



## MEASURING THE SOCIAL TRUST OF YOUNG PEOPLE IN THE LIGHT OF COMPETITIVENESS – A CASE STUDY IN HUNGARY

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### Abstract

The theory of competitiveness has been undergoing a significant transition even these days. The competitiveness of nations is measured by several institutions dealing with 'soft' and 'hard' indices separately. Our study examines one of the very important parts of social capital, i.e. trust based on the results of the questionnaire carried on the population of the Hungarian youth. Answers on social trust and subjective social environment were available from 193 Hungarian young adults. Respondents were categorized by age into three groups: aged 17–21 (n = 101), aged 22–25 (n=55) and aged 26–35 (n = 37). Females constituted 67.9 percent of the sample. On the basis of the results it can be concluded that the young adults regard lack of trust in the Hungarian society, dissension and closeness of the society as serious problems. A more detailed analysis of trust shows that law enforcement bodies have the greatest support from the respondents while a low level of trust can be measured in connection with the healthcare system and online media. Based on the international data from round 7 of the European Social Survey (ESS) average social trust is very low in Hungary so the low level of trust typical of the young is not a characteristic due to age or other features, rather, the examined factors hold true for the Hungarian society as a whole. Based on the data of the online survey of the Hungarian young the authors find that the Score of Social Trust is significantly positively correlated with the Score of Subjective Social Environment.

KEYWORDS: competitiveness, social trust, young adults, subjective social environment.

### Introduction

The interpretation of competitiveness has undergone a significant transformation in the past 30 years. The term formerly used to describe companies and industries has started to appear on the national level, as well. The interpretation of macro level competitiveness has generated serious debates nowadays. These debates can, in general, originate from the fact that while in the competition between companies we normally talk about zero-sum games, the competition between nations is not about pushing the others to the back or causing them harm, rather, mutual development is addressed. This development can be detected with the help of the easily measurable, hard social and economic indicators although there are areas (such as social capital and trust) that can only be assessed by surveying opinions. However, these soft areas are of vital importance in the development of a country. In our interpretation these determinants mean the source of competitiveness and the result of it at the same time, as it is a virtuous circle, a self-propelling process. Social capital serves as a solid ground to competitiveness, but, at the same time, well-being as a result of competitiveness strengthens social capital so, consequently, the bases of competitiveness will become better established.

Trust, examined in the study, is an important part of social capital that is analysed on interpersonal and institutional levels. Trust prepares the ground for collaboration without which social development is impossible and subjective well-being is not generated. The state plays an extremely significant role in establishing institutional trust as it operates such systems

(e.g. judiciary or healthcare) that are decisive from the point of view of perceived trust and safety. The present study examined trust as one of the highlighted part of competitiveness and social capital.

### Appearance of soft factors in the measurement of national competitiveness

In the past decades several research institutes and groups have been established that analyse macro level competitiveness. Of these research institutes on competitiveness World Economic Forum (WEF) is one of the leading ones that has prepared the competitiveness rank of the countries all over the world every year since 2003. In 2017 the Swiss-headquartered organisation examined the competitiveness of 137 countries. WEF defines competitiveness as the 'set of institutions, policies, and factors that determine the level of productivity of a country'. (WEF, 2017) The competitiveness analysis is carried out by means of 114 indicators of which 82 derive from questionnaires. In this report the perceived, subjective judgement can strongly be felt which is based on the Executive Opinion Survey.

Another renowned competitiveness research institute is the International Institute for Management Development (IMD) which has regularly published its World Competitiveness Yearbook since 1994. The 2017 annual report of IMD contains the thorough competitiveness analysis of the competitiveness situation of 63 countries. The 2017 competitiveness rank is based on 260 indicators of which 143 are hard statistical data and 118 are soft indicators deriving from questionnaires. IMD interprets the concept of competitiveness in a

different way than World Economic Forum does. The Yearbook 'analyses and ranks how nations and enterprises manage the totality of their competencies to achieve increased prosperity' (IMD, 2016). The IMD publishes another academic definition according to which competitiveness is 'a field of economic knowledge, which analyses the facts and policies that shape the ability of a nation to create and maintain an environment that sustains more value creation for its enterprises and more prosperity for its people'. (IMD, 2014) Competitiveness cannot be separated from prosperity and well-being, so enhancing competitiveness serves social progress in the medium and long term.

