

ROLE OF TRUST FOR THE  
DECISION TO START  
ENTREPRENEURIAL ACTIVITY.  
CASE OF UKRAINE

by

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A thesis submitted in partial fulfillment of  
the requirements for the degree of

MA in Economic Analysis

Kyiv School of Economics

2018

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Kyiv School of Economics

Abstract

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The paper investigates the size of the effects, which trust and distrust in various institutions in Ukraine have on the decision of an individual to start up his/her own business. The data for the research comes from the Life in Transition Surveys available for 2010 and 2016. It allows capturing the difference in various institutions and observe these distinctions between years and gender. The results demonstrate the importance of the role of trust and the decision to become entrepreneurs as well as highlights the difference between male and female of trusting various authorities. Men are more concerned with feeling secure, while the financial support plays important role in a decision to become entrepreneurs for women. In general the trust in military forces positively influence the probability of male to start an own business, while for women it is the trust in investments and non-governmental organization that introduces positive influence. The distrust in local government and financial system tend to negatively influence the probability to become entrepreneur. The marital status of a person also have a strong influence on a decision to start up a business and it

different for both genders. For example, the study confirm that the separated woman has very low probability to become an entrepreneur.

The obtained results may be used for the further policy decisions, since it indicates the types of institutions the trust of which should be improved if policy makers desire to increase the level of entrepreneurial activity in the country.

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## ACKNOWLEDGMENTS

The author wishes to express her sincere gratitude to the thesis supervisor Assistant Professor Olga Kupets for her insights and guidelines.

The author is grateful to all research workshop professors for their strict deadlines and motivation to finish the given paper in time.

The author expresses gratefulness to the sponsors of Kyiv School of Economics, which provide grants and financial support.

The author wants to express a profound gratefulness to KSE student Oleksandra Chmel, whose support and precious advices led to the substantial improvement of the paper.

The author expresses an enormous gratitude to her family for their ceaseless patience and understanding.

## LIST OF ABBREVIATIONS

### *Word*

ATO - Anti-Terrorist Operation Zone

CEE - Central and Eastern Europe

FSU - Former Soviet Union countries

LITs - Life in Transition Surveys

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## *Chapter 1*

### INTRODUCTION

The discussion about the role of trust in the entrepreneurial activity is not a new one. Especially concerning the trust in institutional authorities. Baumol (1990) highlights the fact that attitude towards governments may influence the desire to start a business. Such disbelief or lack of trust in the laws of a country very often results in non-productive or even destructive start-ups.

However, the trust is not the only thing that influences the propensity of new businesses. The psychological, cultural peculiarities as well as historic past have a strong influence on the level of entrepreneurial activity in the country. Putnam et al (1993) found that the northern and central parts of Italy had trusted and civic-minded regional governments, which administered more efficiently in comparison with the southern parts that were less trusted. Fukuyama (1995) argues that when a high level of trust prevails in the civil society then economy performs much better. He also states that in countries with former communist regime, there is an issue of political trust and it causes the ineffective economic relationships.

A similar discussion was carried out by Djankov and Murrell (2002), who discovered the existence of a clear difference between the former Soviet Union countries (FSU) and Central and Eastern Europe (CEE). Most countries in the CEE had capitalistic economies and their institutional, cultural and legal history determined their present position in the stronger market economy, while it is not the case for the countries of FSU. The industrialization, distrust and total control had led to the weak economic performance after the fall of FSU. A marked

change in mentality, the way that market changed and the new laws has led to the increased level of corruption. That is the ineffective laws of tax collection, for example, greatly upturn the cost of operating an entrepreneurship. In Lithuania, higher taxes were named an obstacle number one in running a small business (Aidis and Mickiewicz, 2006).

The given research aims at investigating the dependence between the level of trust in different authorities and a decision to start up a business in Ukraine. The comparison is made for 2010 and 2016 and these years drastically differ not only in political regimes, economic situation but also in the citizen's' perception of various institutions.

The paper discusses the change in the level of trust and distrust in various institutions in Ukraine during two different presidents: Viktor Yushchenko in 2010 and Petro Poroshenko in 2016. In 2004 Viktor Yanukovich also won the presidential election, but after the Orange Revolution, the voting results were canceled and Viktor Yushchenko took the presidential post. Furthermore, Yulia Tymoshenko lost elections and seemed likely to have no chance of retaining her post of the Prime Minister of Ukraine due to her strained relations with Viktor Yushchenko. Viktor Yushchenko was declared the President of Ukraine in February 2010 after the second row of the presidential election and remained on his position until February 2014. The country undergone through the period of the disputes in the political sphere. For the future agreements with the EU Ukraine needed to conduct reforms in the energy sector, judicial reforms etc. The Gross domestic product of Ukraine in 2010 was 136 billion USD with 40.63% of the national debt as the percent of GDP. Ukrainians perceived the European Union as a way of improving economic situation and ensuring at least some sort of political stability. Therefore, when later on Yanukovich declined the Association Agreement with the European Union, students went to the demonstration in the Independence Square in Kyiv. After they had been brutally

forced to leave the Square, the Euromaidan protests were officially proclaimed in November 2013. Viktor Yanukovich escaped from the country and in new presidential election in 25 May 2014, Petro Poroshenko took the post of the President of Ukraine.

The Crimea annexation and the Anti-Terrorist Operation Zone (ATO) in 2014 brought up a significant amount of damage to the Ukrainian economy. Although in 2016 the gathered statistics demonstrated that Ukraine managed to overcome the crisis and its economy experienced a growth rate of around 2% However, later on the cumulative decline in GDP was 16.5%

