

Trust and Social Development*

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ABSTRACT

이 논문의 주요한 내용은 사회적 자본인 신뢰와 사회발전의 관계의 논의와 함께 부패와 신뢰의 관계를 분석하는 것이다. 신뢰는 사회 자본을 구성하는 기본적인 요소로 정부신뢰를 증진시키는 것으로 파악될 수 있다. 신뢰가 높은 사회일수록 정부가 추진하는 정책적 목표를 달성할 가능성이 높다. 국가들 간의 비교를 통하여 사회적 자본과 발전은 긍정적인 인과관계로 규범과 신뢰의 사회적 자본은 사회발전, 정부정책의 효율성, 시민사회의 성장을 이룩하는데 중요한 변수임을 논의할 수 있다. 물적자본과 인적자원을 넘어 신뢰의 사회적 자본은 부패의 감소, 국민소득의 증가, 국가정책의 효과성 향상, 노동시장 기능의 효율화, 효과적인 거버넌스 시스템이라는 가시적인 성과를 달성할 수 있다는 점을 본 논문에서 분석하였다.

Key Words: Corruption(부패), Development(발전), Governance(거버넌스), Social Capital(사회적 자본), Trust(신뢰)

I. Introduction

The purpose of this article is to analyze relation between development and the social capital of trust. The term of social capital can be regarded as the conception of trust in social relation. Where there is a high trust society, economic and political developments have, to a certain extent, been attained, while corruptive countries have usually generated a low growth. A high trust society has led to the reduction of economic costs provided by the level of corruption. The society of trust has 'stronger democracies, richer economies, and better health'. The social capital of trust is the most important human resource in modern society.

In business management, social capital can prevent the dismantlement of the effective organization and function in management, induce the establishment of

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network, and generate the innovation of production. In politics, social capital has been regarded as a major factor to bring about the growth of civil society and the development of democracy (Putnam, 1993). In sociology, social capital is a necessary precondition to produce the creation of cooperative community based on trust and reciprocity (Coleman, 1988). In public administration, social capital can be viewed as a crucial factor to increase the efficiency of the implementation of policies.

It is noteworthy that the level of trust about people in the countries, which is based on collective oriented political culture like Japan, may be high. The level of trust about institution in the countries, that is based on individual oriented political culture such as Western countries, can be high. As a matter of fact, it is alluded that trust in terms of institution has been high in the advanced countries.

It has been acknowledged that the establishment of democracy can be related to the social relation based on trust and reciprocity. It is increasingly realized that democracy would not be possible without trust between the members of society. The formation of social capital such as generalized reciprocity and trust can develop a nominally democratic system and institution which can deliver public interest. Corruption is profoundly subversive of democracy, undermining the democratic principle that individuals should have equal chances to influence public judgement and equal power to affect public decision-making (Warren, 2001:1-2). To put it concretely, it is clear that the social capital of trust enables democracy and the prevention of corruption.

II. Bureaucratic Efficiency without Corruption

A low trust society has produced 'incidental corruption, systematic corruption, and systemic corruption'. Riley and DeLeon have indicated that the types of corruption have involved incidental type, systematic type, and systemic type.

<Table 1> Types of Corruption

Incidental Corruption	Systematic Corruption	Systemic Corruption
small-scale	larger developmental impact	wholly corrupt system

* Source: Riley(1983), DeLeon(1993)

First, incidental corruption is regarded as small-scale corruption which has been performed by individuals and public officials of policemen, customs officials, and tax officials. The corruption does not induce 'a huge macro-economic impact' but can lead to distrust in terms of people. It can often be difficult to control incidental corruption as the corrupt type of individual level.

Second, systematic corruption involves 'larger numbers of public officials' which are connected to the level of organizational corruption. It is typically found in government departments. Systematic corruption has been occurred by the organizational corruption of department such as the unfair system of policy-making process. As a result, anti-corruption strategies¹⁾ are to pursue the reform of corrupt institutions.

Third, systemic corruption is regarded as wholly corrupt system which presents a corruptive system of government. The type of systemic corruption has a hugely damaging impact of development. In the corruptive circumstances, individual honesty is not rational and beneficial. It will be necessary to provide reform by fundamental change.