IMD published a special competitiveness report in 2017 which presents the preparedness of the national economies for the technology of the future through one of the important phenomena of modern age, i.e. digitalisation. The World Digital Competitiveness Ranking 'measures a country's ability to adopt and explore digital technologies leading to transformation in government practices, business models and society in general'. (IMD, 2017) It is important as competitiveness itself has an extremely important readiness attitude which is connected to a concrete area, digitalisation this time.

A Swiss-South Korean research group (SolAbility) analyses competitiveness from another point of view as their analysis was carried out from the aspect of competitiveness. This analysis stretches beyond the others as it is also built on other competitiveness models and it presents a more complex picture of sustainable social and economic structure. As they put it, 'Sustainable competitiveness means that current wealth levels are not in danger of being reduced or diminished through over-exploitation of resources (i.e. natural and human resources), the lack of innovative edge required to compete in the globalised markets (i.e. education), or the discrimination, marginalisation or exploitation of segments of a society'. (SolAbility, 2017) The sustainable competitiveness model is based on 5 pillars of equal importance: Natural Capital, Social Capital, Resource efficiency, Intellectual Capital, Government Efficiency.

Competitiveness is strongly related to social progress that is to be surveyed by Michael E. Porter's Social Progress Index. This report stresses that traditional indicators such as GDP per capita are unable to measure the social progress of countries. Their index is based on three pillars: Basic Human Needs, Foundations of Well-being and Opportunity. (Porter et al. 2017)

To sum up, competitiveness has an extremely important role in social progress and prosperity. While welfare is rather associated with meeting material needs, well-being includes immaterial parts and the subjective items of social being (such as love, happiness and satisfaction). Subjective well-being (SWB) can be defined as 'a person's cognitive and affective evaluations of his or her life' (Diener et al 2002, p. 63).

Competitiveness is not the result of a short term process; rather, it is such a medium and long term state which is reached mostly by the examined generation. In the present paper the current situation perceived by the young is presented in Hungary in connection with competitiveness and an important compound of social capital, i.e. trust.

The trust of the members of society in the society as a whole and its institutions and also trust in one another are important parts of social capital. Csath et al. (2018) points out that studying from others and fair cooperation requires high level of trust so social trust is also a decisive factor of competitiveness.

According to Putnam (1993) social capital is a cultural phenomenon and regarding its content it stands for the popularity of civic way of thinking, ability for concerted actions that serve national interest and also the power of trust in public institutions.

A wide range of literature (Lange et al. 2018, Putnam, 2002; Schmitt-Beck, 2008, Whiteley, 2000) has coalesced around social trust as a key element of social capital. It can be defined as 'networks together with shared norms, values and understandings that facilitate cooperation within or among groups' (OECD 2001, 41).

The focus of this study is on *impersonal trust* between random people – trust in generalized others, including strangers, which is known as *social trust* or *generalized trust* in the literature (Hardin, 2001; Paxton, 2007, Whiteley, 2000).

Beilmann and Lilleoja (2015) examined the relationship between social trust and human values. The results suggest that the relationship between value similarity and social trust is stronger at the country level than at the individual level.

Helliwell et al. (2016) concluded in their findings on European Social Survey data that 'living in a high-trust environment makes people more resilient in the face of several types of adversity'.

Various authors (Algan & Cahuc, 2013; Hall & Jones, 1999; Bjørnskov & Méon, 2015) approach the question of whether social trust affects total factor productivity (TFP). Hall and Jones (1999) have established a moderate positive relationship ( $r=0.57$ ) between social infrastructure, measured by the rule of law, and a measure of total factor productivity (TFP) for a sample of 62 countries. The value of social trust was measured from the World Values Survey (1981-2008).

Bjørnskov and Méon (2015) have found strong evidence of a causal positive effect of social trust on the level and growth of TFP in a cross-section of 67 countries in the early 2000's.

Valenzuela et al. (2009) using data from a random web survey of college students across Texas ( $n = 2,603$ ) find positive relationships between the intensity of Facebook use and students' life satisfaction, social trust, civic engagement, and political participation.