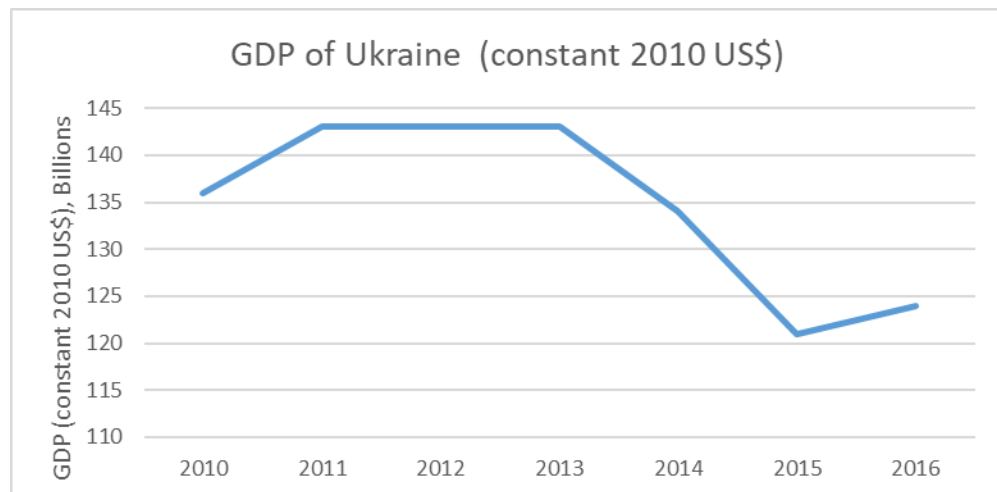


Figure 1. GDP of Ukraine in constant 2010 US\$<sup>1</sup>

Trilby Rajna claims, “In countries where the economy is poorer, or where unemployment rates are high, citizens turn to starting their own small businesses

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<sup>1</sup> <http://www.worldbank.org/> (The World Bank)

where they see opportunity.”<sup>2</sup> Ukraine despite its rather unstable political and economic situations during 2010-2016 is not considered as a poor country. The unemployment in Ukraine calculated as a percentage of total labor force. As follows from the graph below, the level of unemployment drastically increased during 2013-2014 and the Crimea annexation as well as the beginning of the war at the East of Ukraine could account for such a change.



Figure 2. Level of Unemployment in Ukraine<sup>3</sup>

The attitudes towards various institutions are deeply investigated in Life in Transition Surveys. The richness of data allow to construct a model, which allow investigating the dependency between the decision of a person to become an entrepreneur and his/her level of trust or distrust in different institutions. The Chapter 2 discusses the intrinsic insights drawn from the papers, which

<sup>2</sup><https://www.weforum.org/agenda/2015/10/these-9-countries-have-the-highest-levels-of-entrepreneurship/>

<sup>3</sup> <http://www.worldbank.org/> (The World Bank)

investigate the influence of different institutions on the level of employment in a country, including the entrepreneurial activity. The Chapter 3 presents the methodology and explains the reasons behind selection of the variable for the research. The Chapter 4 describes the data available for the analysis and provides descriptive statistics. The discussion of the major finding may be found in the Chapter 5 and the Chapter 6 introduces the concluding remarks.

## *Chapter 2*

### LITERATURE REVIEW

In OECD (2013) the trust is defined as a positive perception of the future actions of an organization or an individual. Sometimes the trust in government determines to be the citizens' confidence that "government to do what is right and perceived fair". Generally, that trust in government might be divided into social and political, where "social" represents the confidence in community and "political" is a positive perception of the institutional system.

As was noted previously, there is a difference in government perception alongside with trust in ECE and FSU. In the transition economies, the private networks allowed for the absence of trust in the communist regime. Similar results are obtained by Estrin and Mickiewicz (2010), who explained the low rate of entrepreneurial activity in transitional countries in comparison with developed market economies as "a communist legacy"

The societies with a high level of trust in institutions have stronger incentives to innovate, take risks and accumulate human and physical capital according to Knack and Keefer (1997).

Caliendo et al (2010) base their analysis on German Socio-Economic Panel to answer the question of how the entrepreneurial decision processes depend on trust as well as positive and negative reciprocal ways. They confirm the influence which a variable of trust has on the entrepreneurial development. Moreover, the managers are appear to be more trustful than entrepreneurs, while the entrepreneurs exhibit more trust in comparison with the employees.

Court is also perceived as an object of trust. Johnson, McMillan and Woodruff (1999) discover a negative effect on employment growth if an entrepreneur believes in court's inability to fulfil an established contract. According to Djankov et al (2004) the entrepreneurs in Russia also have a higher disbelief in the work of the court system than non-entrepreneurs.

An interesting study performed by Schwartz and Baldi (1997) indicates the Orthodox countries are less prone to entrepreneurial activity than Catholic or Protestant countries.

Khodenko (2013) in his MA thesis studies the pro-market attitudes in their dependence on the confidence in state authorities. He found a pattern, which prevails only for developed countries, that is a "confidence in the government has a negative impact on attitude toward private ownership".

Several papers investigated the effect of corruption on the economic situation in a country. Tanzi (1998) perceives it as a proxy for institutional quality, since it indicated to the weak government and court systems, unclear regulatory laws. In their paper Aids and Mickiewicz (2006) discuss the findings of corruption being the main obstruction for entrepreneurial activity in transition economies. Slemrod (2002) underlines the fact that if the government is perceived as a trustworthy then the level of tax cheating is lower in the country.

Mlokosiewicz et al (2017) investigate how the trust in business relations influence the level of entrepreneurial activity in Poland and recognizes the importance of the further improvement of the financial institutions in a country.

## Chapter 3

### METHODOLOGY

The main question of interest is the investigation of the dependency between the efforts to become an entrepreneur and start one's own business and the level of trust in different institutions. The dependent variable (Business) is a binary variable, which indicates whether a person has ever tried to start up a business.

The chosen model for the following research is the logistic model:

$$business = \beta_0 + \beta_1 Y + \beta_2 \Omega + \beta_3 \Theta + \beta_5 \Psi \quad (1)$$

where  $Y$  is the set of variables describing the level of trust in different authorities (trust in governments, trust in the armed forces, trust in Presidency etc.); The variables are transformed into a binary one, where 1 indicates "trust" and 0 "distrust"

$\Omega$  - set of variables describing socio-demographic attributes of the individual (age, gender, level of education, marital status);

$\Theta$  – willingness to take risks

$\Psi$  – set of variable describing religion of the agents.

The variables of trust have values from one to five: "complete distrust", "some distrust", "neither trust nor distrust", "some trust", "complete trust" in LITS



2010 and 2016. To avoid over specification the variables “complete distrust” and “some distrust” were aggregated into “distrust” and signed as zero. The variable “trust” has value zero and it is the aggregation of “some trust” and “complete trust” variables. The variable “neither trust nor distrust” has the value of two and further serves as the base in the analysis. In such a way, all trust variables look the following way: “trust in presidency” have three values, where zero means “distrust”, one means “trust” and two meaning “neither”. For convenience of the researcher, the variables “trust”, “distrust”, and “neither” entered the model separately.

