

# *The Relationship between Economic and Social Trust:*

## *Taking Four Counties (Districts) in Guangdong as examples*

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**Abstract**—Four counties (districts) in Guangdong are the examples of the study. The study through reviewing literature, annual financial data, questionnaires and surveys reveals the relationship between economic development and social trust. Based on the study of the data, we found that the trust levels of the counties were mediocre; regional economic development level and the level of trust showed a certain degree positive correlation. Overall, some factors such as income, education, occupation had an impact on the trust, whether it is better for economic development or a relatively weak region. Besides, we found that economy have a strong impact on specific trust. General trust is not obvious, however. Within this context, we try to think about the relationship between the economic development and trust promotion and try to change the low trust level.

**Keywords**—Regional economic development; individual income; social trust

### I. RESEARCH QUESTIONS

Social intercourse activity between people is the essence of the constitution of society; while social trust is the basic condition and adhesive of social intercourse activity. Once two more people make exchanges voluntarily, there should also be social trust to certain degree. According to the study, as a social asset, social trust is promoting the economic development and with the enhancement of social trust, the general benefits of the whole society will also increase accordingly; Other researches suggest that economic development will also pose influence to social trust to a certain degree. Volcker Bonscher makes comparative researches to the social trust level and wealth in developed market economy country and emerging industrial country in the thesis *Culture and Politics in Economic Development* and holds that the more wealth a country owns, the higher its trust level will be; social trust level and wealth level develop consistently. “After 30-over years’ reform and opening up, China’s economic development witness amazing achievements around the world and people’s economic and living standards realize an evident increase; Whereas, international society generally considers that China is a society

lacking social trust resources. This thesis takes four counties (districts) in different development level in Guangdong as the subjects of the study to analyze the relations between county-level economic development, personal income and social trust and further discuss the strategy to enhance social trust.

### II. LITERATURE REVIEW

As early as 1950s, trust had already drawn the attraction of foreign scholars. Georg Simmel pointed out in the book *The Philosophy of Money* that trust was an extremely important social force. Luhmann considers trust as the most important and simplified mechanism of the sophistication in the modern society and considers trust as the confidence to someone’s expectation which simplifies sophistication. [3] The relation between social trust and economy also becomes the focus of scholars. Robert D. Rutnam points out that trust is the core of moral principles and plays a role in maintaining economy. [4] Francis Fukuyama points out trust’s influence in economic benefits and economic growth and trust can promote economic growth. [5] Whiteley (2000) [6], Nike and Jevo (1996) [7] all make researches on trust’s influence in economy under the social assets on the state level and find that the higher trust level a region owns, the higher the economic growth rate and investment volume will be. Jappelli & Pagano point out that the reverse choice and moral risks in trading will decline due to information sharing and the high trust level between trading parties will also promote economic development and the enlargement of loan scale. [8] Researches on the factors influencing social trust are mainly as follows: (1) Social trust is influenced by social structure. Scholar Luhman (1979) [9] points out that trust structure is correlated with the social vicissitudes and trust and lead to the appearance of the interpersonal trust and system trust; Zucker (1986) points out that the improvement of reputation, personal features and established legal and social systems will lead to a higher trust level [10]; Selgman (1997) expresses through researches that trust originates from social relations and social systems and accepts the integration and maintenance of both of them [11].

(2) Interpersonal relation is the guiding factor of trust, Lewis & Weigert et al. (1985) point out that the pattern of manifestation is determined by rational calculation and sensational factors in interpersonal relations;<sup>[12]</sup> It is also found that personal experiences, social regulations<sup>[13]</sup> and national credibility<sup>[14]</sup> will also pose influences to trust.

