging social capital, passing by the boundaries of existing groups, may produce broader social outcomes and in particular enables sharing information. A firm may see building external contacts by its employees as a thread of disloyalty, but it may also find a way to rip profits on external information received by this way.

3. Social capital problem of post-transition economies

Social capital was not a subject of interest of early transition programs. Their authors based their model of market economy on isolated individuals, probably fearing collusion, quite like 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) the international financial institutions (the World Bank and the International Monetary Fund) focused their advice for the developing and transition countries on the Washington Consensus, where social capital issues were absent. It was many years later that less mainstream oriented authors pointed out deficiency of inter-firm relations as a substantial reason of decline of output in early transition (Blachard and Kremer, 1997). The comprehensive review provided in (Murrell, 2005) indicates that in the research
undertaken since then on firm behaviour more attention was devoted to the institutional vacuum in which they had to operate and to the associational 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 the social capital as a condition for development.

The shape of social capital in post-transition economies, no matter if we adopt broader or narrower of its definitions, is undeniably affected by over 50 years long past of authoritarian ruling (Sztompka, 2007, 356-360). The economy was governed according to centralisation principle, thus promoting vertical relations to the detriment of horizontal ones. Of course, horizontal relations between the enterprises existed but (with the exception, and only to some degree, of the tiny private sector) they were influenced by the omnipresent public administration. This created particular relations: clientism and paternalism, both based on calculation rather than trust. Paternalism concerned also the employees of enterprises, having access to a range of social services (medical, housing, childcare, vacations). The public authorities lacked legitimacy and trust in public administration was low.

The political context had deep consequences for the life and attitudes of the society. The society was under omnipotent control of public administration. It was aiming at reducing criminality, but also at prohibiting emergence of organised political opposition. As a consequence, all social organisations: trade unions, professional organisations, cooperatives, were highly infiltrated by the State and thus “verticalised” with respect to type of relations. Spontaneous creation of social structures and networks was unwelcome. The citizens mostly withdrew from the 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 underground, as opposition movements. Thus the opportunities of learning relational attitudes were limited to the environments either vertically governed (as workplace), or of limited scale (family, close neighbourhood, circle of close friends). There was no room for developing “weak ties” culture.

Transition radically changed institutional framework. Organisation of the economy shifted from vertical to horizontal, based on relations and contracts between enterprises privatised or created already as private. Public administration to a substantial degree withdrew from direct control. The question thus arises how the society, and social capital, changed in the new conditions and with which speed.

Changes in the structure of the economy destroyed numerous elements on which the functioning of the economy relied: stability of employment, free of charge social services,
relative security against crime. People acquired economic and political liberty and were subject to extensive promotion of success in financial terms. Promotion of horizontal relations and development of the culture of cooperation were lagging behind.

The surveys prove that the degree of satisfaction with life in post-transition economies has fallen down (Easterlin, 2008). This was particularly the case during the recession period following initial institutional changes and privatisation. But also the satisfaction with life did not recover at the pace of economic recovery that followed. The citizens of post-transition economies were particularly dissatisfied with their work, health, social services and security conditions. This was obviously an outcome of dismantling of 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 development of market economy. Nevertheless, according to the same source of information (World Values Survey) there was also some evidence about deterioration of satisfaction with family life and neighbourhood. This could be only indirectly influenced by economic conditions (like pressure of unemployment, forced migration to the places where life seemed easier, for example from cities to natal villages). The deficiencies of family and local life could also prove of previously weak personal underpinnings of social relations (underdeveloped altruistic attitude).

As to the different characteristics of social capital in post-socialist countries, early research of Rose (1994) confirmed lower level of civic engagement. The research of Raiser et al. (2001) based on the World Value Survey and on the Eurobarometer data on all East European countries (together with Russia, Belarus, Ukraine) over 1993-1998 provided the following results:

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

Similar results come out of the comparative research fulfilled on 70 countries on the data from 2000 round of the World Value Survey (Rossteutscher, 2008). Namely, the countries of Easter Europe revealed particularly low level of trust, belonging to associations and engaging in voluntary social activities. Also their citizens revealed very low level 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 this last had much weaker impact in the Eastern countries).