The certain variables of trust appear to be highly correlated among each other. Presidency is correlated with government on around 78% and the correlation between local and regional governments is around 68%. Parliament and government is correlated at 69% and political parties appear to be correlated with the parliament at 59%. The logical explanation for such high interaction between variables is that they all represent regulatory authorities. For example, when asking people about trust in presidency, one is actually asking to what extend a person trusts Victor Yanukovich in case of 2010 or Petro Poroshenko in 2016. Meanwhile, it should be taken in mind that the president usually appoints the Prime Minister. In 2010 Mykola Azarov was appointed by Victor Yanukovich as the Prime Minister and Petro Poroshenko appointed Volodymyr Groysman as the Prime Minister in 2016. Therefore, the respondents perceive such connection and that is why the variables are highly correlated.

The army is surprisingly correlated with local government at 45%, probably because of a voluntary help and donations it receives from the residents. The banks and financial institution exhibit 50% correlation with police, probably because the last plays an important role in security measures of such authorities. Non governmental organization is highly correlated with foreign investors (63%)

and it explained by the fact that most NGOs obtain financing through grants and other means of support.

Nevertheless, all trust variables are included into the regression analysis, since the idea is to discover the overall tendency and to check which of them have the stronger influence. It might be expected that despite being highly correlated, one variable has much of an influence on the decision to start a business, while the other one does not.

The important set of variables used in this research is the socio-economic property of the agents, which include gender, age, marital status, and level of education as determinants of business start-ups. The logical reasoning suggests that those agents with higher education should be prone to start up a business, as well as they are more likely to be in their 40<sup>th</sup>. The gender is not expected to have much of an influence, although male are more likely to start a business than female, since they are claimed to have more confidence. The women is also usually take care of the family and children, so that they have less time to spend on the business creation and its further development.

The hybrid study conducted by Kuppuswamy and Mollick (2015), the authors discuss the term “overconfidence”, which may serve as the biggest psychological indicator of whether a person becomes an entrepreneur. They claim the fact that men are more confident than women in believing that success is the result of their doing while all failures happening due to a bad luck. Female, contrary to male, possesses a more accurate judgment of risk, and is less prone to attribute a success to herself, but also less likely to take advantage of it.

As for the marital status it allows to see whether the fact that a person has a family influences on his desire to undergo a change, risking to create a business of his/her own. Those who are married may be less prone to start a business due to

the lack of time, for example, female may have children to take care of, or spouse earns enough to provide money for the whole family etc. The divorced agents may need the money to pay alimony, for example, and therefore, they may be more prone to search various ways of earning for a living. The separated agents are the most vulnerable category; they are the agents who are legally married, but in the process of obtaining divorce, but do not live with their spouses for various reasons, excluding illness, work or school. The reasons for choosing separation over divorce may vary, but the most common are the cases when one partner does not want to divorce while the other would like to get divorce, but wants to avoid litigation. Sometimes religion forbids divorces and couples choose separation instead. Another reason for choosing separation over divorce is retaining the legal benefits of marriage etc.

As of the religion of agents, this variable is included to see how the cultural differences influence the percentage of successful businesses. Since the majority of population of Ukraine is Orthodox Christian, the variable is not expected to have much of an influence.

## *Chapter 4*

### DATA DESCRIPTION

The data comes from the Life in Transition Survey (LITS) performed by the European Bank for Reconstruction and Development in 2010 and 2016. The survey includes the “Entrepreneurial Activity”, “Attitudes and Values” sections from which the main dependent variables are taken.

The dependent variable is the start of a business. In the 2016 questionnaire it goes under the answer “Yes, I have set up my current business”, “Yes, I set up a business in the past, but I am no longer involved in it or it is no longer operational”, and “Yes, I tried to set up a business and did not succeeded in setting it up”. Later on, these answers were aggregate to “Yes, I have tried”, which is the main variable of interest and “No”. In the 2010 questionnaire, the dependent variable has only two answer options: “Yes”, “No” and it has no need for further changes. The difference in a design of a question asked explains the variability of the variable. In 2010, 167 responders indicated themselves as those who tries to start a business, while in 2016 after the answer aggregation the number of those who tries to set up their own business increased to 1,394. Therefore, the way a question is stated is extremely important and may influence on the results of a survey.

The main explanatory variable is “To what extent do you trust in the following institutions” and the type of institutions are as follows: the Presidency, the government/cabinet of minister, regional government, local government, the parliament, courts, political parties, armed forces, the police, banks and the financial system, foreign investors, non-governmental organizations, trade unions,

religious institutions. The answers were “complete distrust”, “some distrust”, “neither trust nor distrust”, “some trust”, “complete trust” and they further were aggregated into “trust”, “distrust” and “neither”.

