Institutional Trust and its Implications for Governance in Developing Countries

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Abstract

Institutional Trust and its Implications for Governance in Developing Countries Institutional trust concerns citizens' evaluation of public institutions. The standard perception is that a positive evaluation of public institutions denotes good governance and a negative evaluation reflects poor or weak governance. However, the reality may speak of something else. In many developing countries institutional trust is high, despite poor policy performance of these countries along different governance indicators such as UNDP's Human Developing Index (HDI), Corruption Perception Index (CPI) by Transparency Internal, and the Global Freedom Index by Freedom House. Why is that? This is a puzzle that this policy brief intends to address.

What is trust?

Initially, trust was associated with strong moral values. People trusted each other to the extent that one was honest, highly principled, and possessed strong ethical morality and integrity. Trust is now a multidimensional concept. According to Newton (2001, p. 3), trust is the belief "that others will not knowingly or unwillingly do you harm, and at best, will act in your interests". It is "grounded in individual beliefs about peer reliability and dependability" (McAllister, 1995, p. 25). Trustworthiness is what makes a person trustable, as well as institutions and governments. Trustworthiness manifests in state policy and interests as it reduces transaction costs (Kim, 2005). Transactions can take place in economic relationships (exchanges between buyers and sellers) or in social interactions (e.g., exchanges between neighbors or colleagues in the workplace).

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Trust is, therefore, meaningful in the context of relations with others. A positive experience in dealing with another person enhances trust and reduces risk, uncertainty, and vulnerability. Trust, therefore, is a psychological state which stresses two key elements: the individual's willingness to be vulnerable and the individual's expectation of favorable treatment or positive expectations about the actions, behavior, or intentions of others (McEvily & Tortoriello, 2011). Sztompka (1999) argued that a willingness to become vulnerable is the essence of trust. As such, trust would mainly be relational and based on interactions between individuals.

Interpersonal and institutional trust

Another critical question is whether interpersonal trust is different from institutional trust. When we say we have confidence in a country's justice system or in the democracy or in the police or in the institutions of higher learning, what does this indicate? One way to understand institutional trust is to look into how members of a public institution function. This would involve examining the members' roles and the extent to which they follow norms, rules, routines, and standard operating procedures. To what extent are the public employees' actions compatible with citizens' expectations? High trust may reflect citizens' satisfaction with policy performance (Van de Walle & Six, 2014; Askvik et al., 2011).

If citizens' assessments of an institution are positive, this indicates that the institution is performing according to institutional norms and citizens' expectations. It can be based on personal experience in dealing with a particular institution, or on hearing about the experiences of others. We commonly learn from others' experiences when forming a positive or negative perception of an institution. Our perceptions are also shaped by how matters are presented in the news and print media. Therefore, trust in an institution can be formed directly through interaction with a particular institution, or indirectly through the experiences of others. While interpersonal trust has been measured on the basis of mutual reciprocity, goodwill, and civic engagement (Putnam, 1993), trust in public institutions is measured on the basis of citizens' confidence in them, denoting that they perform according to the normative expectations of citizens. An interesting hypothesis would be that the abstract meaning of institutional trust will have different consequences in developing and developed countries.

In developing countries, attributions of trust in institutions will most likely be more personalized, focusing on personal experiences and personal knowledge of members of particular organizations. Due to differences in literacy and the general education of citizens, we can also speculate that the knowledge of different institutions will vary.

Significance of Institutional Trust

Citizens' trust in public institutions is an indication of how well public organizations are managed and how successful the democratic governance is (Askvik, 2007; Kim 2005, p. 611; Bouckaert and Van de Walle, 2003; Mishler and Rose, 2001). According to Van de Walle (2013, p. 3), "high levels of public trust are regarded as evidence that the government performs effectively, efficiently and democratically". In contrast, "low trust is seen as an indicator that the government must be doing something wrong or that public services do not deliver, and is a reason for worry because low trust is seen to be associated with a decrease in civic behavior and undesirable voting behavior" (e.g., Nye et al. 1997, cited in Van de Walle 2013).