Mauro (1995) has analyzed the relation between bureaucratic efficiency without corruption. The level of bureaucratic efficiency can be measured by bureaucratic efficiency index based on the simple 1980-1983 average of three Business International indices: judiciary system, red tape, and corruption. A high value of the Bureaucratic Efficiency Index means that the country's institutions are effective (Mauro, 1995: 687).

1) The strategies of policy to prevent corruption have involved the eight following pillars (1) public sector anti-corruption strategies, (2) watchdog agencies, (3) public participation in democratic process, (4) public awareness of the role of civil society, (5) accountability of the judicial process, (6) the media, (7) the private sector and international business, (8) international co-operation. (Stapenhurst and Langseth, 1997:319). Independent anti-corruption agencies provided by the long-term support by political leaders, such as the case of Hong Kong and Singapore, have been effective and useful for anti-corruption strategies. Hong Kong's independent commission against corruption is designed as an efforts to strengthen the rule of law and the agency develops preventive, educational and advisory functions, as well as powers of investigation and prosecution (Smith, 2007: 196).

<Table 2> Bureaucratic Efficiency Index

1.5-4.5	Egypt, Ghana, Haiti, Indonesia, Iran, Liberia, Nigeria, Pakistan, Thailand, Zaire
4.5-5.5	Algeria, Bangladesh, Brazil, Colombia, India, Jamaica, Kenya, Mexico, Philippines, Saudi Arabia, Turkey, Venezuela
5.5-6.5	Angola, Dominican Rep, Ecuador, Greece, Iraq, Italy, Korea, Morocco, Nicaragua, Panama, Portugal, Spain, Trinidad/Tobago
6.5-7.5	Argentina, Ivory Coast, Kuwait, Malaysia, Peru, South Africa, Sri Lanka, Taiwan, Uruguay
7.5-9	Austria, Chile, France, Germany, Ireland, Israel, Jordon, Zimbabwe
9-10	Australia, Belgium, Canada, Denmark, Finland, Japan, Hong Kong, Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, United Kingdom, United States

* Source: Mauro, 1995: 687

According to the bureaucratic efficiency index (BE), the country of the best institutions was Japan, Hong Kong, and Singapore in Asia, which obtained grades of 10 out of ten for the indices. Singapore had experienced minimal corruption with the highest investment rate over 1960-1985 under the People's Action Party of Lee Kuan Yew. On the other hand, Pakistan and Zaire as corrupt countries were regarded as the worst institutions among the countries. Zaire's investment rate has been extremely low. Although Thailand was the most corrupt country in 1980, its economic performance was relatively good. Korea has been a fast grower, in spite of the fact that it was reported to have relatively inefficient institutions (Mauro, 1995: 687). Generally Speaking, this analysis has, to a great extent, showed that richer countries tend to have better institutions than poorer countries and fast-growers tend to be among the countries with a higher bureaucratic efficiency index (Mauro, 1995: 686-687).

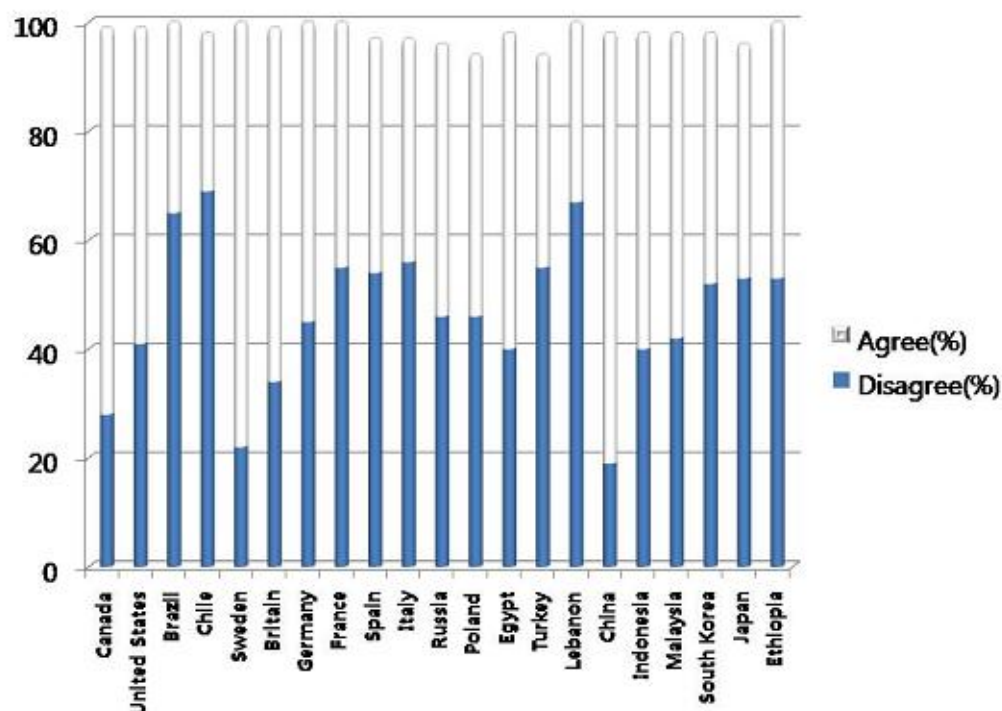
III. Relation between Trust and Corruption