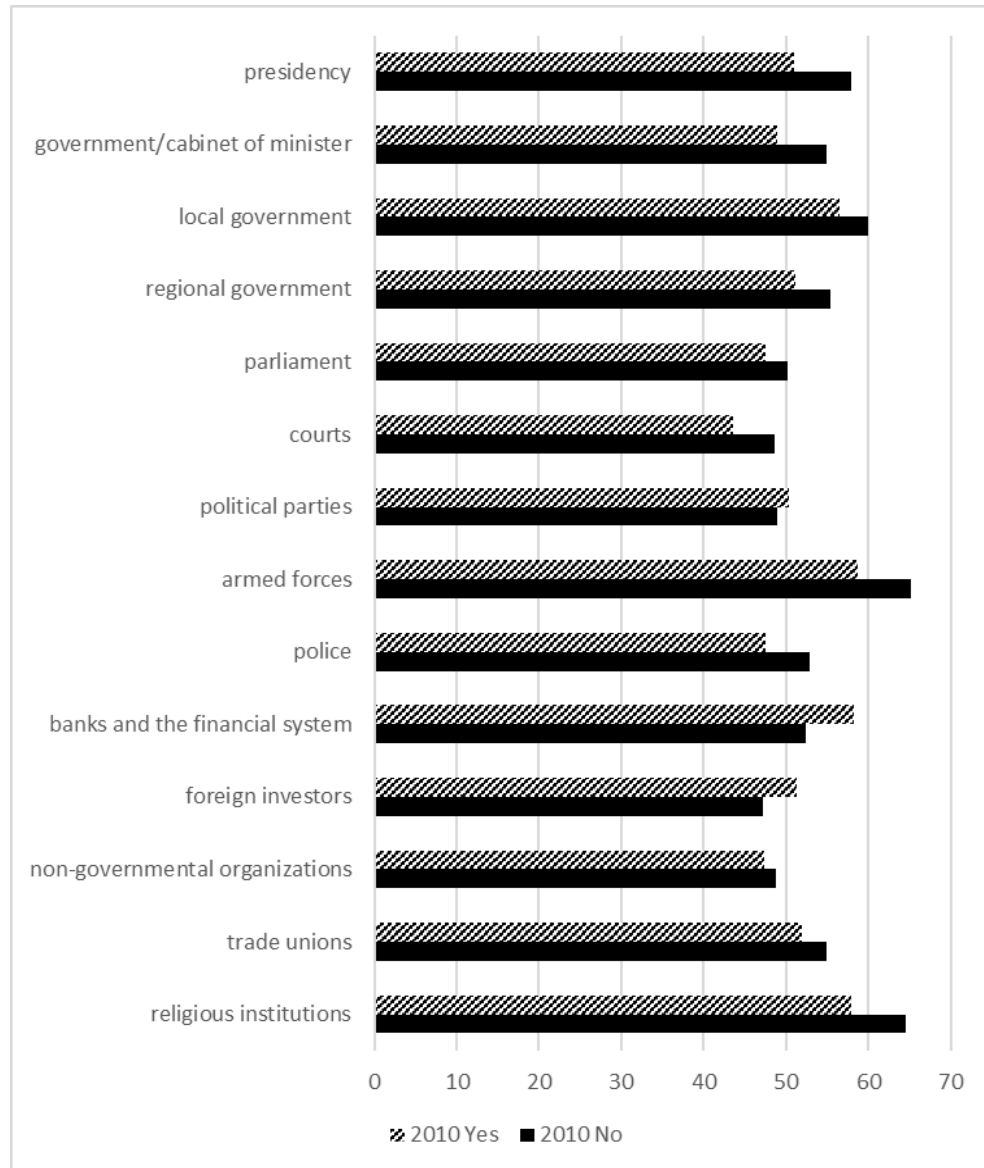


Figure 3. Difference in the level of trust in various institutions for 2010 (percentage terms)

By looking on how the level of trust in different institutions changed for those who indicated that they tried to start up a business during 2010-2016, then it becomes obvious that the overall trust in banks and financial institutions decreased in 2016 in comparison with 2010, while, at the same time, the trust in army increased. Some slight decrease in level of trust is observed in government, while the trust in police has risen.

The trust in religious organization remains high in 2010 and 2016. It seems that mentality is the main reason for such high level of trust, and the proverb “In all the will of God” proves it perfectly.

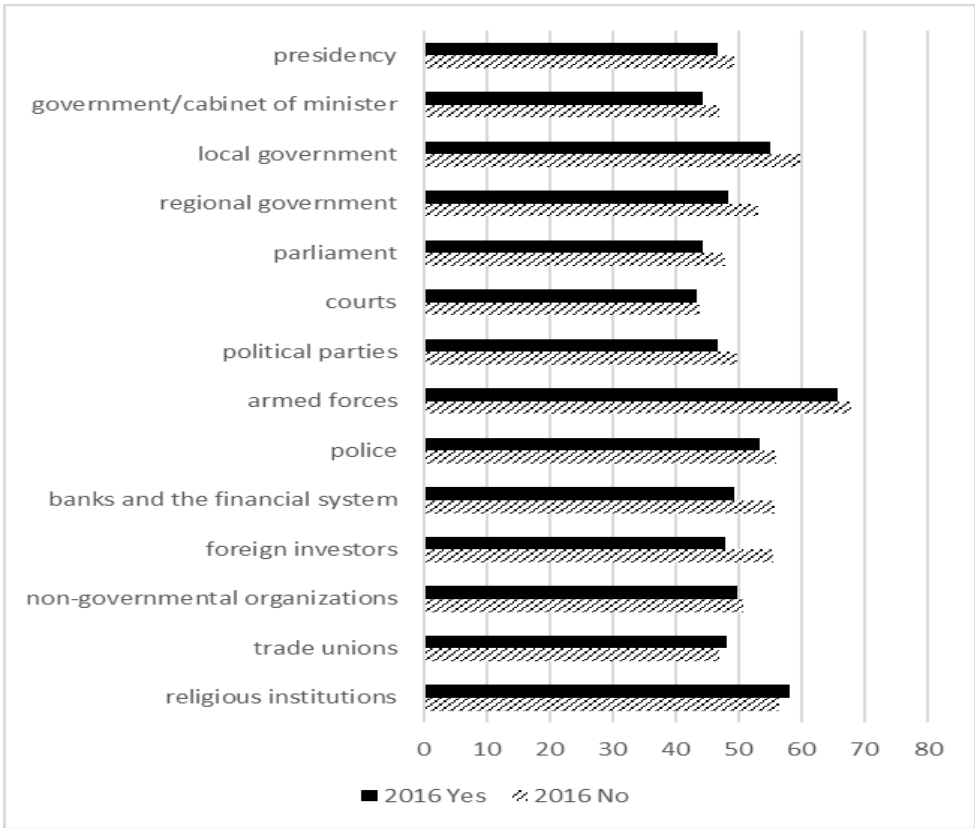


Figure 4. Difference in the level of trust in various institutions for 2016 (percentage terms)

No huge difference of level of trust is found between those who tried to start up business and those who did not. However, the trust in religious organization is surprisingly high for responders who never attempted to become the entrepreneurs.

Table 1. Level of trust and distrust in various institutions (percentage terms)

	2010		2016	
	Trust	Distrust	Trust	Distrust
The Presidency	28.45	53.3	8.43	65.48
The government/cabinet of ministries	23.37	57.4	7.19	71.79
Regional governments	23.03	52.21	12.84	57.96
Local governments	30.1	47.49	18.27	48.3
The parliament	18.11	63.99	6.87	71.38
Courts	17.69	66.01	8.31	70.95
Political parties	14.96	61.57	10.73	66.64
Armed forces	37.75	33.75	38.93	33.77
The police	20.92	61.01	17.79	51.1
Banks and the financial system	22.39	55.84	12.8	55.88
Foreign investors	19.76	44.41	17.54	49.31
Non-governmental organizations	18.37	41.1	18.88	45.97
Trade unions	28.24	37.55	18	48.56
Religious institutions	40.52	30.98	33.61	35.5

The highest percentage of distrust prevails in the parliament and courts both for 2010 and for 2016. In 2016, the distrust in government/cabinet of ministries also starts to prevail over other variables of trust and may be explained by the recent political events, which took place in the country. The events of 2013-2014 demonstrated the incapability of the president to solve the crisis and fully

uncovered the corruption schemes and the gerrymandering of the authorities. The Crimea annexation and the war in Donbas, which followed right after Viktor Yanukovich fled Kyiv only proved the incapability of the government to manage the country and led to the increase in the believes that only military/army is capable of protecting the citizens.

