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Trust and subjective well-being: The case of Serbia

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ABSTRACT

Trust is a core component of social capital and it captures two dimensions: interpersonal trust and institutional trust. The majority of previous studies have examined the role of trust in economic and political processes, whereas much less is known about the relationship between trust and subjective well-being (SWB). The present study aimed at examining the unique contribution of interpersonal and institutional trust to the three indicators of SWB (life satisfaction, positive affect, and negative affect) over and above socio-demographic variables. The sample included 969 Serbian adults (M_{age} = 42.89 years). The results showed that interpersonal trust was a robust predictor of SWB over and above socio-demographic variables, whereas institutional trust had limited predictive value for SWB. Our findings suggested that trust in other people was strongly related both to evaluative and to affective components of SWB, whereas the level of trust in institutions had negligible effects on SWB.

1. Introduction

Trust is considered an essential aspect of human interactions and social relationships (Fukuyama, 1995; Thielmann & Hilbig, 2015) as well as a vital ingredient for the development and maintenance of good interpersonal functioning (Simpson, 2007). It is usually seen as a key component of social relations in the most prominent models of social capital, such as Bourdieu's, Coleman's and Putnam's (see Poder, 2011, for a review). According to Putnam (1995, p. 67), social capital refers to "features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit," whereas Bourdieu (1986, p. 248) defines it as "the aggregate of the actual potential resources which are linked to possession of a durable network of more of less institutionalized relationships of mutual acquaintance or recognition."

Trust is a complex, multidimensional construct and two types of trust are usually distinguished and included in the measurement of social capital: interpersonal and institutional (Paxton, 1999). Interpersonal trust refers to the belief that most people can be trusted, whereas institutional trust captures the confidence in various institutions, such as the government, the justice system, the health system, the education system, the media, etc. According to Rotter's Social Learning Theory, trust may be defined as a generalized expectancy that the words, promises, or statements of others can be relied on (Rotter, 1971).

An essential function of trust is that of reducing the risk and transaction costs of relationships (Nooteboom, 2007), a function which is expected to have beneficial effects across a broad range of societal-level and individual-level processes. Previous studies have mostly dealt with the effects of trust on economic, social, and political processes (Algan & Cahuc, 2010; Bäck & Kestilä, 2009), suggesting that higher levels of trust are associated with economic growth (Zak & Knack, 2001), economic freedom (Berggren & Jordahl, 2006), as well as improved government performance and reduced corruption (Uslaner, 2013). In recent years, much effort has been devoted to understanding the relationship between trust and subjective indicators of quality of life, such as subjective well-being (SWB). SWB is defined as "a person's cognitive and affective evaluations of his or her life" (Diener, Lucas, & Oishi, 2002, p. 63) and it comprises two core components: cognitive (life satisfaction) and affective (positive affect and negative affect) (Diener, Suh, Lucas, & Smith, 1999).

Positive and close social relationships are expected to have powerful effects on SWB because they provide important resources for individuals to achieve their goals and to satisfy their needs (Lucas & Dyrenforth, 2006). Considering the pivotal role of trust in human relationships, it is not surprising that over the past few decades trust emerged as one of the most consistent and robust predictors of SWB (Helliwell & Wang, 2011). For example, using a large sample from the Gallup World Poll for 66 countries, Calvo, Zheng, Kumar, Olgiati, and Berkman (2012) found that higher levels of interpersonal trust were positively associated with life satisfaction and positive affect, and negatively associated with negative affect. However, in low-income countries interpersonal trust was significantly associated only with positive affect, but not with life satisfaction and negative affect, indicating that the relationship between trust and SWB was moderated by the level of economic development. According to Bjørnskov (2003), the role of social capital is more important in rich countries than in poor countries, whereas the opposite is true for income. This is because social capital alone is not sufficient to satisfy basic needs in challenging economic conditions (for example, trust cannot buy food). On the other hand,

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social capital enables the satisfaction of a number of psychological needs in developed countries (for example, a sense of belonging can be developed through trust).

Both interpersonal and institutional trust have been shown to be significantly associated with happiness across 23 European countries in the European Social Survey (Rodriguez-Pose & von Berlepsch, 2014). Interestingly, interpersonal and institutional trust were the only social capital variables that were consistently associated with happiness across all European regions, whereas other indicators of social capital (e.g., social informal interactions, voluntary activity participation, political participation) demonstrated substantial regional differences (e.g., they did not contribute to happiness in Nordic countries). Using data from the World Values Survey for 50 countries, Elgar et al. (2011) demonstrated that both trust in people and trust in institutions were positively associated with life satisfaction, but also found that interpersonal trust was more strongly related to life satisfaction in countries with higher mean interpersonal trust. However, even though a study on a Canadian sample also showed that both interpersonal and institutional trust independently contributed to happiness, it was the effect of trust in institutions that was more closely related to it (Leung, Kier, Fung, Fung, & Sproule, 2011).