In the study of Pew Global Attitudes Project, Wike and Holzward (2008) have explained relation between trust and corruption²⁾. It can be argued that a high trust

2) "The 2007 Pew Global Attitudes survey was conducted April-May 2007 among representative national samples in all countries except Bolivia, Brazil, China, India, Ivory Coast, Pakistan, South Africa, and Venezuela, where the samples were disproportionately

society can facilitate 'democracy, education, prosperity, safety, and happiness', while a low trust society leads to the possibilities of 'terrorism, organized crime, clientelism, economic inefficiencies, rigid communities which stifle innovation'. In this research, the question is that "most people in society are trustworthy". In countries, A Pew Global Attitudes Study shows the different rates in social trust about the agreement of the question.

<Figure 1> Most People in Society are Trustworthy?



* Source: Wike and Holzward, 2008.

According to the 2007 poll, the high percentages of social trust are 79% in China, 78% in Sweden, 71% in Canada, and 65% in Britain, while the low percentages of social trust are 25% in Kenya, 29% in Uganda, 27% in Kuwait, 28% in Peru, and 29% in Chile. On the percentage of the disagreement, the countries of high percentage are Kenya 75%, Uganda 68%, Senegal 67%, Nigeria 66%, Kuwait 71%, Lebanon 67%, Peru 69%, Chile 69%, and Brazil 65%. China shows the highest percentage of 79% in terms of the relationship of trust, compared with Indonesia 58%, Malaysia 56%, Pakistan 54%, India 54%, South Korea 46% in other Asian

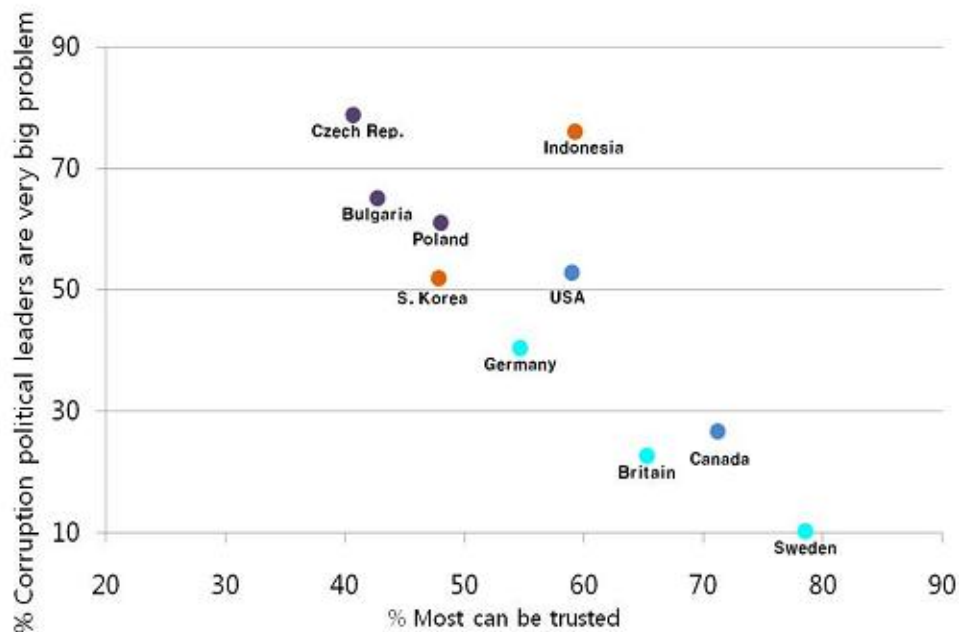
or exclusively urban."(Wike and Holzward, 2008).

countries (Wike and Holzward, 2008).