The level of distrust in police decreased in 2016 in comparison with 2010, however the level of trust also been reduced.

Based on the Schwartz and Baldi (1997) paper, the variable of religion was also included into the regression analysis. The majority of responders in both sample years are Orthodox Christians (80.90% and 81.88% respectively), but such a result may be explained by the geographical locations and the historical past of the countries presented in the sample. Should be noted that more people indicated themselves as the atheists in 2016 (6.10 %) in comparison with 2010 (4.92%).

As follows from the sample, the majority of enterprenuers did not feel the need to borrow money in order to start up a busines, and the main reasn for that – is the sufficient amount of capital needed to set up a business.

The gender distributions indicate that female responders aged 65+ prevail in the sample (448 responders), while the majority of male responders are 45-54 years old (277 individuals). Also the majority of responders are married (56.35%) followed by widowed (14.95%). The highest percenge of answer is for post-secondary non-tertiary, while there is no responders with Master's degree or PhD in 2010, but their number increases to 79 in 2016.

As for the willingness to take risks, the subjects were asked to rank their willingness to take risks on the scale from 1 to 10, where 10 meant “very much



willing to take risk”. The percentage of respondents with the highest desire to take risk were 3.59% in 2010, while their number decreased in 2016 to 1.19% in 2016. The highest amount of risk, which the majority of responders (17.72 %) in 2016 were ready to take, was two. Meanwhile in 2010 the majority of responders indicated five as a number of their willingness to risk.

*Chapter 5*

EMPIRICAL RESULTS

The model for the whole set of responders indicate that the distrust in police plays the most important role in decision to become an entrepreneur without separating years.

Table 2. Regression results for all responders (only significant variables indicated)

	dy/dx	Std. Err.	P> z
Variables of trust			
Distrust in police	0.0279*	0.01	0.06
Willingness to take risks (from 1 to 10, where 10 - very much willing to take risks)			
9	0.14***	0.04	0.00
10	0.09**	0.04	0.02
Age			
35-44	0.0374*	0.02	0.08
45-54	0.0397*	0.02	0.06
55-64	0.0582***	0.02	0.01
65+	0.048**	0.02	0.03
Marital Status			
Widowed	0.0364*	0.02	0.07
Separated	-0.101***	0.03	0.00

Note: \* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

However, since male and female are psychologically different their decisions are influenced by different social factors. The male are more concerned with security and they feel the need to know that their assets are protected, while for female it is more about stability. The results confirm the variation in the psychological

perception between men and women. The distrust in police increases the probability of becoming an entrepreneur by 6% for male and it might be a result of a need to secure their assets by themselves. Creating own business might allow building stronger legal ownership rights and it is the assumption of the motivation which lies behind the obtained results. Meanwhile, females are more concerned with the financial situation in a country; in given case it is Ukraine. Their distrust in banks and other financial institutions decrease the probability of becoming entrepreneurs by 3%.

Another variable which significantly influence the decision of women to start a business is age. For example, in Ukraine the majority of women after the birth of a child go on a parental leave and stay with a child at home, meaning they fall out a labor force for quite a while. Such a break may negatively result on their further possibility of finding a job or their knowledge and skills might depreciate. However, from the other point of view, by having more time on self-reflection and development, the females might take online courses to study about specific issue and in such a way increase their value as a worker. There is case when a woman while being on a leave discovered an issue in her surrounding, something that she or her child lack and by further implementing that idea into life, she started her own business and become an entrepreneur. But female are often preoccupied with household routines and child care, so it might be the case that only after 55 years old, when their children are adults the females might feel confident enough to start up a business. Therefore, it is expected that female are more prone to start up a business in their 50ties. The result confirm this theory and it indicates that the probability of starting a business increase by 7% for female older than 50. For male, there is no such significance. Also having the post-secondary non-tertiary education, which might be assumed to be some extra-courses, which offer diplomas or certificates, increases the probability of creating own business by 10% for female.

Separate subject for discussion is the marital status of a person. As the results indicated, the marital status for male and female differs. The widowed male are have 7% higher probability of starting their own business. The reasons for such behavior might vary, but one would suggest that male are more prone to dive into work to distract themselves form their loss. That is male and female grieve differently. The men tend to find some new activity; they might start cooking, for example. Therefore, the widowed men are more likely to start an enterprise in order to distract themselves from their loss.

Meanwhile, if a marital status of a female is “separated”, her probability to start a business decrease by 10%. In most case if a couple is in process of obtaining a divorce, the children stay with mother. In such a case, a female is forced to spend her time trying to fill the need of a child and may start more or take extra-job to provide for family. Therefore, she has less time for self-development and fewer resources to invest in creating a business.

The detailed table with all other variables one may find in the appendix, while here, only the variables of significance are presented:

The distrust in police appears to have a high influence of the decision to become entrepreneur for the male in general. If a man distrusts the police, his probability to start up a business increases by 6 percent.

Table 3. Regression results for male and female (selected variables)

	Male		Female	
	dy/dx	Std. Err.	dy/dx	Std. Err.
Variables of trust				
Trust in Presidency	-0.03	0.04	0.01	0.03
Distrust in Presidency	0.00	0.03	0.01	0.02
Trust in the government/cabinet of minister	-0.01	0.04	-0.02	0.03
Distrust in the government/cabinet of minister	0.01	0.03	-0.03	0.02
Trust in regional government	0.00	0.04	0.00	0.02
Distrust in regional government	0.02	0.03	0.01	0.02
Trust in local government	-0.03	0.03	0.00	0.02
Distrust in local government	-0.01	0.03	-0.02	0.02
Trust in the parliament	-0.01	0.04	-0.04	0.03
Distrust in the parliament	0.00	0.03	0.00	0.02
Trust in courts	0.01	0.03	-0.01	0.02
Distrust in courts	0.00	0.03	0.01	0.02
Trust in political parties	0.02	0.04	-0.01	0.02
Distrust in political parties	-0.03	0.03	0.00	0.02
Trust in armed forces	0.03	0.02	-0.01	0.02
Distrust in armed forces	0.03	0.03	0.01	0.02