## Social trust and its connection to social capital and competitiveness

Lashko and Velychko (2016) have found that a fairly high level of interpersonal trust and low level of self-regulation are inherent to the group of students studied.

According to Huang et al. (2011) the college education has a positive role in the building of social trust.

Navickas et al. (2014) investigated theoretically the trust in small and medium sized enterprises. It was identified that trust in a company has a positive impact on the behavioural intentions such as repurchase and positive word-of-mouth. Giedraitis et al. (2016) examined the impact of interpersonal trust on the employee turnover in the business company.

The issues of social trust were included in the following surveys: Eurobarometer, Gallup World Poll, the World Values Survey and the European Social Survey. Social trust is usually measured using a standard question: "Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?"

### **Trust and future prospects in Hungary**

Trust as an integral part of social capital represents an essential value of the national asset. According to the calculations of Hamilton et al. (2016) in 2010 the value of trust accounted for 9.4% of the national asset in Hungary. Regarding the OECD countries only Turkey produced lower value (5.4%), so these two countries significantly lag behind the OECD's average of 28.4%.

When reviewing Hungarian literature there are no such examinations that would concentrate on the opinion and experience of the young on areas in connection with competitiveness. However, there is several research in general on youth (Bauer-Szabó, 2011), the prospective of the young (living conditions, starting a family, education, the world of labour, expectations and fears, social atmosphere, migration etc.) or a special group (such as those in a disadvantaged situation). Jancsák (2011) gives a detailed picture on the international tendencies of researching the young. Some national research is also introduced in our paper followed by the analysis of our questionnaire.

The two-volume study compiled on the basis of Hungary 2025 academic research is outstanding (Nováky, 2010). The research was managed by Erzsébet Nováky, the head of the Committee on Researching the Future at that time. Thirty studies are published in the volume. In addition to the opinions of the professionals, the researchers were aiming at presenting the attitude of non-professionals (typically the young) to the world.

Among others, the analyses reflect the opinion of the Hungarian secondary school students and those in higher education of 2025 by using questionnaires. The survey took place in spring 2007 on 980 secondary school students and 501 higher education students, respectively. The same questionnaires were distributed to secondary school students and higher education students. The questionnaire was divided into 6 parts. It should be stressed that in the first part 42 statements on the future were drafted concerning economics, health care, technology and public life. These questions could be

assessed on a 5-grade Likert scale (the likelihood of the events to come true in their opinion and how much they would love these events to come true were separated). Questions were directed at several areas (number of children, language learning, working abroad, euthanasia, the liberalisation of soft drugs, climate change, bureaucracy etc.), so they would rather give a general picture of the opinions of the secondary school students and higher education students on the future instead of focusing on areas. (Dörnyei-Nagy, 2010a,b)

When describing the situation of the young, it is worth mentioning the research entitled Hungarian Youth Research 2016 by the New Generation Centre. In the research the opinions of 8,000 young people aged between 15 and 29 were asked in a representative way. The research has been repeated every four years with the same methodology and sample size since 2000 so the 2016 research is the fifth in the line but the first one that has been extended to the young who live in the Carpathian Basin in addition to the Hungarian sample by including 4000 more young people. (ÚNKP, 2017) One of the results of the research is that 60% of the respondents would not be willing to establish an enterprise of their own; this would only be undertaken by one-fifth of the respondents. The research also examined the attitude of the young to economic-political-social changes. In terms of the economic situation 27% of the respondents indicated improvement and 29% decrease for the past ten years. On the basis of the findings of the research 'those living in the capital, those with a degree in higher education and the „older”, i.e. those aged between 25 and 29 feel that the economic situation of Hungary has improved while the opinion of those living in tiny settlements, those with a lower level of qualification and the youngest generation is more critical'. (ÚNKP, 2017)

On the basis of the findings of the survey some areas of their current lives are assessed fairly positively by the generation examined. The respondents gave a value of 3.7 on a five-grade scale as their answer to the question of how satisfied they are with their current lives all the things concerned (i.e. with their living standards) in 2016. This question was answered with a value of 3.5 in 2012 and 3.3 in 2008, respectively. On a five-grade scale satisfaction with their relationship to friends was ranked with 4.4, opportunities for studying with 3.8 and satisfaction with their financial situation with 3.4, respectively.