The researches on social trust domestically are mainly concentrated in two aspects: (1) Researches on the relations between social trust and regional economy. Zhang Weiyang carries out that research on trust's influence in economy between units lower than provincial regional level.<sup>[15]</sup> Pan Fenghua and He Canfei make researches on the relations between them through the replacement index, the community and find that social trust is an important factor for regional economic development.<sup>[16]</sup> Wang Wensheng(2009) finds through reseaches on relevant data that compared with cities, rural areas have a higher trust level.<sup>[17]</sup> Furthermore, Zhang Junsheng (2005)<sup>[18]</sup> and Lu Yanping (2005)<sup>[19]</sup> point out that social assets are in the positive correlation to regional finance based on provincial-level data. (2) Researches on the factors influencing trust. Zhang Yunwu (2009) carries out researches through the features of interpersonal trust in different regions and scales and discusses the relation between the scale of social networks and trust.<sup>[20]</sup> Hu Rong and Li Jingya find that personal features of and community attendance of residents are the major factors influencing trust after researches;<sup>[21]</sup> Li Weimin and Liang Yucheng point out through investigations that although blood relationship is the major factor influencing the interpersonal trust of Chinese people, however emotional connotation also poses an important influence, instead of the prejudice of foreign scholars hold that blood relationship determines trust;<sup>[22]</sup> Moreover, other scholars point out that the social features of objectives like occupation, education level are also closely related to its trust level.<sup>[23][24]</sup>

As a conclusion, the recent researches are mainly concentrated on social trust's influence in economy or other factors' influence in social trust, while few researches focus on how economic factors influence social trust. Based on this, this thesis investigates the influence of county-level economic development and individual income in social trust from county society level.

### III. RESEARCH DESIGN

#### A. Social trust.

There are many research achievements on the categories of social trust which mainly include the following aspects: Luhmann divides trust in interpersonal trust and system trust and points out that the prior one is based on emotional associations while the latter indicates the legal and systematic restrictions,<sup>[25]</sup> system provides basic framework for people's behavioral patterns and communication activities and the establishment of modern social system promotes the development of system trust.<sup>[26]</sup> Coleman and Robert D. Putnam consider trust as one of the three factors of social assets which is always analyzed with the connections among social assets, social networks and social relations.<sup>[27]</sup> Weber divides trust into special trust and generalized trust for research.<sup>[28]</sup> Rinca makes measurements and analysis on social credit

through the framework of interpersonal trust and system trust respectively. Lei Jinxing makes distinctions and measurements to trust from organization level and individual level.<sup>[29]</sup> Ji Jin discusses about interpersonal trust from family income and occupational variables,<sup>[30]</sup> Alan Walker constructs index from the aspect of social quality and defines social cohesion as trust, criteria of value, social networks and identity and further divide trust into general trust and specific trust, among which specific trust includes trust between familiar people, agency trust, common trust and occupational trust index. This thesis adopts Alan Walkers' division on the categories of social trust and carries out empirical research.

TABLE 1 MEASUREMENT INDEX OF SOCIAL TRUST

Region	Sub-region	Index	
Social Trust	<i>General Trust</i>		
	1. The degree that most people can be trusted		
	<i>Specific Trust</i>	Agency Trust	2. Trust level to the institutionalized agencies like the local government, media, public security bureau, court, bank, education and research agencies and medical agencies
		Trust among Familiar People	3. Trust level to families, friends and neighbors
		Common Trust	4. Trust level to strangers, believers and foreigners
Occupational Trust		5. Trust level to occupational groups like doctor, businessman, employer, teacher and journalist	

#### B. Economy Development.

Regional GDP is known as the optimum index to measure the national economic status, while average month income is known as the income with the strongest personal sensation which poses a sharper influence to trust. Therefore, in the aspect of regional economic development, gaining the regional GDP through looking up the statistical yearbook of China regional economy and consider per capita month income as the other economic factor. The data of this thesis mainly originates from the investigation data on Qingxin county, Yangdong county, Meixian county and Shunde county in the bidding subject " Innovative Study on the Social Management of Counties in Guangdong " of " Theoretical Cantonese Army " in 2013. These four counties are respectively in four regions of east Canton, west Canton, north Canton and Pearl River Delta in different development degrees which are representatives to a certain degree. 1500 questionnaires are totally delivered while 1458 are collected; 1340 of them are effective, an effectiveness as high as 91.9%. After the questionnaires are recorded into the SPSS system, we make examination on internal consistency of the subjects on trust and find that Cronbach's Alpha coefficient  $\alpha$  is 0.702, which means a good trust.