Table 3. Regression results for male and female (selected variables) - Continued

Trust in the police	0.03	0.03	0.01	0.02
Distrust in the police	0.06**	0.03	0.01	0.02
Trust in banks and the financial system	0.04	0.03	0.01	0.02
Distrust in banks and the financial system	0.02	0.03	-0.03*	0.02
Trust in foreign investors	0.02	0.03	0.01	0.02
Distrust in foreign investors	-0.01	0.02	0.01	0.02
Trust in non-governmental organizations	0.01	0.03	0.00	0.02
Distrust in non-governmental organizations	0.01	0.03	-0.01	0.02
Trust in trade unions	0.00	0.03	0.00	0.02
Distrust in trade unions	0.02	0.02	0.02	0.02
Trust in religious institutions	-0.02	0.02	-0.01	0.02
Distrust in religious institutions	-0.04	0.02	-0.01	0.02
Willingness to take risks (from 1 to 10, where 10 - very much willing to take risks)				
2	0.01	0.04	0.01	0.02
3	-0.06*	0.03	0.00	0.02
4	0.01	0.04	0.01	0.02
5	-0.01	0.04	0.00	0.02
6	0.02	0.04	0.05*	0.03

Table 3. Regression results for male and female (selected variables) - Continued

7	0.02	0.04	0.00	0.03
8	0.03	0.05	0.08**	0.03
9	0.14***	0.05	0.09**	0.04
10 (Very much willing to take risks)	0.09	0.06	0.08	0.05
Gender				
Female	0.02	0.04	0.01	0.03
Age	0.02	0.04	0.04*	0.03
25-34	0.02	0.04	0.05*	0.02
35-44	0.04	0.04	0.07***	0.02
45-54	0.02	0.04	0.07***	0.03
55-64				
65+	0.00	(empty)	0.05	0.05
Religion	0.00	0.05	0.00	0.04
Buddhist	-0.19	0.19	0.07	0.06
Catholic	-0.02	0.03	0.01	0.03
Jewish	0.05	0.07	0.01	0.06
Orthodox Christian	-0.11	0.10	0.13**	0.06
Other	-0.12**	0.06	0.00	0.04
Other Christians including Protestant				
Refusal	0.05	0.09	0.00	(empty)
Marital Status				
Married	0.00	0.03	0.00	0.02
Widowed	0.07*	0.04	0.01	0.02
Divorced	-0.02	0.05	0.00	0.03
Separated	-0.01	0.06	-0.10***	0.03

However, the simple difference between male and female is not enough to conclude that the trust in different authorities influence their decision to become an entrepreneur. It is indeed clear that men have stronger need to feel secure while female is more concerned with financial situation. The economic situation in Ukraine has been different for 2010 and 2016. The presidency and government undergone through a serious changes, and the Ukrainians experienced the consequences of the war conflict on the East of Ukraine. The dramatic events of 2014-2015 changed the way citizens perceive various institutions and therefore, trust and distrust in them also experienced a significant changes. The brightest example is probably the way Victor Yanukovich is described in media. The perception of him changed from being a legitimate president of Ukraine in 2010 to the opaque wanted fugitive in 2016. Similar example can be drawn almost for every institution in Ukraine and to their legitimate representative. It should not be forgotten that usually when a person is asked about level of trust in a particular organization, s/he evaluated her/his level of trust (or distrust) in a representative of that authority. For example, lately, when asking about medical reform 2018 the responder allow her/his personal emotions and influence the answer. That the responder rather answers about her/his trust in Ulana Suprun, than in medical reform.

As a result, the separate estimate were conducted to discover which variables of trust influence on the decision to become an entrepreneur separately for 2010 and 2016 for both male and female.

The table below underlines the variables of interest, while the more detailed tables may be found in the appendix D.

For male aged 45-54 the probability to become entrepreneur increases by 23 percent, while for female this probability increases by 25 percent if she a Protestant or other Christians including. The married women also have a 6



percent higher probability to start up their own business. The reasons for the may be the fact that being married they receive financial support from the husband as well as have some extra-help with the household, so she could allow spending her time on other activities. The distrust in local government decreases the probability to start up a business by 6 percent for female, while for male the distrust in political parties plays higher role and decreases that probability by 8 percent.

Table 4. Combined regression results for male and female in 2010.

	Male	Female
	Margins (dy/dx)	
Distrust in political parties	-0.08*	-
Distrust in police	0.08*	-
Distrust in local government	-	-0.06**
Distrust in banks and financial institutions	-	-0.04*
Distrust in religion	-0.07*	-
Willingness to take risks (from 1 to 10, where 10 - very much willing to take risks)		
10	0.23***	0.13***
Marital status		
<i>Married</i>	-	0.06*
Religion		
Other Christians including Protestant	-	0.25**
Age		
45-54	0.23**	-

Note: \* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

The variable of religion, which is “other Christian, including protestant”, is highly significant for both male and female while looking separately for 2010 and 2016, although it is not displayed in the shortened version of results report.

Table 5. Combined regression results for male and female in 2016.

	Male	Female
	dy/dx	
Distrust in local government	-0.09*	-
Trust in local government	-0.07*	-
Trust in army	0.07*	-
Trust in religion	0.07*	-
Trust in presidency	-	0.06**
Trust in parliament	-	-0.07**
Trust in foreign investment	-	-0.06**
Trust in non-governmental organization	-	0.05*
Willingness to take risks (from 1 to 10, where 10 - very much willing to take risks)		
10	-0.27***	-0.09**
Marital status		
Separated	-	-0.11**
Education		
Post-secondary non-tertiary education	-	0.08***
Tertiary education (not a university diploma)	0.12***	0.08***
Bachelor's degree or more	0.14***	0.07***

Note: \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

That is if a person is Protestant or other Christian, excluding Orthodox and Catholic his/her probability of becoming an entrepreneur decreases. For male

and female, that number is different, but the general trend remains. It is easily explained by the data available for analysis, since the majority of responders are Orthodox Christian and therefore, the probability that an entrepreneur is an Orthodox Christian is higher than for any other religion.

For females, the trust in foreign investment decreases their probability of becoming entrepreneurs. It might seem as a weird result, however after verification it became obvious that female 25-44 years old trusted less in foreign investment in 2016 than 2010 and that has led to the appearance of the negative effect..