The research also analysed institutional and interpersonal trust. Twenty-five percent of the respondents would definitely trust their neighbours while 56% would rather trust. A total of 19% entirely trusts their colleagues and 53% would rather trust them. The proportion of non-respondents is the highest for all the questions, i.e. 13%. Nineteen percent of them would trust the police, 42% would rather trust; 17% would rather not trust and 9% would not trust at all. Trust in jurisdiction is similar although a few percent lower than that with the police. The trust in education, healthcare and media was not examined.

## Data and methodology

This chapter describes the empirical data and methods used for the present study.

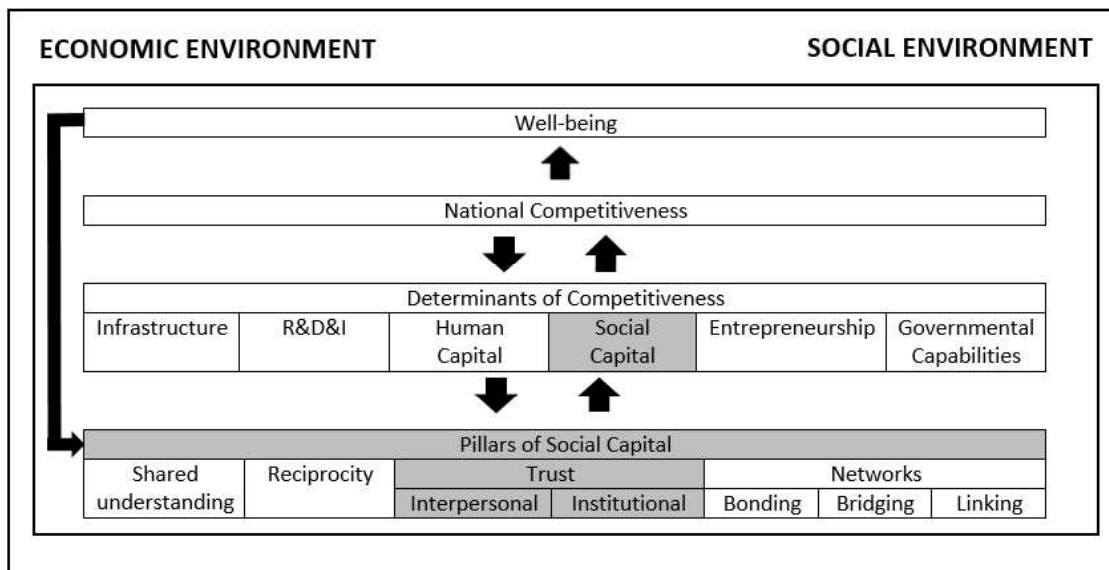
A research group was established at the National University of Public Service, Hungary in 2017 that examines the impacts of national competitiveness and government policies on competitiveness with special regard to the soft parts of competitiveness such as social capital, innovation ecosystem and human assets. The research is performed in the framework of the project 'Public Service Development for Good Governance'. In the first part of the research a survey based on questionnaires was applied similarly to the practice of competitiveness research institutes but instead of asking the corporate managers, our analysis is based on the opinions of the members of society. In the survey special attention was paid to the opinions of the young aged 15-35 taking part in education (secondary training and higher education), who will shape our future.

In the UN's interpretation the young are those aged between 15 and 24. However, this research examines a broader generation, which has been justified by the fact

that in the past 20 years, for example, people become parents later, the period spent in education is also longer similarly to the length of time spent in common household with the parents. Hence young adults are defined as people between 15 and 35 years of age. On the one hand, it corresponds with the generation defined by The African Youth Charter (African Union, 2006), and also a survey carried out in the United Kingdom highlighted that the perceived youth lasts till the age of 35, on the other hand. (Swift et al. 2016)

The research aims at comparing societal factors of competitiveness in Hungary. To fulfil the objectives of this project, an online survey was conducted in spring 2018 among Hungarian college and university students. Answers on social trust and subjective social environment were available from 193 Hungarian young adults. Respondents were categorized by age into three groups: aged 17–21 (n = 101), aged 22–25 (n=55) and aged 26–35 (n = 37). Females constituted 67.9 percent of the sample.

The authors have developed the framework for empirical analysis consisting of four levels as shown in Fig. 1.