In the other research it was found also that feed-back may exist between trust in political institutions and economic performance, thus the success of transition may boost trust. Contrary to the hypothesis of Putnam, only a weak link was found between civic engagement and improved political governance in different Eastern European countries (Raiser, 2008).

Different researchers studied also the impact of social capital 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 the economic performance in the transition economies. However, trust in public institutions (and in particular in enforcement of law) revealed positive correlation with economic performance of the countries studied.

The problem of research at the microeconomic level was a choice of measure of quality of cooperation between the companies as an outcome of social capital. Johnson et al. (1999, 2002) have chosen as measure the level of trade credit between firms, assuming that granting credit proved of confidence. They found that this measure was highly influenced by the costs of switching suppliers (which was 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 weaken competition between the firms.

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

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

There is also some evidence about underdevelopment of horizontal cooperation ties between SME in Poland. The survey of SME in Poland proved of lack of interest of those companies in cooperation. Their attitude was rather aiming at preserving their independence and keeping their assets and information for themselves. (Raport, 2002).

The cooperation difficulties were found a hindrance to innovations in small firms. Since the technology development is expensive and is mostly beyond reach of the small company, it is crucial to cooperate with other businesses, the R&D establishments in particular. That said, these are precisely the Polish small companies that are parties to all but a handful cooperation agreements. Between 2002 and 2004, 6.4% small, and 20% medium sized Polish companies have had cooperation agreements closed with their business partners. In the European Union on the other hand already between 1994 and 1996 8.4% small and 16% medium-sized companies collaborated while doing their business. In Poland 45% large corporations and 50% of their EU peers were parties to cooperation agreements. Cooperation schemes were more frequent in the companies implementing innovations, which evidences its importance (Wojnicka, Klimczak 2006).

A survey based on a detailed questionnaire fulfilled on 90 representative SME in one of Polish regions proved that those firms develop strong relationships with their customers and suppliers, but their cooperation is limited to selling/purchasing functions and aims only at stabilisation of the position of the company (Starnawska, 2006). The stable relations with customers and suppliers reveal high degree of interpersonal trust (that one may see through frequency of oral agreements). Even if they have some relations within the branch (with their competitors), the SME 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 those common actions. It was found also that the networks of personal relations of the managers/owners of SME are of limited size and are based on “strong” ties (family, close friends) rather than on “weak” ones. Those networks are usually not made use of neither for developing business (except in the phase of entering the market, by use of personal recommendations) nor even for acquiring information (in principle SME managers rely on Internet). Entrepreneurs exhibit both reticence to broaden their “weak ties” network and to use professional associations for developing business. As reasons of such a situation weakness of government initiatives to support clusters was indicated, but also rooted in history mentality of businesspeople (individualism, self-sufficiency, refusal to depend on the others).
4. Data and methodology

For the aim of this research I have focussed on the cooperative attitudes of members of society. My objective is to reveal the depth of cooperative attitudes in post-transition economies and their orientation – to the close environment (“strong” ties) or to broader society (“weak” ties), and compare them to features of other European economies. I will also measure the level of participation in associations, as an environment easing development of cooperation and, finally, the level of general trust in the members of society.

The data used to assess the level 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 question and several rotating modules. I used the data from the last, third round of the survey, conducted in late 2006 and early 2007.

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).

Out of all the variables I have chosen those which indicate to some degree the level and type of cooperative attitudes, 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). It is why more “neutral” questions on the feeling of trust have high value.

The questions selected were:

I. Relating to personal altruism and reciprocity (trustworthiness)
   A. if I help someone I expect some help in return,
   B. important to help people and care for others well-being.

II. Relating to “weak” ties (with broader society)
A. feel close to people in local area,
B. help or attend activities organised in local area,
C. important to understand different people,
D. help others not counting family/work/voluntary organisations,
E. signed petition in last 12 months.

III. Relating to “strong” ties (with close social environment)
A. how often meet socially with friends, relatives or colleagues,
B. anyone to discuss intimate and personal matters with,
C. all the time spent with immediate family is enjoyable,
D. important to be loyal to friends and devoted to people who are close.