Swedes (78%) and Chinese (79%) are very similar on the social trust scale. Sweden, Britain, and Germany are generally trustworthy, compared with the countries of France(45%), Spain(43%), and Italy(41%). Meanwhile, Eastern Europeans tend to resemble their more southern neighbors and Russians exhibit the highest level of trust (50%) among the Eastern European countries (Wike and Holzward, 2008).

According to the study of Wike and Holzward (2008), the rate of trust is generally low in the Middle East, Latin America, and Africa; for instance, while there are the high rate of Egypt (58%) and the low rate of Kuwait (27%) in the Middle East. Similarly, in Latin America, the levels of trust are 51% in Venezuela as a highest rate and 28% in Peru as a lowest rate. Among African nations, Malians show the agree of 49% regarding trustworthy relationship, while Kenyans, with 25% agreeing and 75% disagreeing, were pessimistic in this poll.

<Figure 2> Trust and Perceptions of Corruption



* Source: Wike and Holzward, 2008.

According to the 2007 Pew survey, in countries where people generally trust one another, there is more confidence in the integrity of political leaders. The scandal of corrupt political leaders tends to be lower in countries that have high

levels of trust such as Sweden, Canada, and Britain. On the other hand, in nations such as Nigeria and Lebanon, political corruption with a low trust society are widespread (Wike and Holzwardt, 2008).

After the end of communist rule, social trust has waned in several former Eastern Bloc countries. According to the 1991 Pulse of Europe survey conducted by the Times Mirror Center for the People, the percentage of social trust has declined by double digits in Bulgaria, Russia, and Ukraine. In 1991, the level of trust in all three countries were high as 58% in Bulgaria, 63% in Russia, and 60% in Ukraine, but by 2007 the level of trust had decreased to 44% in Bulgaria, 50% in Russia, and 47% in Ukraine (Wike and Holzwardt, 2008).

<Table 3> Trust Up in West, Social Trust Up in Western Europe,
Down in Eastern Europe

	1991(%)	2007(%)	Change(%)
United States	55	58	+3
France	29	45	+16
Britain	55	65	+10
Italy	33	41	+8
Germany	55	56	+1
Spain	45	43	-2
Bulgaria	58	44	-14
Russia	63	50	-13
Ukraine	60	47	-13
Poland	52	48	-4

* Source: Wike and Holzwardt, 2008.

In contrast to Eastern Europe, the level of trust has predominately increased in Western Europe. The level of trust has particularly increased in France, Britain, and Italy. In 1991, the low percentage of trust was 29% in France and 33% in Italy, but in 2007 the level of trust had changed from 29% to 45% in France and from 33% to 41% in Italy which is 'still generally lower than elsewhere in Europe, but significantly improved from the early 1990s'. By 2007, the percentage of the highest level of trust in Europe is 65% in Britain. It has been conjectured that there are a slight change of 3% from 55% to 58% in United States and 1% from

55% to 56% in Germany.

The United States had presented a slight increase in the 2007 poll in spite of concerns about decreasing the degree of the social capital of trust (Wike and Holzward, 2008). Also, the study of Robert Putnam (2000) has showed that America's social capital has declined over the last half century. However, as the Pew survey demonstrates, by measuring the level of social trust as one indicator of social capital, Americans still express the high level of social trust (58%). In addition, although there had been the erosion of social capital between 1960 and 1990 in the United States, the Inglehart data shows that social capital in 1990 was high in comparison with most other countries (Inglehart, 1994). The extent of associational memberships is slightly high in the United State in the sense that associational memberships per capita in 1990 were 1.94 in the United States, 1.68 in Canada, 1.47 in South Korea, 0.83 in China and 0.49 in Japan (Inglehart, 1994). China has a 0.60 higher degree of trust, compared with 0.50 for the United States, 0.52 for Canada, 0.42 for Japan and 0.34 for Korea, and the Asian countries have lower associational memberships than in the United States and Canada (Inglehart, 1994).