**Fig. 1.** The conceptual framework of empirical analysis

Source: Author's construction (2018)

The created Social Trust Score consisted of seven items, each of which determined the level of social trust on the five-point Likert scale ranging from 1= do not trust at all to 5= complete trust. Two items measured the level of horizontal (interpersonal) trust: the trust in classmates and neighbours. Other five items are used to measure the level of vertical (institutional) trust: trust in educational system, police, health care system, justice system and online media. Due to the same item scale used in this study, the individual items were not standardized. The items were averaged by calculating the simple arithmetic mean to create a Score of Social Trust (Cronbach's  $\alpha = 0.783$ , Mean = 2.81, SD = 0.71).

The items used to create the Score of Subjective Social Environment were constructed by using a five-

point Likert-type scale anchored by the bi-polar adjectives (opposite-meaning terms), such as „Closeness – Openness”, „Dissension – Cohesion”, „Passiveness – Conscious actions”, „Irresponsibility – Responsibility”, „Lagging behind – Development”, „Isolation – Cooperation”, „Risk aversion – Entrepreneurial spirit”, „Distrust – Strong trust”, „Hate – Love”, „Unequal opportunities – Equal opportunities”. A five-point response scale ranging from 1 (strongly agree with a negative characteristic of Society) to 5 (strongly agree with a positive characteristic of Society) was used. The items were averaged by calculating the simple arithmetic mean to create a Score of Subjective Social Environment (Cronbach's  $\alpha = 0.885$ , Mean = 2.63, SD = 0.69).

The Spearman's correlation coefficient was used to examine the relationship between the Social Trust Score and the Score of Subjective Social Environment because the Kolmogorov-Smirnov test showed that the Score of Subjective Social Environment had a non-normal distribution ( $p < 0.01$ ).

The European Social Survey (ESS) data from Round 7 (2014) was also used for create the Score of Social Trust for comparing the levels of Social trust of 21 Countries for which data are released. Answers on social trust were available from 10,221 young adults (respondents in the 17-35 age group). The sample sizes varied from 247 (Portugal) to 822 (Israel) individuals per country. Following the example of Beilmann & Lilleoja (2015), Hooghe & Vanhoutte (2011), Kelly et al. (2009), and Von dem Knesebeck et al. (2005), the Social Trust Index based on the data from ESS 2014 was composed of three indicators on a bipolar 11 point scale:

(1) Trust: "Would you say that most people can be trusted or that you cannot be too careful in dealing with people?" (0=You cannot be too careful, 10=Most people can be trusted);

(2) Honesty: "Do you think that most people would try to take advantage of you if they got the chance or would they try to be fair?" (0=Most people would try to

take advantage of me, 10=Most people would try to be fair);

(3) Helpfulness: "Would you say that most of the time people try to be helpful or that they are mostly looking out for themselves?" (0=People mostly look out for themselves, 10=People mostly try to be helpful).

The items were recorded to a 1 to 5 range and then averaged to create an overall score for social trust. The mean of the overall score for social trust was 2.58 (SD=0.84).

Data were analysed by the IBM SPSS Statistics 25 statistical software package.

## Results and discussion

### *Score of Subjective Social Environment*

The following Table 1 summarises some perceived parameters of the social environment, which serves to objective of presenting how young adults see Hungarian society. Of the examined pairs of concepts (bipolar adjectives) the young primarily experience lack of trust in society. As it is an important part of social capital, it has an impact on competitiveness and the business environment. A further problem is the society's dissension and closeness. The least problematic areas include hatred and irresponsibility.

**Table 1.** Descriptive Statistics for Score of Subjective Social Environment based on the survey data (n=193)

|   | Mean | SD   |
|---|------|------|
| Subjective Social Environment<br>(Cronbach's $\alpha = 0.885$ ) | 2.63 | 0.69 |
| Items for the Score (Characteristics of Society)                |      |      |
| Closeness – Openness  | 2.45 | 0.91 |
| Dissension – Cohesion   | 2.46 | 1.02 |
| Passiveness – Conscious actions                                 | 2.64 | 0.96 |
| Irresponsibility – Responsibility                               | 2.88 | 0.96 |
| Lagging behind – Development                                    | 2.73 | 0.99 |
| Isolation – Cooperation   | 2.67 | 0.91 |
| Risk aversion – Entrepreneurial spirit                          | 2.74 | 1.05 |
| Distrust – Strong trust   | 2.36 | 1.03 |
| Hate – Love   | 2.85 | 0.91 |
| Unequal opportunities – Equal opportunities                     | 2.50 | 1.03 |