What explains trust?

Citizens' trust in public institutions can be explained from three perspectives: 1) Performance, 2) Legitimacy, and 3) Authoritarian-Cultural orientation.

Performance-based trust (Output oriented): As noted above, the main factor usually used to explain institutional trust is 'performance' (Askvik et al., 2011; Van de Walle et al., 2008; Mishler and Rose, 2001). This 'performance-based' trust explanation is rooted in 'rational choice' theory (Wong et al., 2011). It is argued that actors calculate social transactions based on analyzing costs and benefits. When an institution performs better than it used to do, it will attract higher institutional trust than it used to.

Legitimacy-based trust (Input oriented): While the performance-based explanation is largely concerned about output or results to account for institutional trust, van Ryzin (2011) argues that 'processes' of service delivery can be even more important than the outcome itself. In this regard, fairness, equity, respect and honesty are especially important. People even accept outcomes that they may find unfavorable when the process is fair, for instance when getting a traffic ticket or losing a court case.

According to Rothstein and Teorell (2008), an impartial environment is considered the main requirement to ensure 'quality of government'. The existence of corruption and the poor treatment of citizens by civil servants may negatively affect the level of trust an institution receives. Baniamin et al. (2019) connect these attributes to the trustworthiness of institutions, related to the behavior of the institutional agent. Kim (2005) defines such 'trustworthiness' as the characteristics of the object of trust, identifying five main characteristics: credible commitments, benevolence, honesty, competence, and fairness. These characteristics are also associated with the services provided by the civil servants. Whether civil servants are honest, competent, and committed highly impact the services they provide. Thus, 'service delivery processes' can be another important factor for determining the degree of trust in civil service.

Authoritarian culture-based trust (Norms and values oriented): Opposing the 'performance and legitimacy-based approach', the 'culturalist' camp may be considered a new way of explaining inflated or naïve trust. From this perspective, trust in political institutions is exogenous, originating outside the political sphere. It is rooted in cultural norms and communicated through early-life socialization (Mishler and Rose, 2001). The idea is that national culture may differ from one country to another or between different regions. Recently Ma and Yang (2014) proposed 'authoritarian orientation' as a possible cultural factor for explaining high institutional trust in East Asian countries. They associate an authoritarian culture with unquestioning obedience and reliance on authorities such as the government, political leaders, teachers, elders or anyone with a higher social rank and reputation. As an ordinary citizen, one is expected to pay respect to such authorities and not to challenge their judgements and actions. These cultural orientations are deeply rooted in Asian societies where paternalism and authoritarianism are widespread. Especially in Chinese culture, Confucian traditions emphasize that children's loyalty to the parents and the family is vital, and such values extend to the public sphere as loyalty to the king and the state has also become critical. In traditional culture, political leaders and governments have an 'important symbolic authoritative' status. In hierarchical culture, individuals and the state have a 'hierarchical relationship' rather than a 'reciprocal relationship' (Shi, 2001).

Outside China, in different East Asian countries such as Korea, Japan, Indonesia, Thailand, and the Philippines, the authoritarian orientation is also strong – although some observers claim that, these days, the culture is on the verge of change (Welzel and Dalton, 2017). In South Asian countries, Confucianism is not a dominant doctrine like in East Asian countries, but hierarchy plays a dominant role. Hierarchy defines the ways of addressing and speaking to a person, methods of visual communication, and even standing and sitting in front of a person. It defines the norms and differentiates between the communication across social classes.

These norms specifically highlight how a person of lower class can talk to a person with higher status, and how citizens are to praise and show support for the powerful and the rich (Jamil, 2007). In the case of Africa, the "economy of affection" and the "big man" rule lead to informal governance and informal linkages between public employees and common citizens, leading to patronage (Hyden, 2013). This gives legitimacy of rule by authorities and higher trust in public institutions.