IV. Trust as Social Capital

According to Mark E. Warren(2001:3), the concept of social capital extends two previously developed notions, physical capital, which refers to investments in productive physical things such as machinery, and human capital, which refers to investments in productive capacities of the self such as education. By analogy, social capital refers to productive investments in social relations. Social relations can be viewed as social capital when they function as an investment on which the participants gain a return. The returns on investment may not be monetary; they can involve anything of value, such as recognition, education, or prestige.

Mishra's (1996) model of trust has addressed four dimensions of both individual and organizational trust, which are competent, open, concerned, and reliable dimensions³⁾ (Mishra, 1996: 265). In relationships, trust reduces unreliability

3) Trust is the mutual confidence that one's vulnerability will not be exploited in an exchange (J.B. Barney and M.H. Hansen, 1994: 177). Trust is the reliance by one person, group, or firm upon a voluntarily accepted duty on the part of another person, group, or firm to recognize and protect the rights and interests of all others engaged in a joint endeavor or economic exchange (L.T. Hosmer, 1995:393). Trust is a person's expectations,

and produces cooperative community⁴⁾. Trust is a belief, attitude, or expectation concerning the likelihood that the actions of another individual, group or organization will be acceptable or will serve the actor's interests (S.B. Sitkin and N.L. Roth, 1993:368). Trust is a multi-dimensional construct that exists at personal, organizational, and societal levels amongst actors and organizations (Fukuyama 1995).

These types of trust can be produced in three ways: process-based, characteristic-based, and institutional-based method (Zucker 1986). Zucker(1986) explains the three modes of trust production which are based on the economic descriptions of process-based, characteristic-based, and institutional-based modes of trust production.

<Table 4> The modes of trust production

three modes of trust production	Resource	illustration of resources	the type of society
process-based trust	repeated exchanges	refutation	the society of self-interest
characteristic-based trust	personal characteristics	family background and ethnicity	traditional society
institutionally-based trust	formal institutional processes	professional certification and government regulation	the society of objectivity, fairness, and transparency

* source: Zucker, 1986.

First, process-based trust is based on a significant amount of personal or organizational information, which is often not 'readily transferable to other persons or firms' (Zucker 1986:62). Instead, people and organization make investments in

assumptions, or beliefs about the likelihood that another's future actions will be beneficial and favorable to one's interests (S.L. Robinson, 1996:576). Also, Rousseau, Sitkin, Burt and Camerer (1998:123) suggest that trust is a 'psychological state comprising the intention to accept vulnerability based upon positive expectations of the intention or behaviour of another'.

- 4) As Lin (2001) has indicated, social relations can provide the antecedents of cooperation, through which individuals' resources are complemented, combined, and multiplied benefit. These antecedents include, for example, (1) information; (2) influence leveraged through intermediaries; (3) certification of trustworthiness; and (4) reinforcements for promises and commitments (Lin, 2001:18-19).

process-based trust by creating positive reputations or name brands.

Second, characteristic-based trust has been built around persons sharing similar social and cultural backgrounds. These similarities are used to begin and maintain exchange relationships. Characteristic-based trust, which is most prevalent in small communities, is produced through personal characteristics, such as race, gender, and family background (Zucker, 1986:179). The most viable means for building characteristic-based trust is to socialize with persons possessing similar characteristics (Zucker, 1986:179).

Third, moving away from personal-based trust, institutional-based trust is guaranteed by socially produced and legitimated structures (Zucker 1986). Institutional trust is a form of impersonal trust and exists when organizational actors cannot 'rely on a commonality of personal characteristics or a past history or a guaranteed future of exchange' (Lane 1998:12). This trust is produced through mechanisms including personal or organizational membership and guarantees or contracts (Zucker 1986, Shapiro 1987). These three methods rely on different sources and information levels (Zucker 1986). Each method requires different time and monetary investment, which has individually and collectively contributed to social system and progress.