*Note:* The response option of individual items is same and ranged from 1 (closer to first Characteristic) to 5 (closer to second Characteristic)

Source: Author's calculations based on data from survey of Hungarian young adults (2018)

The Mann-Whitney nonparametric test shows that there is no significant difference between male and female young adults ( $p=0.078$ ) and between the two levels of study ( $p=0.077$ ) in the Score of Subjective Social Environment (Table 2).

According to the Kruskal-Wallis nonparametric test, there is no significant difference ( $p=0.225$ ) between the three age groups of young adults in the Score of Subjective Social Environment.

**Table 2.** Descriptive Statistics for Score of Subjective Social Environment by Gender, Age and Level of studies (n=193)

|  | Percent of respondents | Mean | SD   |
|--|------------------------|------|------|
| <b>Gender</b>                                  |                        |      |      |
| Male (Cronbach's $\alpha = 0.829$ )            | 32.1                   | 2.78 | 0.80 |
| Female (Cronbach's $\alpha = 0.753$ )          | 67.9                   | 2.56 | 0.61 |
| <b>Age categories</b>                          |                        |      |      |
| 17-21 years old (Cronbach's $\alpha = 0.918$ ) | 53.1                   | 2.72 | 0.78 |
| 22-25 years old (Cronbach's $\alpha = 0.813$ ) | 28.1                   | 2.55 | 0.55 |
| 26-35 years old (Cronbach's $\alpha = 0.811$ ) | 18.9                   | 2.48 | 0.57 |
| <b>Level of studies</b>                        |                        |      |      |
| Secondary (Cronbach's $\alpha = 0.797$ )       | 39.3                   | 2.78 | 0.80 |
| Higher (Cronbach's $\alpha = 0.780$ )          | 60.7                   | 2.53 | 0.58 |

*Note:* The response option of individual items is same and ranged from 1 (closer to first Characteristic) to 5 (closer to second Characteristic)

Source: Author's calculations based on data from survey of Hungarian young adults (2018)

### **Score of Social Trust**

Of the parts of social capital examined (personal and institutional) trust in the police is outstanding, which has the highest average (Table 3). At the same time, however, the greatest deviation could be detected with the police. Trust in the healthcare system is rather low, which cannot be disregarded in terms of subjective well-being, either. Görgényi Hegyes et al. (2017) points out "nowadays use of social media applications has become one of the most

important factors in the daily life of both individuals and organizations. For newly grown generations this type of communication channels is essential in order to share information with each other." "Being online" is very popular and the new communication technologies play a remarkable role in their lives. Despite these facts, we found that the youngsters have the lowest level of trust in the online media.

**Table 3.** Descriptive Statistics for Score of Social Trust based on the survey data (n=193)

|   | Mean | SD   |
|---|------|------|
| Social Trust<br>(Cronbach's $\alpha = 0.783$ )        | 2.81 | 0.71 |
| <b>Items of the Score (personal trust in the ...)</b> |      |      |
| educational system                                    | 3.04 | 1.04 |
| classmates  | 3.51 | 0.96 |
| neighbours  | 2.83 | 1.15 |
| police  | 3.07 | 1.18 |
| health care system                                    | 2.51 | 1.10 |
| justice system  | 2.65 | 1.10 |
| online media  | 2.07 | 0.98 |

*Note:* The response option of individual items is same and ranged from 1 (do not trust at all) to 5 (complete trust)

Source: Author's calculations based on data from survey of Hungarian young adults (2018)

The Mann-Whitney nonparametric test shows that there is no significant difference between male and female young Hungarian adults ( $p=0.122$ ) and between two levels of study ( $p=0.600$ ) in the Score of Social Trust (Table 4).

The Kruskal-Wallis nonparametric test shows no significant difference ( $p=0.113$ ) between three age groups in the Score of Social Trust.

