

## Trust in the context of non-economic factors in modernization development



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**Abstract.** The article considers the problem of non-economic factors in modernization development of the region; in recent years this issue has attracted increasing attention of scientists.

Nowadays the importance of these factors has become generally accepted in economic science; these factors are studied by sociology. Trust can also be considered as a non-economic factor. It appears as one of the “expensive” non-economic assets.

Many economic processes, such as investment banking, marketing, etc., are based on it. Trust can be viewed as a comprehensive response to risk. It creates the environment in which various economic subjects interact.

The article assesses the level of trust in the region on the basis of the analysis of public opinion of the Vologda Oblast residents.

The author comes to the conclusion about the necessity to raise the level of trust in the region. It requires implementation of certain social policy. For this purpose a programme of measures can be developed based on socio-economic diagnostics of the region.

**Key words:** non-economic factors, modernization, region, trust, sociology.

The problem of non-economic factors in development has become acute [1, 2, 3]. The economic science has experienced fundamental changes due to this. In recent decades the researchers have been focused on the interdisciplinary approach and the connection of economic methods with methods of other sciences. As a result, political, legal, and psychological issues can be included in the analysis. Economic research correlates with psychological, cultural, political and sociological studies.

The “non-economic” variables, which comprise socio-political, structural, psychological, geographical factors, are taken into account, along with the key economic determinants of growth. The influence of non-economic factors is weaker, less stable, their effect is ambiguous. Limited rationality in human behavior is recognized. The mainstream of modern economics recognizes that people use not only the rational model of behavior, but other models, and make a valuable choice. The sociologists also pay attention to non-economic factors [2].

We single out one non-economic factor – trust. Nowadays it is among the most “expensive” non-economic assets.

Representing the total of socially sound and socially confirmed expectations on the part of individuals against other individuals, enterprises, institutions, norms and rules that constitute the fundamental substance of life, trust supports the sustainability and integration of the society. Trust predetermines important economic processes: investment, saving, lending, stock activity, funding, etc.

Lack of trust can block these areas. Trust is especially important, as the modernization processes in the regions acquire specificity due to their differences and features. So, it is possible to single out plural modernization.

The polyparadigmatic approach is applied to analyze the processes related to social trust. It uses the resources of classical and neoclassical sociology and postclassics – modernism. The most appropriate research approach to the study of the local environment is constructivism, which pays great attention to the study of consciousness and human behavior. This concept helps to consider the ways of creation of various social phenomena, including trust, that become traditions.

Different aspects of trust can be studied by means of specific sociological research, carried out at inter-country, national and regional levels [5, 6]. ISED T RAS conducts the monitoring of public opinion, revealing the state of social trust in the Vologda Oblast and the factors, influencing it<sup>1</sup>. First, we note that the Vologda Oblast is fairly well developed in economic terms; it is a region with high industrial potential. Its territory comprises 1190000 people, or almost 1% of the entire population in Russia.

<sup>1</sup> The article uses data for the 2000–2013 period. The survey was conducted by ISED T RAS by means of the representative sampling. The sampling is targeted and quota. Representativeness is ensured by the maintenance of proportions between rural and urban population, between residents of different types of settlements (villages, small and medium-sized towns), the age and gender structure of the population. The survey participants are the cities of Vologda and Cherepovets, and Babayevsky, Velikoustyugsky, Vozhegodsky, Cherepovetsky, Kirillovsky, Nikolsky, Tarnogsky and Sheksninsky districts. The sample size is 1500 people; the sampling error does not exceed 3%. The survey method is the questioning of respondents at the place of their residence.

Distribution of answers to the question “Please, describe your attitude toward current government institutions and social structures” (answers “completely trust” and “mostly trust”), in % of the total number of respondents

Answer	Survey date					
	2000–2006 (average)	2007	2008	2009	2010	2013
President	51.1	60.3	65.2	51.6	56.7	44.6
Government	38.9	41.9	60.2	46.7	52.3	38.6
Federation Council	29.1	34.9	47.6	35.9	38.3	32.7
State Duma	24.5	29.5	42.0	33.5	34.8	31.1
Regional government	30.8	40.6	48.6	34.9	41.1	36.4
Local government	26.6	32.3	40.9	33.1	34.3	31.6
Trade unions	26.5	28.6	35.9	28.1	30.2	25.3
Public organizations	20.0	24.4	32.6	23.8	27.7	24.1
Political parties	14.7	17.6	26.8	20.0	23.7	18.1

Source: Data of the monitoring of the economic situation and social wellbeing of the population, ISEDТ, 2010–2013

The phenomenon of trust is studied at the institutional and interpersonal levels. We consider interpersonal trust as a basis for institutional trust. But this article does not analyze it. Institutional trust is most clearly exemplified by trust in the state, because it generates and maintains the standards and rules that organize the life of society. Institutional trust at the level of a regional community manifests itself in the trust in regional and local authorities (*table*).

The analysis of the data of public opinion polls discloses that all institutions can be divided into groups.

The first group includes institutions with a high level of trust, which are represented by the President and the Government of the Russian Federation.

At the level of regional governments it is the Governor and the Government of the region.

The second group with an average level includes representative authorities – the State Duma and the Federation Council. Local governments present this group at the local level. The third group with a low level comprises public organizations, trade unions and parties. Moreover, it is clear that the institutions that perform administrative functions are mostly trusted. The institutions, promoting the citizens’ interests, are unattractive. The other institutions are also important for local communities, but their position is weakened by a lack of citizens’ trust. This, in turn, predetermines the weakness of regional civil society.

The influence of the executive institutions can be attributed to several reasons.

Firstly, these institutions have economic opportunities due to available material resources.

Secondly, they create norms and rules, control their execution, as they are eligible to impose sanctions.

Thirdly, they form single social space, consolidate society by means of setting goals and objectives, manage their execution.

Fourthly, historic memory indicates the importance of these institutions in crisis situations, which happened many times in the country.

Fifthly, the political culture of the Russian society tends to the paternalistic type and contains a few features of the civil type. These factors clarify the low level of other institutions.

Summing it up, we note that the evaluation of non-economic factors of development along with economic ones requires a comprehensive socio-economic analysis of the region [4], which should be based on the systemic, structural-functional, comparative analysis. This would help to assess the state of the regional economic system, identify the deviations from normal development and single out the blocking factors. This diagnosis should include economic diagnostics of the market, assessment of infrastructure, characteristics of social and economic entities.

The sociological monitoring is an important diagnostic method. All this will promote identification of the determinants of sustainable innovation development, which is an impetus for modernization in the region.

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