Social capital

Another important contributor within the social-cultural perspective is Robert Putnam (1993), who argued that 'social capital' explains variation in institutional trust. This aspect of culture is usually understood through the degree of generalized social trust and the degree of civic engagement or associationism (Newton, 2001). People with higher generalized trust may have higher institutional trust. However, there can also be a reverse causality, for instance, when public institutions discriminate between citizens and such practice results in weakened generalized trust, which in turn negatively affects institutional trust. The second aspect, the degree of civic engagement, means citizens can enter into partnership with institutions in ways that contribute to increasing the level of institutional trust. Both aspects, considered together, may reflect the degree of 'social capital' in a society. However, this link is neither widely nor empirically established in studies. Yet, some scholars find support in favor of this argument (Fukuyama, 1995, 2001; Newton and Norris, 2000) whereas others find little or no significant relationship (Askvik, 2007; Newton, 2001), or even a negative relationship (Kim, 2005).

Therefore, it seems that these two aspects of culture may be unsuitable or insufficient in many countries as explanatory factors for institutional trust. The civic associationism and mutual reciprocity claimed by Putnam to generate trust may not do so in societies with an authoritarian cultural orientation. These are civic virtues that are likely to develop in democracies or at least in matured democracies. On the other hand, in many developing countries, power and authority breed loyalty and obedience to institutions and persons who can exercise and possess these virtues. Therefore, it is expected that an authoritarian cultural orientation will generate trust in institutions.

Implications for governance

The questions that come to mind is how does citizens' trust affect governance and how to foster it? Institutional trust in society has many positive impacts. First, it enhances partnership between state and society, which enables the government to be more responsive to societal preferences and curb corruption. Institutional trust also leads citizens to be more law abiding, and ensure the payment of taxes. Trust is, therefore, the foundation of modern democracy and cements state and society together, democratic governance to take deep root. A country or a society devoid of trust may plunge into conflicts between state and society; within society leading to political instability leading to a weak, fragile or a failed state.

How to foster trust? The answer to this question is not an easy one. There is no quick fix, and no one size or strategy fits all societies. Different countries require different strategies based on their socio-economic contexts and level of developments. The three theoretical perspectives described above call for different strategies on the part of the government.

According to *performance-based* perspective, trust is enhanced when institutions perform well and solve societal problems and enhance socio-economic development. When problems such as unemployment, inflation, price hikes, poor infrastructure and communication are addressed by governments, as was the case in Southeast and East Asia, it generates trust in public institutions. The reverse may be   true if the opposites take place and public institutions fail to address these problems. This perspective calls for governance of competence and capacity to perform. This calculative or rational choice-based trust may take place whether the country is authoritarian or democratic. Both authoritarian and democratic countries have attracted trust given their level of performance.

The second legitimacy-based trust perspective focuses on governance input to ensure quality of government. Legitimacy is achieved when public institutions promote neutrality and impartiality in decision making so that all are treated equally, and public decisions favor no particular interest group. In more consolidated democracies, despite better socio-economic performance, trust is declining as citizens have become more critical of the government's performance, specifically criticizing new issues including the environment, security, welfare, individual safety, and LGBTQI. Therefore, better governance concerns inclusiveness, transparency, and accountability, further legitimizing government actions.

The authoritarian-cultural orientation is concerned with neither input nor output governance. This cultural orientation explains naïve or blind trust and is uncritical of the government's performance and/or legitimacy. However, this type of blind trust generates loyalty and obedient citizens who can be mobilized to enhance and implement socio-economic and development processes and programs.

This requires a benevolent and strong leadership style, as was observed in Southeast and East Asian nations, where development was state driven based on a combination of strong leadership and development policies. Here, economic development, rather than democracy, was the priority. This strategy can be combined with educating citizens, as   state needs competent and capable people to run the affairs of the state. Education can neutralize naïve or blind trust and makes citizens more assertive and critical of government policies in the long run. Critical citizens are essential for the development of democratic governance.

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