**Table 4.** Descriptive Statistics for Score of Social Trust by Gender, Age and Level of studies (n=193)

|  | Percent of respondents | Mean | SD   |
|--|------------------------|------|------|
| <b>Gender</b>                                  |                        |      |      |
| Male (Cronbach's $\alpha = 0.908$ )            | 32.1                   | 2.94 | 0.76 |
| Female (Cronbach's $\alpha = 0.863$ )          | 67.9                   | 2.75 | 0.68 |
| <b>Age categories</b>                          |                        |      |      |
| 17-21 years old (Cronbach's $\alpha = 0.805$ ) | 53.1                   | 2.85 | 0.73 |
| 22-25 years old (Cronbach's $\alpha = 0.772$ ) | 28.1                   | 2.67 | 0.70 |
| 26-35 years old (Cronbach's $\alpha = 0.724$ ) | 18.9                   | 2.92 | 0.65 |
| <b>Level of studies</b>                        |                        |      |      |
| Secondary (Cronbach's $\alpha = 0.924$ )       | 39.3                   | 2.85 | 0.73 |
| Higher (Cronbach's $\alpha = 0.831$ )          | 60.7                   | 2.79 | 0.70 |

*Note:* The response option of individual items is same and ranged from 1 (do not trust at all) to 5 (complete trust)

*Source:* Author's calculations based on data from survey of Hungarian young adults (2018)

***Social Trust & Environment***

A significant correlation of medium strength could be detected between the elements of social trust and the environment of all the respondents, while a bit stronger

relationship could be noted with the generation aged between 17 and 21 and those taking part in secondary education (Table 5).

**Table 5.** Correlations between Social Trust and Subjective Social Environment (n=193)

|                         | Spearman's correlation coefficient |
|-------------------------|------------------------------------|
| All respondents         | 0.421**                            |
| <b>Gender</b>           |                                    |
| Male                    | 0.437**                            |
| Female                  | 0.397**                            |
| <b>Age categories</b>   |                                    |
| 17-21 years old         | 0.500**                            |
| 22-25 years old         | 0.320*                             |
| 26-35 years old         | 0.363*                             |
| <b>Level of studies</b> |                                    |
| Secondary               | 0.536**                            |
| Higher                  | 0.338**                            |

*Note:* \* Correlation is significant at the 0.05 level; \*\* Correlation is significant at the 0.01 level

*Source:* Author's calculations based on data from survey of Hungarian young adults (2018)

***The Score of Social Trust based on data from ESS Round 7, 2014***

While examining international data (Table 6) it can be concluded that the Nordic countries take the lead in terms of general social trust where the value of general trust reaches 3. Hungary belongs to the countries with the lowest level of trust but Poland and Portugal reached an even weaker result. In Lithuania it is (2.72) above the

average (2.58). All this depicts an important part of social capital and draws attention to the fact that in order to enhance competitiveness in Hungary, the level of trust must be improved but due to its cultural embeddedness it can only be implemented in the long run.

**Table 6.** Sample size and Descriptive Statistics of Score of Social Trust based on the data from round 7 of the ESS for young adults, aged 17–35 years

| Country                                       | N     | Cronbach $\alpha$ | Mean | SD   |
|---|-------|-------------------|------|------|
| Austria                                       | 457   | 0.801             | 2.71 | 0.89 |
| Belgium                                       | 513   | 0.633             | 2.61 | 0.75 |
| Switzerland                                   | 433   | 0.671             | 2.83 | 0.81 |
| Czech Republic                                | 578   | 0.790             | 2.44 | 0.97 |
| Germany                                       | 694   | 0.688             | 2.66 | 0.75 |
| Denmark                                       | 390   | 0.681             | 3.12 | 0.76 |
| Estonia                                       | 536   | 0.727             | 2.70 | 0.81 |
| Spain   | 518   | 0.645             | 2.48 | 0.77 |
| Finland                                       | 475   | 0.722             | 3.15 | 0.71 |
| France  | 467   | 0.575             | 2.47 | 0.76 |
| United Kingdom                                | 463   | 0.763             | 2.74 | 0.83 |
| Hungary                                       | 413   | 0.765             | 2.29 | 0.96 |
| Ireland                                       | 605   | 0.776             | 2.88 | 0.86 |
| Israel  | 822   | 0.718             | 2.51 | 0.93 |
| Lithuania                                     | 507   | 0.833             | 2.72 | 0.92 |
| Netherlands                                   | 426   | 0.727             | 2.85 | 0.67 |
| Norway  | 395   | 0.656             | 3.11 | 0.68 |
| Poland  | 485   | 0.668             | 2.16 | 0.89 |
| Portugal                                      | 247   | 0.663             | 2.11 | 0.82 |
| Sweden  | 487   | 0.657             | 3.08 | 0.68 |
| Slovenia                                      | 310   | 0.758             | 2.34 | 0.91 |
| All Countries (21) taking part in ESS round 7 | 10221 | 0.706             | 2.58 | 0.84 |