Interesting fact to observe is the appearance of “trust in religious organization” which is significant for both male and female in 2016. People need to find confidence in someone and usually it is the higher forces – God. The Almighty is asked, prayed to, begged for and is perceived as someone who can guide through the journey and help overcome all troubles. That is why, those who trust in religious organization usually have faith that some high force will help them to overcome any troubles and help them to avoid doing mistakes.

However, the difference of psychological and social perception between genders as well as the changes of economic situation in Ukraine in both 2010 and 2016 led to the reconsolidation and resulted in the separation of dataset firstly for male and female and later for the decision to look at the influence of the variables of trust and distrust separately for both years.

First, the institutions in which males trust and distrust are drastically different in comparison with the females. In general, males tend to distrust in police and it increases their probability to become an entrepreneur by 6 percent. Meanwhile, females have distrust in banks and financial systems and it decreases their probability to start up a business by 3 percent.

Secondly, by taking into account the numerous changes which happened in Ukraine during 2010 and 2016, there has been a decision to look on the variability of variables of trust and distrust for every year separately. It seems appropriate to underline the most outstanding changes in the country during the six years between surveys. The main one is the Revolution of Dignity, which has led to the escape of Viktor Yanukovich, who has been a President of Ukraine in 2010 from Ukraine in 2014. Currently he is wanted for high treason. Petro Poroshenko was elected as President in 2014 and who later on signed the Ukraine–European Union Association Agreement. The Annexation of Crimea by the Russian Federation in 2014 and military conflict on the east of Ukraine is another dramatic event, which changed the perception of various institutions among Ukrainians. The army began to play an important role in the lives of citizens and the reformation of police into the National Police of Ukraine in 2015 generally allowed improving the perception of those authorities in the eyes of the citizens.

Therefore, by separating responders by gender and year allowed immersing deeper into the reason behind the decision to start a business. As appeared, the males in 2010 experience distrust towards the political parties, police and religious institutions. Such distrust in religious institutions results in the 7 percent decrease of probability to start a business and the distrust in political parties lower that probability by 8 percent. However, as have been noticed before, the distrust in police increases the probability to become an entrepreneur by 8 percent for men. At the same time, the females experience distrust in banks and financial systems as well as in local government in 2010. Such distrust in banks lowers the probability for women to become the entrepreneurs by 4 percent, and the distrust in local governments decrease it by 6 percent.

As for the males in 2016, their trust towards local government, army and religious organization significantly influences on the decision to start a business. Their trust in local government decreases the probability of becoming an entrepreneur by 9

percent, while the distrust lowers it by 7 percent. The trust in army and religious organizations indicate the 7 percent increase of a probability to start an own business for women in 2016. The results for females in 2016 indicate that trust in presidency increase the probability to become an entrepreneur, by 6 percent, while the trust in parliament decreases that probability by 7 percent. For women the role of non-governmental organizations increase in the decision to start up a business and having trust in those increase that probability by 5 percent. It might be explained by the fact that many NGOs provide small grants and support the decision to start something new.

## *Chapter 6*

### CONCLUSIONS

The paper investigates the size of the effect, which the trust in different authorities have on the level of the entrepreneurial activity in a country. The country under investigation is Ukraine; however, the proposed strategy could be extended towards other countries. The difference in level of trust and distrust indicate the significant impact on a decision of a person to start his/her own business. Although it should be noted that due to the difference in the way the question about entrepreneurship has been stated in Life in Transition Surveys in 2010 and 2016, more people indicated the attempts to start their own business in 2016.

By looking at the whole dataset without separating the responders by years or other attributes, then the results indicate the significant of the distrust in police. If a person distrusts in police then his/her probability of becoming an entrepreneur increases by approximately 3 percent. It might seem controversial, although it could be explained by the desire to protect what is owned by person. In case of starting, a business a person might feel more free in his/her decisions and more confident in taking actions in order to secure the inputs.

There also appear to be distinctive trend of trust towards certain institutions different for male and female. Males are more concerned with the security and the trust or distrust in military has more influence on their further decisions. Meanwhile, the females the level of trust in financial institutions plays more distinctive role in their decisions to start up a business. It might be explained by

the fact that in Ukraine women usually take care of family and children and should feel strong financial support to risk enough and organize a start-up.

Potentially the proposed investigation of the size of the effect which trust and distrust in various organizations can be extended to the other countries. It may also be extended by including other variables of institutions, which have a potential influence on people's decisions. For example, media often introduces subjective coverages of the events and in such way shapes the citizens' attitudes towards various situations in a country, economy included. Therefore, by separating different types of media communication, whether it is social media (Facebook, Twitter etc.) or the TV-channels (1+1, BBC etc.) it might be possible to segregate the extent of influence it has on the decision to start up a business.

The rise of GDP stimulates the growth of the entrepreneurial activity in the country. As the investigation has proven, the importance of the strong financial sector increases the trust of the representative institutions and it leads to the higher percentage of people willing to start up their own businesses.

Other potential ways of broadening the investigation is including other socio-economic features of the responders, such as type and kinds of dwellings owned, number of hours worked, number of family members, health status etc. Therefore, the paper provides great opportunities for further deeper investigation of the matter.

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APPENDIX A

Table A1. Correlation of the variables of trust

Trust	Business	Presidency	Government	Regional Government	Local Government	Parliament	Courts	Political Parties	Armed Forces	Police	Banks and the Financial System	Foreign Investors	NGO	Trade Unions	Religious Institutions
Business	1														
Presidency	-0.13	1													
Government	-0.12	0.78	1												
Regional Government	-0.06	0.66	0.69	1											
Local Government	-0.08	0.51	0.50	0.68	1										
Parliament	-0.07	0.65	0.69	0.60	0.50	1									
Courts	-0.07	0.47	0.51	0.49	0.46	0.57	1								
Political Parties	-0.04	0.53	0.56	0.53	0.42	0.59	0.54	1							
Armed Forces	-0.02	0.35	0.32	0.40	0.45	0.35	0.34	0.36	1						
Police	0.02	0.38	0.39	0.44	0.44	0.43	0.52	0.40	0.50	1					
Banks and the Financial System	-0.03	0.37	0.37	0.44	0.40	0.40	0.46	0.41	0.40	0.50	1				
Foreign Investors	-0.03	0.32	0.33	0.37	0.37	0.38	0.32	0.38	0.41	0.34	0.53	1			
NGO	-0.04	0.31	0.31	0.38	0.36	0.33	0.32	0.35	0.43	0.35	0.44	0.63	1		
Trade Unions	-0.13	0.32	0.32	0.36	0.38	0.31	0.34	0.34	0.41	0.37	0.37	0.45	0.59	1.00	
Religious Institutions	-0.06	0.25	0.24	0.31	0.33	0.25	0.25	0.23	0.35	0.31	0.26	0.32	0.43	0.47	1