IV. Relating to general trust in society
A. you cannot be too careful – people cannot be trusted,
B. most people try to take advantage of me,
C. most of the time people are helpful or mostly look out for themselves,
D. do not feel people treat you unfairly,
E. do not feel people treat you with respect,

V. Degree of participation in non-political associations
A. worked in another (not political) organisation or association in last 12 months,
B. involved in work in voluntary or charitable organisations,
C. member of trade union or similar organisation (currently)

In the original ESS questionnaire the interviewees had usually a choice between some degree of variable (usually from 0 to 9, or very much like me, like me,…), or some frequency (e.g. several times a month, once a week), or just a binary yes – no (plus refusal, does not apply). For this research all the values of variables were transformed into scalars by some aggregation of frequency of alternatives (for example: up to 5, at least once a week). The precise description and values of transformed variables for all the countries studied are indicated in the table in Annex 1.
5. Results

5.1. Groups of countries and their characteristics

The countries characterised by the above listed variables were partitioned using cluster analysis (with SPSS software). In partitioning into 4 clusters the following results were obtained

Table 1. Cluster analysis – partitioning into 4 clusters (in brackets distances to cluster centre)

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Austria (28,309), Belgium (24,838), Switzerland (32,203), Germany (25,703), France (31,673), United Kingdom (25,813), Ireland (24,909), Netherlands (31,549)</td>
</tr>
<tr>
<td>2</td>
<td>Bulgaria (26,540), Estonia (31,751), Spain (42,858), Portugal (34,764), Slovakia (32,842)</td>
</tr>
<tr>
<td>3</td>
<td>Cyprus (38,711), Hungary (24,828), Poland (21,170), Russia (29,992), Slovenia (39,872), Ukraine (31,842)</td>
</tr>
<tr>
<td>4</td>
<td>Denmark (27,685), Finland (28,643), Norway (25,316), Sweden (21,842)</td>
</tr>
</tbody>
</table>

A very clear group of Scandinavian countries is distinguishable, then a cluster of Western European countries, and finally two clusters of post-transition countries plus some Southern European countries (Cyprus, Portugal and Spain). However, those Southern European countries and also Slovenia are more distant from the respective cluster centres. Clusters of post-transition countries are clearly different from Scandinavian countries (distances respectively 99,209 and 102,344) and also from Western European countries (distances respectively 56,905 and 61,556). The distance between the cluster centres of Scandinavian and Western European countries (57,669) is also higher than distances within clusters. Distance between both clusters of post-transition countries is much lower (28,979) so visibly they share part of these features.

The values of variables for the centres of all four clusters are exhibited below.

---

3 Partitioning into 3 clusters gives almost identical results as 4 clusters for Western European and Scandinavian countries, while 4 clusters enable us to distinguish some differences among post-transition states and to reflect on their impact on general trust levels in society.
Table 2. Characteristics of 4 clusters