Note: The items for the Score of Social Trust were recoded to a 1 to 5 range and then averaged by calculating the simple arithmetic mean, Post-Stratification and Population size weights were applied to the countries' averages

Source: Author's calculations based on data from round 7 of the ESS (2014)

The Mann-Whitney test shows that there is no significant difference ( $p=0.961$ ) between male and female young Hungarian adults in the Score of Social Trust based on the data from ESS round 7 (Table 7).

The Kruskal-Wallis nonparametric test shows that there is no significant difference ( $p=0.123$ ) between the three age groups in the Score of Social Trust based on the data from ESS Round 7.

**Table 7.** Descriptive Statistics for Score of Social Trust by Gender, Age and Level of Education for Hungarian young adults, aged 17–35 years

|   | Percent of respondents | Mean | SD   |
|---|------------------------|------|------|
| Gender  |                        |      |      |
| Male (Cronbach's $\alpha = 0.779$ )           | 44.1                   | 2.28 | 0.98 |
| Female (Cronbach's $\alpha = 0.751$ )         | 55.9                   | 2.30 | 0.95 |
| Age categories                                |                        |      |      |
| 17-21 year old (Cronbach's $\alpha = 0.694$ ) | 25.7                   | 2.48 | 0.89 |
| 22-25 year old (Cronbach's $\alpha = 0.803$ ) | 19.6                   | 2.33 | 0.93 |
| 26-35 year old (Cronbach's $\alpha = 0.775$ ) | 54.7                   | 2.18 | 0.99 |
| Level of studies                              |                        |      |      |
| Non-higher (Cronbach's $\alpha = 0.773$ )     | 81.7                   | 2.29 | 0.94 |
| Higher (Cronbach's $\alpha = 0.728$ )         | 18.3                   | 2.29 | 1.02 |

Note: The items for the Score of Social Trust were recoded to a 1 to 5 range and then averaged by calculating the simple arithmetic mean, Post-Stratification and Population size weights were applied to the countries' averages

Source: Author's calculations based on data from round 7 of the ESS (2014)



## Conclusions

Several attempts have been made to interpret national competitiveness but a standard, universally accepted definition still does not exist. Despite of it, some common points of different interpretations can be found. The competitiveness of the economy cannot be separated from the competitiveness of society as the human factor has a significant impact on economic growth. In addition to easily measurable areas such as the proportion of those with higher education qualification, expenditure on education, participation in lifelong learning the so-called 'soft' determinants that are difficult to measure are gaining more ground. Such an area was investigated by the present study, i.e. social environment and trust and it was stated that in an international comparison Hungary has a low level of trust. This decreases social capital and increases transaction costs as lack of trust results in more contracts and administration between economic players. In our examined area the Hungarian youth lacked trust primarily in the healthcare system and online media. This underpins the necessity of development as a higher standard of services raise satisfaction level and the perceived well-being and in the case of the media, ensuring an authentic source of information.

Nonparametric examinations (Mann-Whitney & Kruskal-Wallis tests) between the different groups formed on characteristics (gender, age, level of studies) did not show significant difference. This raises the possibility that the examined factors are 'encoded' in society so regardless of their parameters they universally hold true for everybody.

On the basis of the analysis of social environment according to the young people the two most serious problems of the Hungarian society are dissension and closeness. The present phase of the research examined the single subjective social environmental items in Hungary but in the future an international comparison is also planned that can justify our statement according to which a detectable positive relationship could be seen between subjective social environment and trust. This does not only determine the following phases of the research but also shows a tendency towards a sustainable and competitive social environment.

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