

# Chapter V

# Trust and Social Capital

## **INTRODUCTION**

Regardless of any approach taken for examining social capital, researchers continuously converge on some key issues such as trust and yet diverge on several others about concrete and consistent indicators for measuring social capital. Many researchers believe that presence or absence of social capital can be solely linked to trusting relationships people build with each other as well as social institutions of civil engagement. It is not clearly known however, whether trust itself is a precondition for generating social capital or whether there are other intermediary variables that can influence the role of trust in creating social capital. In addition, similar to social capital, the definition of trust is problematic and it remains a nebulous concept and equally, with many dimensions.

Interests in the analysis of trust are wide spread among many disciplines, notably policy analysis, economic development, reliability and security of distributed computational systems and many others. The variety of approaches currently employed to investigate trust and different interpretations of its role in fostering social capital has resulted into a diverse array of knowledge about the concept and its relationship to social capital. This chapter provides a broader overview of work on trust. It discusses how researchers have used trust as a proxy for measuring social capital.

## **THE NATURE OF TRUST**

Any concept that is multidisciplinary in nature, enabling people to approach it from many angles is open to a wide range of interpretation. Such a concept can often be

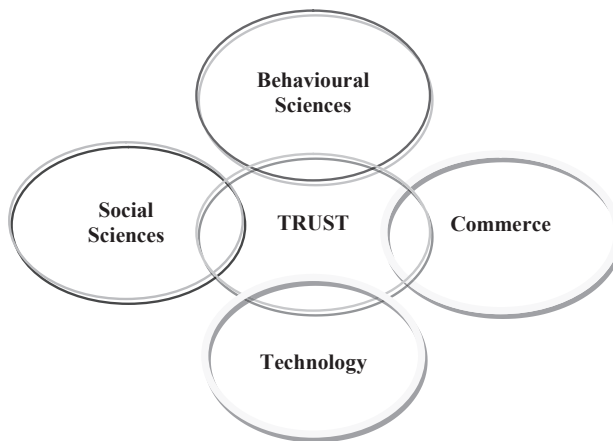
technically challenging to precisely define against any scientific standards. In all accounts, trust is a concept in search of consistent definition and common identity. There are many disciplines contributing to our understanding of the concept. The disciplines range from the Social Sciences and the Humanities to the Natural Sciences. Figure 5.1 shows some of the key prevalent disciplines contributing to research on trust.

The miscellany in analysis of trust has added more complexity in its interpretation, which has resulted into development of various conceptual approaches describing it. Deutsch (1958) approached trust from the discipline of Psychology and viewed it in terms of individual trusting or distrusting behaviour. His approach was primarily based on cost benefit analysis, treating trust as an outcome of carefully weighing alternative costs of decisions individuals make. According to this approach, an individual develops trusting behaviour when he/she perceives that the occurrence of a particular event is contingent on the behaviour of another person and that the occurrence of the event itself is associated with certain benefits and risks.

Luhmann (2000) a Sociologist, took a different perspective and considered trust as an important variable necessary for effectively mediating interaction and as a means of reducing complexity in society. He believed that every time people face a simple or complex decision-making situation, they make assumptions taking into account the particular situation and the environment in which the situation occurs. Such a complex decision-making requires a great deal of trusting behaviour.

Further, Barber (1983) believed that trust is deeply rooted in a society and the culture associated with it. He argued that trust is not only limited to an individual's perception, neither can it be reduced to cost—benefits analysis associated with

*Figure 5.1. Core disciplines investigating trust from unique perspectives*



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