#### IV. DISCOVERIES

##### A. The relation between Economic Development and Trust in County Level.

The study measures regional social trust through the analysis of mean value and variance and the statistics data show (Table-2) shows that, observe the difference between social trust of different types and regional economic development through value F. After treatment, it's find out that the trust of the same type between regions also faces remarkable difference (Table-2). Furthermore, the generalized trust in specific trust of different regions is lower than the trust of other trusts. Psychological repellence to the outside is still evident in different regions; evidently trust between acquainted people is higher than other kinds of trusts which are evidently caused by the acquaintances society environment in China; the degree of agency trust is higher than vocational trust, this may because people have evident trust to specific agencies, and will include their own emotions into the relevant agencies, instead of into the relation of vocational trust. As to single region, Shunde city owns the highest general trust while Qingxin district enjoys the highest acquaintances trust, vocational trust and agency trust. Meixian County with a poor economic development owns the highest generalized trust. Through overall comparisons we find that Qingxin district's overall trust is better instead of Shunde City which owns the highest economic development degree. Although the regional economic development is not necessary in positive correlation to its present in different types of trusts, through the addition of trust, it's found that the better the regional economic development is, the higher its social trust will be.

TABLE 2 ANALYSIS OF REGIONAL DEVELOPMENT AND TRUST VARIANCE

County	General Trust	Specific Trust			
	Most of People are Trustable	Acquaintances Trust	Agency Trust	Generalized Trust	Vocational Trust
Shunde	3.06	3.70	3.29	2.30	3.26
Qingxin	3.02	3.80	3.52	2.24	3.40
Yangdong	3.05	3.48	3.15	2.46	3.21
Meixian County	2.96	3.68	3.16	2.58	3.17
	F=9.050 Sig=0.000	F=28.099 Sig=0.000	F=52.381 Sig=0.000	F=29.012 Sig=0.000	F=19.877 Sig=0.000

##### B. The relation between Personal Economic Status and Trust.

In the theory of exchange structure posed by Brao, he points out that social exchange is the internal attribute of interpersonal interaction and economic motive is an important invisible motive of social interaction. We can also think that

economic status will also influence interpersonal interaction and interpersonal trust.

Many scholars point out that the higher socioeconomic status a person is in, the higher comprehensive social trust he or she owns, the stronger he or she will be to resist the potential risks caused by trust, the higher cost other people will spend to lose trust on him or her. They will be more opening and confident in interpersonal interaction and enjoy high trusts from the exterior environment. Scholars also pose the corresponding explanations on community-level that the average income rise in the community will enhance public trust and people with higher income will be more satisfied and optimistic, therefore they enjoy higher trust. [31] This can also partially explain the potential relation between economic income and social trust. In foreign countries, for instance the US, an annual investigation on general social survey points out that the education, income and employment status of residents will influence the social trust level on residents and the older, the higher educational background and the higher income of male residents who also participate in part-time jobs, the higher social trust they will enjoy. Income level is always an important factor influencing social trust, whether in foreign countries or in the provincial-level domestically where the data measurements are carried out. Then, will economic factors in counties pose remarkable influence to social trust? This subject will be tested. For the convenience of observing and analyzing economic factors' influence to trust, this thesis combines the three regions with weaker economies except Shunde and gets the KMO value 0.679 through factors analysis, namely combines acquaintances trust, agency trust, generalized trust with vocation trust, gains a new variable that is the specific trust to make the following analysis. The thesis examines the relations between the generalized trust and specific trust through regression model:

TABLE 3 ANALYSIS OF THE REGRESSION MODEL OF FACTORS INFLUENCING TRUST

Variables	Shunde		Other Regions	
	Generalized Trust	Specific Trust	Generalized Trust	Specific Trust
Sex	-.142 (.101)	-.033 (.061)	.074 (.064)	.026 (.045)
Political status	-.006 (.031)	.000 (.019)	-.014 (.021)	.006 (.015)
Educational background	.043 (.026)	.060 (.016) ***	.009 (.018)	.000 (.012)
Employment Status	-.042 (.054)	.046 (.033)	-.002 (.034)	.011 (.024)
Vocation	-.071 (.033)*	-.039 (.020)	-.005 (.025)	-.062 (.018) ***
Permanent resident population	.074 (.058)	.023 (.035)	.041 (.046)	-.005 (.032)
Monthly income Per Capita	.098 (.063)	.104 (.038) **	.051 (.047)	.113 (.033) ***
Monthly Consumption	.021 (.066)	-.051 (.039)	.056 (.044)	.045 (.031)

Per Capita				
<b>Census Register Types</b>	.037 (.079)	.137 (.047) **	.012 (.064)	0.96 (.045) *
<b>Permanent Residence</b>	-.106 (.073)	-.098 (.044)	-.075 (.069)	-.028 (.048)
<b>Religion Tendency</b>	.120 (.054) *	.106 (.033) **	-.071 (.041)	-.034 (.029)
<b>Constant Term</b>	2.299 (.463) ***	-1.011 (.280) ***	2.717 (.361) *	-.265 (.252)
<b>R2</b>	.107	.233	.028	.098
<b>Adjustment of R2</b>	.070	.200	.013	.084
Note: the coefficient is the non-standardized regression coefficient (B), the numbers within the brackets are standard errors. *P<0.05; **P<0.01; ***P<0.001				

On the basis of controlling the objective background of residents, the thesis further considers social population's influence to residents' trust. Table 3 reports the corresponding regression results. The model is in an overall remarkable status and the highest explanation reaches 20%. Through regression analysis, it's found that 1. Factors like educational background, vocation, income, census register and religion of social population will pose influence to trust, whether the economy of that region is good or not. 2. Besides economic income, educational background and vocation also influence the trust of residents and their influence are sharper than that posed by census register or religion. 3. On trust type, the economic factor (monthly income) poses a stronger influence to specific trust while its function to generalized trust is not evident.

The appearances of numerous phenomena can be explained as follows: As education and vocation can greatly enhance individual's integrated cognitive competence, analysis ability and risk control ability after trust decision-making and tend to be compromising and trustful, therefore education and vocational factors will stimulate the social trust of individuals; from the aspect of religious faith, religion is involved with certain social regulations. Trust, understanding and giving way to others are usually seen in multiple doctrines, which will restrict and guide people's choices; census register aspect can be explained from the perspective of spatial differentiation in economics, which is represented by spatial differentiation that divided by census register in China, [32] social trust further enlarges under the influence between census register differentiation and peer effect. Why economy has such a sharp influence in specific trust? We can explain in this way: generalized trust and specific trust are formed when people face different interactive environment, generalized trust will always be influenced by primary effect and culture of acquaintances society, mutual trust depends more on the degree that behaviors can be observed. As people firstly survive in a closed relation, whether historical root or cultural tradition or negative externality all make low trust become a undisputable fact, which is mainly restricted by cultural or other factors, instead of economic factor.

The relation between specific trust and economic factor can actually be understood from the perspective of social asset.

Specific trust is different from generalized trust, which is more a trust on different interactive relations, a social network formed among acquaintances, agencies or vocations, official or not. The stock of social asset owned by the subject is influenced by the effective mobilization of relationship network. A person with more economic resources will accordingly owns a higher and more sophisticated social network, which means higher ability to gain resources. Moving from one network to a new one will enable the individual to gain resources and enhance its trust to the surroundings, and vice versa. Similarly, residents' economic income will determine the possibility of being respected and equally treated in different fields to a certain degree and grant the group with a stronger self-recognition. All the reasons above will pose greater influence to interpersonal trust in social interactions.