It can be mentioned that trust in principal-agent relationships is significant. Producing trust in principal-agent relationships has brought about beneficial outcomes for both parties. In principal-agent relationships, 'principals—for whatever reason or state of mind—invest resources, authority, or responsibility in another agent to act on their behalf for some uncertain future return' (Shapiro 1987:626). Traditional principal-agent relationships centre on exchange, delegation, and contract (Beccerra & Gupta 1999).

According to Beccerra and Gupta (1999), agency theory is a useful vehicle to study and understand the production of trust. This usefulness has largely been driven by the interplay between trust, information, and outcomes. Most principal-agent relationships begin with some form of trust. Trusting parties have developed the expectations of each other based on cost and benefit calculations of certain courses of action (Lane 1998). Trust is based on institutionalized protection or the reputation of the parties (Child 1998). It is meaningful to note that the type and pattern of trust is linked directly to Zucker's institutional trust production.

V. The Role of the Social Capital for Development

Levi (1998: 87) holds that the trustworthiness of the state has influenced its capacity to generate interpersonal trust. A strong legal system will prevent corruption that has reduced economic growth. Also, trust was the form of faith in human nature and in politics (Almond and Verba, 1963: 285). Ronald Inglehart (1997) explains that democratic governance depends upon trust.

The basic principles of the Japanese social group can be seen in the household structure: the familistic social structure of the pre-war period has remained in spite of structural changes (Fukutake, 1989:113); the feudal familism has continued in the modern period. Familistic social relations have, therefore, persisted from the period of the middle age to the modern period (Fukutake, 1989:50). The form and substance of familistic group organization has directly been derived from traditional Japanese culture. Therefore, in Japan, the development of social capital, based on the value of solidarity and community, has led to a high trust society. Confucianism, Buddhism and Shintoism, and the notions of Western Civilization have, to a great extent, united to form a high trust society.

Japan is an appropriate illustration of cultural factors as crucial to a high trust society. Japanese social culture has brought about economic and political development by blending both Western civilization and conventional cultural elements. Hierarchical relations in Japan have involved communitarian relations based on mutual trust in community in the social structure. Human resources have been the most vital factor in cultural formation: the social culture, based on respect for humanity, has developed a sense of self responsibility and self-respect.

The human theory for the perception of man as an intellectual being has involved the ability of thinking, imagination and analysis, while 'psychological being' entails the emotional elements of mutual trust (Ozaki, 1988:832). The value of traditional familiarity has led to mutual trust, and the relationship between a leader and his or her subordinates has been sustained by this trust, which has induced a sense of loyalty and devotion, though this imposes a greater restraint on the individual: the basic premise of management is that individual members are not forced to make sacrifices for the sake of the organization, but work for the organization in order to fulfil their own personal goals and objectives (Urabe, 1985:31). Accordingly, the reliably human relationships constitute the foundation of the management (Urabe, 1985:110). The goal is to avoid authoritarian approaches and make every effort to obtain the consent of the members of the organization

(Urabe, 1965:15). Consequently, regardless of level or class, the members of such an organization have possessed a sense of self development and equality which can be the essence of a communitarian organization.

Also, harmony does not entirely mean sameness and affection in the human relationship in Asia. A true human relationship based on mutual trust does not completely mean that everybody is on an affectionate basis with each other, or that different opinions must be suppressed in order to reach a consensus. It would, rather, be desirable to have different opinions in order to solve problems. In addition, although authority is likely to prevail, there is no insistence that organization based on authority has solved problems by deviating from a social justice. Management, based on justice and humanity, creates mutual trust between management and workers. Authority and power do not lead to corruption or misuse in the process of management (Rohlen, 1989). The goal of authority and power is to establish a working social order and stability.

Rothstein and Stolle (2003) suggest that political institutions, which are often confrontational, cannot create trust, while generalized trust leads to conciliation and cooperation. Corrupt governments destroy the social capital of trust. When government officials are corruptive, people recognize that the governmental institutions are unfair. Countries which maintain the higher levels of trust have less corruption.