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>IA. If I help someone, I expect some help in return</td>
<td>17,5</td>
<td>25,7</td>
<td>35,1</td>
<td>28,1</td>
</tr>
<tr>
<td>IB. Important to help people and care for others well being</td>
<td>66,4</td>
<td>61,6</td>
<td>63,7</td>
<td>62,5</td>
</tr>
<tr>
<td>IIA. Feel close to people in local area</td>
<td>55,3</td>
<td>64,1</td>
<td>58,6</td>
<td>58,0</td>
</tr>
<tr>
<td>IIB. Help or attend activities organised in local area</td>
<td>26,2</td>
<td>10,9</td>
<td>11,4</td>
<td>22,8</td>
</tr>
<tr>
<td>IIC. Important to understand different people</td>
<td>64,4</td>
<td>56,6</td>
<td>60,0</td>
<td>58,4</td>
</tr>
<tr>
<td>IID. Help others not counting family/work/voluntary organisations</td>
<td>52,3</td>
<td>26,4</td>
<td>33,8</td>
<td>59,8</td>
</tr>
<tr>
<td>IIE. Signed petition last 12 months</td>
<td>29,3</td>
<td>11,5</td>
<td>7,9</td>
<td>37,5</td>
</tr>
<tr>
<td>IIIA. How often socially met with friends, relatives or colleagues –at most once a week</td>
<td>50,2</td>
<td>47,2</td>
<td>70,2</td>
<td>45,3</td>
</tr>
<tr>
<td>IIIB. Anyone to discuss intimate or personal matters with</td>
<td>91,8</td>
<td>88,2</td>
<td>88,8</td>
<td>92,4</td>
</tr>
<tr>
<td>IIIC. All the time spent with immediate family is enjoyable</td>
<td>38,0</td>
<td>49,0</td>
<td>45,0</td>
<td>34,0</td>
</tr>
<tr>
<td>IIID. Important to be loyal to friends and devote to people close</td>
<td>82,3</td>
<td>75,3</td>
<td>77,0</td>
<td>81,0</td>
</tr>
<tr>
<td>IVA. You can not be too careful – people can not be trusted</td>
<td>54,9</td>
<td>68,0</td>
<td>73,0</td>
<td>26,6</td>
</tr>
<tr>
<td>IVB. Most people try to take advantage of me</td>
<td>41,5</td>
<td>62,2</td>
<td>66,0</td>
<td>21,7</td>
</tr>
<tr>
<td>IVC. People mostly look for themselves</td>
<td>56,0</td>
<td>74,9</td>
<td>75,6</td>
<td>39,4</td>
</tr>
<tr>
<td>IVD. Do not feel people treat you unfairly</td>
<td>89,0</td>
<td>89,0</td>
<td>88,0</td>
<td>93,0</td>
</tr>
<tr>
<td>IVE. Do not feel people treat you with respect</td>
<td>18,6</td>
<td>23,4</td>
<td>24,5</td>
<td>9,8</td>
</tr>
<tr>
<td>VA. Worked in another organisation or association in last 1 months</td>
<td>18,1</td>
<td>6,4</td>
<td>3,9</td>
<td>28,3</td>
</tr>
<tr>
<td>VB. Involved in work for voluntary or charitable organisations</td>
<td>28,0</td>
<td>8,0</td>
<td>8,0</td>
<td>24,0</td>
</tr>
<tr>
<td>VC. Member of trade union or similar organisation</td>
<td>16,5</td>
<td>7,4</td>
<td>14,0</td>
<td>52,6</td>
</tr>
</tbody>
</table>
Both clusters of post transition countries show very low levels of social trust (variables form group IV) and membership of associations (group V). This distinguishes them most especially from Scandinavian countries where trust in society and belonging to associations is the highest and to a smaller degree from Western European countries where the values are somewhere in between. Compared to this, the image of the other characteristics is more mixed. Both clusters of post-transition (and Southern European) countries show different values which are often either at the average level of other clusters or show even more pro-cooperative attitudes. In particular, both post-transition clusters reveal higher levels of reciprocity (IA) than counties from the other clusters. While in this case there could be a problem of interpretation of the question (do I help only those from whom I expect help in return, or if in general I can expect reciprocity from people?), the level of declared general altruism (IB) confirms that clusters 2 and 3 do not differ from the others.

Both post-transition clusters seem to be much less actively altruistic in their relations with members of wider society (variables IIB and IID) even if they declare they have positive attitudes to them (variables IIA and IIC). There is also a difference between both post-transition clusters as to “close” social ties. It is true that both are much more family-oriented than countries in the other clusters (variable IIIC). This does not mean however that their “close” social relations are of a higher quality, rather the contrary (variables IIIB and IID). Interestingly, family-orientation does not go hand-in-hand with broader social orientation (variable IIIA). Even the countries of cluster 3 have particularly poor social lives. From this image it stems that the actual cooperative attitudes of citizens from the clusters of post-transition and Southern European countries can hardly be explained solely by the large deficiency of trust in general society which those countries exhibit.

5.2. Factors underlying trust and cooperative attitudes

As was previously said, there is no generally accepted theory of the sources of cooperative attitudes and, broadly, of trust in societies. According to the opinions of the different authors reviewed in section 2, the norms and values of society may have an impact, and also more broadly the cultural and religious context of society. The hypothesis has also been formulated on the impact of the quality of political institutions on trust as a basis for cooperation and on cooperative attitudes as such. The presence of associations may help in both learning and developing cooperative attitudes. Empirical research indicates that wealthier and also better educated societies who enjoy higher levels of equality are more
trust. According to another theory, purposeful investment in building networks has an 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 (other than Estonia no Eastern European country in the sample had a significant Protestant population) 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. General insecurity as in the case of employment for example could also weaken social trust. Transition could also modify social values, promoting individual success at the expense of cooperation. Obviously, these societies are poorer than other European ones, but not less educated (at least formally) and income inequality has risen sharply since transition. The problem is how to verify the actual impact of these potential factors.