## V. CONCLUSION AND DISCUSSION

The conclusions of this paper include: (1) From the perspective of regional economic development, the higher the economic development is, the better the generalized trust and specific trust of a region will be. Meanwhile, different regions have their own features on the types of trust. Social and economic development enable people to own more space and opportunity to interact, therefore, more common spirit and interactive trust will be formed in civic engagement network or economic interactive network. The development of market economy further stimulates the appearance of new social networks, social trust will also form inadvertently which indicates why social trust in regions with higher economic development will be better. However, custom consciousness brought by acquaintances society, relation network and regional traditional culture will also regulate and guide people's attitude, which may explain why trust in different regions is featured distinctively; (2) Per capita monthly income also influences social trust remarkably as a factor that individual strongly touches and the influence is mainly reflected on specific trust, instead of on generalized trust. Specific trust is different from generalized trust, which is mainly measured by putting individuals in various membership credentials and in the modern utilitarian society, poor or rich is more determined by whether individuals will be excluded outside social networks, trust and interactivity will be strengthened or weakened in this process; (3) Generally speaking, overall social trust is still in the general state, whether generalized trust or specific trust, which the phenomenon is a necessary evolution of acquaintances society to strangers society, and the strong trust still remains among family members and other acquaintances relations; (4) From the overall situation of regions, besides economic factor, education, vocation, belief and census register will all influence trust in a multi-dimensional and mobile way.

Based on these discoveries, we think the following aspects can be considered to enhance social trust level: (1) Regional economic development: Firstly, stimulating the balanced development of regional economy through the integration of regional resources and realize the improvement of trust. For instance, adjusting the industrial structures among regions or between urban and rural areas, strengthening the integration

and utilization of regional energies and resources and the implementation of inter-regional coordination strategy, realizing horizontal interaction between regions and the coexistence among interests, interests pursuit and social trust with the guidance of the government, society and enterprise and gradually internalizing them into a trust value. Secondly, external system balances regional economic behaviors and realizes the simultaneous maintenance of economy and trust. Multiple reasons like the acceleration of urbanization, expansion of market scope and strengthening population flow make that social trust has to be built on the basis of generalized trust, which needs external system's guarantee on regional economic interaction. Strict information disclosure system and legal punishment system can restrict mistrustful market behaviors and increase the potential trading cost. Therefore, it is can realize the self-control of regional internal economic development and guarantee market trust. (2) Per capita income: Firstly, maintaining the employment posts, safeguarding the basic economic demands of the underprivileged and building the foundation of social trust. Maintaining the employment and the basic living demands are an important measures to achieve the bottom trust, while enhancing bottom agreement and trust is the basis of coordinating everything, therefore, the establishment of basic public service system can be pushed by maintaining the basic employment status of regional residents and expenditures allocation and make the underprivileged attracted and gain the trust of bottom society. Secondly, maintaining the overall realization of social trust through the balanced development of regional per capita income. Economic complementation brings a more direct trust maintenance function. Undoubtedly, realizing trust maintenance through economic development is an important path to improve social trust. Urbanization and marketization are both important factors influencing the expansion of income gap, so government and society are obliged to weaken the income distribution gaps within cities, rural areas and among different lines so as to avoid from consolidation of rich and poor disparity which leads to the appearance of social trust consolidation. Furthermore, declining the fiscal or financial preferential policies to rural areas or low-income population, for example, guaranteeing the timely delivery of bottom people's salary and assistance , improving survival ability and income of the underprivileged as well as guaranteeing the raise of social trust when narrowing gaps.

The shortage of this thesis is that: Being restricted from study conditions, only relations between economy and social trust in four counties (regions) with different development degrees are investigated and the research conclusion may not necessarily suitable for other provinces across the country.

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