As Henderson points out, the political culture of South Korea is based on centralism in politics and homogeneity in ethnic, linguistic, social, regional and religious areas (Henderson, 1968:4). The centralism of this traditional system has been handed. A high degree of centralism in a homogeneous society results in a vortex, which erodes the group consolidation of social classes, political parties, and other intermediary groups (Henderson, 1968:193). On the process of democractization, the anti-government forces, including the labour movement, the opposition parties, and the student movement, were quite strong. As Rueschmeyer has pointed out, the tremendous economic growth of the last three decades has created a stronger civil society, particularly a social movement, and opened the possibility for the formation of an alliance between the working class and sections of the middle classes (Rueschmeyer, 1992:286). On the other hand, conflict and struggle between the members of society which can destroy trust had increased. Korean society represents the type of bonding social capital rather than one of bridging social capital and linking social capital.

Predicatably, trust is high in Denmark, Finland, Sweden, and the Netherlands.

Also, the level of trust is high in Western Europe, in North America, and Asia, while the low levels of trust are a reality in the post-communist countries of Eastern Europe and in Latin America and Africa (Rossteutscher, 2008: 217). A decline of social capital in modern democracies implies a reduction of both trust and of citizens' engagement (Van Deth, 2008: 200).

Individual action is related to autonomy as individual independence in the neo-liberal version, while individual behaviors require cooperation and solidarity for communities in the social capital version. There are the intermediate position of social capital approach between community and society, or in ideological terms between communitarianism and liberalism (Castiglione, 2008: 565). 'Both community's support and society's freedom' are required to the democratic administration of modern state.

<Table 5> Stocks of social capital in different world regions(mean value)

	Trust(%)	belonging (%)	Mean no. belonging	volunteering (%)	Mean no. volunteering
West Europe	37,1	48,2	0,84	24,4	0,35
East Europe	21,1	25,2	0,38	16,5	0,23
North America	37,3	76,2	1,86	51,3	1,02
Latin America	18,1	46,6	0,76	33,1	0,47
Africa	17,9	65,0	1,32	64,8	1,27
Asia	35,9	45,3	0,92	38,2	0,72

* Source: Rossteutscher, S., 2008:220

* Mean values calculated by weighing countries(N=1000)

Pluralism has increased the growth of social capital and a civic community in which relations between political associations are founded on trust, cooperation and reciprocity (Smith, 2007: 129). Social capital which helps to overcome the market failure is particularly effective in local development policy in the sense that the market failures are often a result of insufficient knowledge, inadequate information, or difficulty in calculating risk (Wolleb, 2008:377). As social capital facilitates transmission of information, the socialization of knowledge and trust, and reciprocal monitoring, social capital is particularly effective in these areas at local level, where different agents of development may know and meet each other personally taking

part in various projects (Wolleb, 2006:377).

Trust is the expectation that arises within a community of regular, honest, and cooperative behavior, based on commonly shared norms, on the part of other members of that community (F. Fukuyama, 1995:26). Trust is the expectation of ethically justifiable behavior that is morally correct decisions and actions based upon ethical principles of analysis (L.T. Hosmer, 1995:399). Policy to create social capital is required for providing healthy democracy and economic development. Support for bridging social capital at the micro-level, meso-level, and macro-level is vital to ensuring a good governance including economic and political development. Halpern (2005) has suggested strategic policy to nurture social capital: there are examples of interventions that are 'norm based (citizen education), network based (mentoring and volunteering) and sanction based (dealing with potential offenders)'; interventions in the different types of social capital are 'bonding social capital (family and relationship support), bridging social capital (business-community networks), and linking social capital (neighbourhood governance)'.

Corruption destroys the social capital of trust. Corruption erodes the legitimacy of the state and government, and Trust and confidence in state institutions evaporate as corruption strengthens clientelism (Smith, 2007:179). As the rule of law has been eroded, trust in the whole system of government declines to dangerously low levels (Johnston, 2002). Corruption can eventually lead to political instability (Smith, 2007:180). Institution-building, such as efforts to strengthen the rule of law, has been more effective in controlling corruption in less-developed countries (Smith, 2007:199). Consequently, trust has been destroyed by corrupt government. Strong institutional system can increase the social capital of trust. A sense of social solidarity without serious conflict and struggle is required to provide the effective implementation of policy. The high level of social trust has generated an integral capacity for accommodating the various demands of citizens, which leads to stable democracy, economic development, and good governance.