In order to substantiate which quantitative features of the economies and societies of the countries studied, in particular in post-socialist countries, could influence the cooperative attitudes of their citizens, I have taken into account a number of variables from ESS itself (assessment of the quality of political systems, of the state of the economy, of values important for societies) and also general parameters characterising these countries (GDP per capita, education, degree of income inequality). Studying correlations between these variables and the features of cooperative attitudes, participation in associations and trust in particular countries I found the following measures of political trust had a very strong impact (from ESS):

- trust in legal system,
- trust in national parliament,
- trust in politicians,
- satisfaction with the way democracy works in a country.

These features were strongly and positively correlated with trust in fellow members of society, with participation in associations and also with the strengths of cooperative attitudes to wider society and with some features of cooperative attitudes to people closely connected (having someone to discuss intimate matters with). The same goes for the pattern of correlations between the objective measures of the quality of institutional systems, namely the indicators of control of corruption and of the rule of law taken from the publication of the World Bank: Governance Matters (Kaufmann et al. 2009).
The other variables having significant impact on trust and cooperative attitudes were connected to the assessment of wellbeing by citizens:

- general satisfaction with life,
- satisfaction with the way the economy works,
- satisfaction with the standard of living.

Those variables from ESS (and also GDP per capita) are correlated with social trust and cooperative attitudes of countries in the same manner as the previously indicated measures of political trust.

Interestingly, the variables from ESS reveal that social values had some, but much weaker impact on trust and cooperative attitudes:

- important to care for nature and the environment: positively correlated with altruism, understanding of different people, being loyal to closely connected people,
- important to be rich: negatively correlated with some measures of social trust, with participation in associations and with some measures of the intensity of cooperative attitudes addressed to wider society; it was however positively correlated with expectations of reciprocity (where the fuzziness of the question itself could interfere),
- important that people are treated equally: positively correlated with altruism, understanding of different people,
- important to make own decisions and be free: positively correlated with altruism, with understanding other people, with loyalty in cooperative attitudes to people who are close,
- important to follow traditions and customs; negatively correlated with some measures of social trust.

A number of features proved to be unrelated to the measures of social trust and cooperative attitudes. Frequency of voting in national elections proved unrelated as in some countries it is obligatory, thus the results are biased. Enrolment in secondary education within European countries is not sufficiently differentiated. Also correlation of the features of cooperation with Gini indices was low. Inequality in post-socialist countries is now similar to other European countries, it would be more the speed of change in the degree of inequality that could impact on cooperative attitudes.

A number of societal values proved to be insignificant for cooperative attitudes and trust, this was contrary to expectations. This was the case in:

- degree of religiosity,
- importance of behaving properly,
- importance of getting respect from others,
- importance of trying new and different things,

The following table provides average values per cluster of these features important for cooperative attitudes and trust.

Table 3. Quantitative factors influencing trust and cooperative attitudes

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cluster 1</th>
<th>Cluster 2</th>
<th>Cluster 3</th>
<th>Cluster 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low trust in the legal system – up to 5</td>
<td>49,5</td>
<td>68,7</td>
<td>72,1</td>
<td>26,1</td>
</tr>
<tr>
<td>Low trust in country's parliament up to 5</td>
<td>63,1</td>
<td>73,7</td>
<td>78,5</td>
<td>40,7</td>
</tr>
<tr>
<td>Low trust in politicians up to 5</td>
<td>75,2</td>
<td>87,2</td>
<td>87,6</td>
<td>60,0</td>
</tr>
<tr>
<td>Low satisfaction with the way democracy works – up to 5</td>
<td>45,6</td>
<td>66,3</td>
<td>69,5</td>
<td>24,5</td>
</tr>
<tr>
<td>Low satisfaction with life as a whole – up to 5</td>
<td>18,5</td>
<td>39,9</td>
<td>41,8</td>
<td>8,2</td>
</tr>
<tr>
<td>Low satisfaction with present state of the economy – up to 5</td>
<td>46,6</td>
<td>68,3</td>
<td>74,3</td>
<td>22,6</td>
</tr>
<tr>
<td>Low satisfaction with standard of living up to 5</td>
<td>18,9</td>
<td>43,7</td>
<td>48,1</td>
<td>10,7</td>
</tr>
<tr>
<td>GDP per capita, PPP USD, 2005</td>
<td>33216</td>
<td>17592</td>
<td>15733</td>
<td>35018</td>
</tr>
<tr>
<td>Gini index</td>
<td>32,3</td>
<td>32,8</td>
<td>31,6</td>
<td>28,0</td>
</tr>
<tr>
<td>Important to be rich – very much like me, like me</td>
<td>10,1</td>
<td>15,5</td>
<td>19,8</td>
<td>6,9</td>
</tr>
<tr>
<td>Important that people are treated equally very much like me, like me</td>
<td>76,0</td>
<td>70,3</td>
<td>75,6</td>
<td>70,8</td>
</tr>
<tr>
<td>Important to make own decisions and be free – very much like me, like me</td>
<td>71,5</td>
<td>61,5</td>
<td>69,9</td>
<td>62,9</td>
</tr>
<tr>
<td>Important to follow traditions and customs - very much like me, like me</td>
<td>47,4</td>
<td>54,7</td>
<td>62,8</td>
<td>42,1</td>
</tr>
</tbody>
</table>