There are several possible mechanisms linking trust and SWB. Interpersonal trust might foster cooperation among individuals, serve to maintain close relationships between people, and lead to higher levels of perceived social support, which tend to enhance SWB (Siedlecki, Salthouse, Oishi, & Jeswani, 2014; Tov & Diener, 2008). In addition, individuals with higher levels of interpersonal trust are expected to have a greater sense of control over their lives (Rotter, 1971), which is an important predictor of SWB (Grob, 2000). Institutional trust has been shown to be determined by the performance of institutions (e.g., the government) which has a direct influence on individual SWB (Hudson, 2006). Previous studies have consistently shown that people living in countries with more effective public institutions report higher levels of SWB than people living in countries where the quality of institutions is low (Helliwell, Layard, & Sachs, 2015). In addition, detrimental effects of corruption on SWB have been shown to operate via institutional trust (Tay, Herian, & Diener, 2014). Furthermore, the research on the role of social capital during the 2007/2008 economic crisis has emphasized the importance of trust for SWB. For example, social trust has been shown to mitigate detrimental effects of the economic crisis on SWB in transition countries (Helliwell, Huang, & Wang, 2014) and both interpersonal and institutional trust improve life satisfaction during transition (Habibov & Afandi, 2015).

Despite a growing body of research on the relation between trust and SWB, only a limited number of studies examined both interpersonal and institutional trust and compared their predictive value for SWB. Moreover, as most research has focused on a single indicator of SWB (i.e., life satisfaction or happiness), there is a lack of studies investigating the relationship between trust and all three indicators of SWB: life satisfaction, positive affect and negative affect. Finally, since the majority of studies have examined the relationship between trust and SWB in developed countries, little is known about the association between trust and SWB in developing countries.

1.1. The present study

The main goal of the present study was to investigate the relationship between trust and SWB in Serbia, a country characterized by low levels of both trust and SWB at the national level. Previous studies have shown that levels of interpersonal and institutional trust are low in Serbia, and much below the mean levels in the countries of the European Union (Eurofound, 2012). Such findings are expected, because low levels of trust are typical for transition and developing countries, countries that show political instability, as well as lower levels of economic development and social prosperity. In addition to low levels of trust, people in Serbia consistently report low levels of SWB in international studies on well-being (e.g., Gallup, 2014; Helliwell et al., 2015). Based on previous research, we hypothesized that both interpersonal and institutional trust would be significantly associated with the three indicators of SWB after controlling for sociodemographic factors (age, gender, education, marital status, parenthood, employment, household income) that have been shown to be related to SWB (e.g., Diener & Ryan, 2009). More specifically, we expected that both interpersonal and institutional trust would be significant predictors of SWB, and that they would make a similar contribution to both cognitive and affective well-being.

2. Methods

2.1. Sample and procedure

A total of 969 Serbian adults (54.3% females; $M_{age} = 42.89$, $SD = 11.83$, age range 20–82) participated in the present study. Table 1 presents a detailed description of a study sample. The present sample was not representative of the entire population of Serbia. Highly educated participants are overrepresented in the sample (54.3% hold a university degree), whereas according to the 2011 census of population 10.59% of Serbian population have a university degree (for more information please visit the website of the Statistical Office of the Republic of Serbia). Participation in the study was voluntary, anonymous, and respondents did not receive any compensation for their participation. Participants were recruited via convenience and the snowball sampling method (undergraduate students at the University of Novi Sad were asked to recruit adults who were willing to participate in the study).

Table 1
Sample description.

Variable	Percentage
Age group	
20–29	11.5%
30–39	32.4%
40–49	24.1%
50–59	22.1%
≥60	9.9%
Gender	
Female	54.3%
Male	45.7%
Education	
No degree	2%
High school degree	43.7%
University degree	54.3%
Marital status	
Single	17.8%
Married	62.1%
Cohabiting	11.1%
Divorced	5.4%
Widowed	3.6%
Children	
Yes	66.4%
No	33.6%
Employment	
Unemployed	12.6%
Employed	78.4%
Retired	9%
Household income category (in RSD)	
<15,000	5.3%
15,000–29,999	13.4%
30,000–44,999	22.8%
45,000–59,999	20.9%
60,000–74,999	13.2%
75,000–99,999	13%
100,000–150,000	8.2%
>150,000	3.2%

Note: RSD = Serbian dinar (1 euro = approximately 120 RSD).