VI. Social Capital and Good Governance

Generally, good governance is based on the horizontal organization rather than the vertical hieratical one which may be related to the formation of mutual dependence between members. Basically, government in the traditional western political theory can be defined as the monopoly of compulsory power. Governance,

which is the process of new control and dominance, means the transition of monopoly power based on ordered social relation. The success of the governance as a new formation has requested human, social, and institutional capital. The intervention of government may be necessary for forming the increase social capital and the advent of good governance. The function and role of state can increase the level of social capital or decrease it. Social capital can promote the performance of government and the effective operation of institution. In a high trust society, there has been the increase of political and social responsibility of ordinary people and citizens. Also, social capital has declined the cost for pursuing public interest performed by the government invention through institution and regulation. Citizens can pay tax for public interest such as safe resident circumstance, healthy, and the supply of safe food and drug. Also, social capital between governmental bureaucrats has contributed to overcome the egocentric interest of departments through trust and norm.

Whereas system governance emphasizes the importance of consulting people that the goal of consultation is consensus, democratic pluralism focuses on the processes of decision-making without postulating a substantive concept of the common good against which outcomes might be measured (Bevir, 2006: 437). Whereas system governance implies that people must reach a consensus if we are to have an integrated society, democratic pluralism relies on deliberation and compromise to resolve difference among individuals and groups and to establish a more decentred social order (Bevir 2006: 437).

Social capital is supposed to denote the elements of solidarity and cohesion in a social order made up of autonomous individuals in a market-like collective environment (Jordan, 2008: 652). Such individuals choose between the groups, organizations, and communities which supply their needs, while retaining informal bonds of reciprocity, trust, and cooperation with close others, and with a wider diversity of citizens and foreigners (Jordan, 2008: 652-653). The liberal elements in the model (individualism, rivalry, property, ownership, mobility, and choice) are adequately balanced by the communitarian elements (family, neighbourhood, associational membership, and democratic citizenship) (Jordan, 2008: 653).

It is said that the welfare policies including 'social security, full employment, and the redistribution of income' is opposite to the principle of the New Public Management. The ideal best governance can be defined as the effective performance of policies for both welfare and liberty with an efficient accountable public service. A nation can stress the policy of welfare rather than individual freedom and liberty,

while another nation may emphasize individual right and freedom rather than the policies of welfare. The case of the worst governance would be the absence of policies in terms of welfare and liberty.

Government is a major actor in governance which is 'the process of decision-making' with democratic legitimacy and authority. The major characteristics of good governance have involved participation, rule of law, transparency, effectiveness and efficiency, responsiveness, and accountability. Corruption has been minimized by the rule of law in good governance. Participation by people, which is to ensure the freedom of association and expression, is a major factor of good governance. The rule of law in executive, legislature, and judiciary is to protect human right and development. Transparency means that the decisions of policy has been followed by rules and regulations. Accountability is vital for good governance in governmental institutions and private sectors. Accountability may be enforced with effectiveness, efficiency, and responsiveness. Good governance, which is operated by the social capital of trust, may be the mediation of different interests in society in order to attain consensus for the interest of the whole community.

VII. Conclusion

It is meaningful to note that there is evidence to suggest a consistent link on the relationship between development and the social capital of trust. Also, evidence reported by the OECD (2001) shows a link 'between social capital and a wide range of policy benefits'. Social capital may be a major significance in contributing to a wide range of beneficial outcomes, including economic growth, less corruption, bureaucratic efficiency, and more effective implementation of policy. Generally speaking, citizens who trust their government are not likely to make anti-government behaviors. Consequently, it has been suggested that social capital can generate the effective function in managements through the establishment of effective network. The growth of civil culture and the consolidation of democracy can certainly be attained by the development of social capital. The establishment of cooperative community has been provided by social capital based on trust and rationality. The notion to be stressed is that an increase in social capital has induced the effective implementation of policy, while a decline in social capital has brought about the failure of the implementation of policy. It may be appropriate to point out that the erosion of social capital has generated the increase of incidental,

systematic, and systemic corruption. Social capital can be viewed as a crucial factor to increase the efficiency of the implementation of policies for engendering good governance as social development.

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