The average values of the variables explaining the different degrees of trust and cooperative attitudes are fairly differentiated between clusters.

It appears very clearly that the level of trust in political systems and the level of welfare strongly differentiate clusters. Trust in political systems, particularly high in Scandinavian countries (cluster 4), seems to be a crucial factor influencing trust in fellow members of society. The low level of political trust visibly weakens the feeling of social trust in post-transition countries, to the degree that the latter does not correspond to the cooperative attitudes declared by their citizens. As for the Gini index, its particularly low value in Scandinavian countries should be noted as a potential factor of higher social trust.

It was impossible to express the meaningful average level of the objective indicators of the quality of institutions (rule of law, control of corruption) for clusters, because of the high differentiation of their values in clusters 2 and 3. However, as may be seen from the
table below, at country level their values are highly correlated with the assessment of legal and political systems by the interviewees. It is proof of the correctness of those subjective assessments.

Table 4. Indices of correlation between assessment of quality of legal and political systems and measures of this quality, at the level of countries

<table>
<thead>
<tr>
<th></th>
<th>Control of corruption</th>
<th>Rule of law</th>
</tr>
</thead>
<tbody>
<tr>
<td>No trust in the legal system - up to 5</td>
<td>-0.862</td>
<td>-0.826</td>
</tr>
<tr>
<td>Trust in country's parliament up to 5</td>
<td>-0.781</td>
<td>-0.725</td>
</tr>
<tr>
<td>Trust in politicians up to 5</td>
<td>-0.727</td>
<td>-0.637</td>
</tr>
<tr>
<td>How satisfied with the way democracy works</td>
<td>-0.838</td>
<td>-0.798</td>
</tr>
</tbody>
</table>

Source: ESS and Kaufmann et al. 2009

Opposed to this, the characteristics of social values present a more differentiated picture by cluster. Countries from cluster 4 are rather different from the others, while the differences among clusters 1 to 3 is less pronounced. Two values seem to apply particularly to clusters 2 and 3 (post-transition countries) – namely the importance of being rich and of following traditions and customs. As mentioned previously, these features are negatively correlated with social trust and to some degree with the propensity to cooperate with members of broader society (“weak” ties).

The general findings of the prevailing impact of the quality of legal and political institutions on the level of social trust is confirmed by econometric analysis. This analysis was based on the average data for particular countries, irrespective of their belonging to particular clusters. After having tried different formulas I found that the best way of explaining the level of social trust in the different countries of the sample is the following model:

\[ \ln y = -1.243 + 0.800 \ln x_1 + 0.485 \ln x_2 \]

where:
- \( y \) – most people try to take advantage of me (variable IVB)
- \( x_1 \) – lack of trust in legal system
- \( x_2 \) - important to follow traditions and customs.

All the estimated parameters are significant at least to the level of 6%. The adjusted \( R^2 \) for this model amounts to 0.875. The signs of estimators are as expected: increase of distrust in the legal system boosts distrust in society. Attachment to traditions and customs limits
trust in wider society (probably to the advantage of closer social ties). The number of explanatory variables is small but in fact represents a much wider spectrum of other variables, which are highly correlated with them. In particular, lack of trust in the legal system is strongly negatively correlated with the variable IID (helping others not counting family and friends) and variable IIIB (someone to discuss personal matters with). It is also strongly positively correlated with the low level of satisfaction with the standard of living and with the importance of being rich. Adding these correlated variables to the model provided estimators that were not significant. It should be kept in mind that the small size of the sample (23 countries) limits the robustness of the findings of econometric analysis.

6. Conclusions

The quantitative research shows that post-transition societies constitute a relatively homogenous group from the point of view of level and type of still lower cooperative attitudes. They distinguish themselves from other European societies by the low level of social trust, lower propensity to cooperate with wider society and a higher preference for “strong” social ties (with close environment). This confirms the findings of Rose (1994) and Rossteutscher (2008) and also those of Raiser (2008) as to the particularity of post-transition countries consisting of lower levels of civic engagement and trust. However, we cannot say that post-socialist societies are radically different from others. It was found at first that the group of post-transition economies revealed several similarities to some Southern European counties (Spain, Portugal and Cyprus). Then that post-transition countries really are more different with respect to social trust and frequency of involvement in associations whilst not always presenting extreme values of declared cooperative attitudes themselves. Their propensity to altruism is not lower than in other societies, and their expectation of reciprocity is the highest. Cooperative attitudes to members of broader society are low, but citizens of post-transition countries seem also superficially oriented towards cooperation with their close environment (they care less about loyalty and intimate relationships).

The declared cooperative attitudes and trust of the citizens of post-transition countries do not seem to fully explain their deep feeling of distrust in society. The explanation is rather that of very low trust in political institutions and the unfavourable economic conditions of those countries as expressed by low standards of living and increasing income inequality. 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”.

As to the impact of social values, I found significantly high importance attached to being rich by the citizens of post-transition countries, confirming the findings of Uslaner (2001). This is obviously the result of the low standards of living achieved to date and of the long period of “forced equality” of socialist times. This attitude nourishes distrust and hampers the development of cooperative attitudes. This confirms the hypothesis that the orientation towards individual success that was promoted during transition undermines cooperative attitudes in post-transition countries.

Some of the conditions hampering cooperative attitudes (such as low economic standing) are prone to disappear with economic 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).

As for more general conditions of distrust and the weaker propensity to cooperate in post-transition countries, it is the decades long period of totalitarianism that is the common feature differentiating them from other countries except Spain and Portugal (which share some features with post-transition countries also). Another common feature is that all the post-transition countries except one (Estonia) belong to predominantly Catholic or Orthodox traditions, relying much more on vertical authority than the Protestant churches. It could be one of the factors differentiating this group from the others (predominantly or partly Protestant). Even if religiousness in European countries is low, its cultural inheritance has still had some impact. This confirms the thesis of Knack and Keefer (1997) on the impact of religious inheritance on the behaviour of society.

An interesting feature of the data analysed is the high correlation of trust in society, of cooperative attitudes to distant members of society, of the frequency of belonging to non-political associations with the measure of control of corruption elaborated by the World Bank. On one hand, it proves that the quality of legal and political institutions impacts to a high degree on how people trust one another even if objectively their attitudes may be fairly altruistic. On the other hand, the relationship seems to hold the other way round. In particular, low civic involvement and the reliance mostly on “close” social links prevailing in some post-transition countries (Bulgaria, Russia, Ukraine) creates an environment where corruption may easily develop, as argued by Putnam (1995). As the components of this situation mutually
reinforce each other (corruption undermines trust, and trust limited to close environment nourishes corruption), it may be difficult to change.

The above indicated common configuration of features suggesting low social trust may create an obstacle for interpersonal and inter-firm cooperation in post-transition economies. It may impact in particular on cooperation between SMEs where personal attitudes and contacts have greater importance. The prevailing features of cooperative attitudes may lead more to “bonding” rather than “bridging” forms of cooperation.

References:

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Sobel J. (2002), Can We Trust Social Capital?, *Journal of Economic Literature*, vol. XL, March , pp. 139-154


Uslaner E. (2001), *Trust and Consequences*, Departament of Government and Politics, University of Maryland (mimeo)


Annex 1. Values of variables, by country

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