APPENDIX B

Table B1. Regression results for all respondents

	dy/dx	Std. Err.
Variables of trust		
Trust in Presidency	-0.01	0.02
Distrust in Presidency	0.00	0.02
Trust in the government/cabinet of minister	-0.01	0.02
Distrust in the government/cabinet of minister	0.00	0.02
Trust in regional government	0.01	0.02
Distrust in regional government	0.01	0.02
Trust in local government	-0.02	0.02
Distrust in local government	-0.02	0.02
Trust in the parliament	-0.03	0.02
Distrust in the parliament	0.00	0.02
Trust in courts	0.01	0.02
Distrust in courts	0.01	0.02
Trust in political parties	0.00	0.02
Distrust in political parties	-0.01	0.02
Trust in armed forces	0.01	0.01
Distrust in armed forces	0.02	0.01
Trust in the police	0.01	0.02
Distrust in the police	0.0279*	0.01
Trust in banks and the financial system	0.02	0.02
Distrust in banks and the financial system	-0.01	0.01

Table B1. Regression results for all respondents - Continued

Trust in foreign investors	0.02	0.02
Distrust in foreign investors	0.00	0.01
Trust in non-governmental organizations	0.00	0.02
Distrust in non-governmental organizations	-0.01	0.02
Trust in trade unions	0.00	0.01
Distrust in trade unions	0.02	0.01
Trust in religious institutions	-0.01	0.01
Distrust in religious institutions	-0.02	0.01
Willingness to take risks (from 1 to 10, where 10 - very much willing to take risks)		
2	0.01	0.02
3	-0.02	0.02
4	0.00	0.02
5	0.00	0.02
6	0.04*	0.02
7	0.01	0.02
8	0.06**	0.03
9	0.14***	0.04
10 (Very much willing to take risks)	0.09**	0.04
Gender		
Female	0.01	0.01
Age		
25-34	0.02	0.02
35-44	0.0374*	0.02
45-54	0.0397*	0.02
55-64	0.0582***	0.02
65+	0.048**	0.02

Table B1. Regression results for all respondents - Continued

Religion		
Buddhist	0.21	0.14
Catholic	0.00	0.03
Jewish	-0.02	0.08
Orthodox Christian	0.00	0.02
Other	0.02	0.05
Other Christians including Protestant	0.03	0.05
Refusal	-0.05	0.04
Level of education		
Primary education	0.16	0.14
Lower secondary education	0.11	0.14
(Upper) secondary education	0.14	0.14
Post-secondary non-tertiary education	0.18	0.14
Tertiary education (not a university diploma)	0.17	0.14
Bachelor's degree or more	0.09	0.14
Master's degree or PhD	0.04	0.14
Marital Status		
Married	0.00	0.02
Widowed	0.0364*	0.02
Divorced	0.01	0.03
Separated	-0.101***	0.03
Year		
2016	0.81***	0.01
N	3,010	
Pseudo R2	0.59	

Note: \* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

APPENDIX C

Table C1. Regression results for male and female for both years (2010 and 2016)

	Male		Female	
	dy/dx	Std. Err.	dy/dx	Std. Err.
Variables of trust				
Trust in Presidency	-0.03	0.04	0.01	0.03
Distrust in Presidency	0.00	0.03	0.01	0.02
Trust in the government/cabinet of minister	-0.01	0.04	-0.02	0.03
Distrust in the government/cabinet of minister	0.01	0.03	-0.03	0.02
Trust in regional government	0.00	0.04	0.00	0.02
Distrust in regional government	0.02	0.03	0.01	0.02
Trust in local government	-0.03	0.03	0.00	0.02
Distrust in local government	-0.01	0.03	-0.02	0.02
Trust in the parliament	-0.01	0.04	-0.04	0.03
Distrust in the parliament	0.00	0.03	0.00	0.02
Trust in courts	0.01	0.03	-0.01	0.02
Distrust in courts	0.00	0.03	0.01	0.02
Trust in political parties	0.02	0.04	-0.01	0.02
Distrust in political parties	-0.03	0.03	0.00	0.02
Trust in armed forces	0.03	0.02	-0.01	0.02

Table C1. Regression results for male and female for both years (2010 and 2016) - Continued

Distrust in armed forces	0.03	0.03	0.01	0.02
Trust in the police	0.03	0.03	0.01	0.02
Distrust in the police	0.06**	0.03	0.01	0.02
Trust in banks and the financial system	0.04	0.03	0.01	0.02
Distrust in banks and the financial system	0.02	0.03	-0.03*	0.02
Trust in foreign investors	0.02	0.03	0.01	0.02
Distrust in foreign investors	-0.01	0.02	0.01	0.02
Trust in non-governmental organizations	0.01	0.03	0.00	0.02
Distrust in non-governmental organizations	0.01	0.03	-0.01	0.02
Trust in trade unions	0.00	0.03	0.00	0.02
Distrust in trade unions	0.02	0.02	0.02	0.02
Trust in religious institutions	-0.02	0.02	-0.01	0.02
Distrust in religious institutions	-0.04	0.02	-0.01	0.02
Willingness to take risks (from 1 to 10, where 10 - very much willing to take risks)				
2	0.01	0.04	0.01	0.02
3	-0.06*	0.03	0.00	0.02
4	0.01	0.04	0.01	0.02

Table C1. Regression results for male and female for both years (2010 and 2016) - Continued

5	-0.01	0.04	0.00	0.02
6	0.02	0.04	0.05*	0.03
7	0.02	0.04	0.00	0.03
8	0.03	0.05	0.08**	0.03
9	0.14***	0.05	0.09**	0.04
10 (Very much willing to take risks)	0.09	0.06	0.08	0.05
Gender				
Female	0.02	0.04	0.01	0.03
Age	0.02	0.04	0.04*	0.03
25-34	0.02	0.04	0.05*	0.02
35-44	0.04	0.04	0.07***	0.02
45-54	0.02	0.04	0.07***	0.03
55-64				
65+	0.00	(empty)	0.05	0.05
Religion	0.00	0.05	0.00	0.04
Buddhist	-0.19	0.19	0.07	0.06
Catholic	-0.02	0.03	0.01	0.03
Jewish	0.05	0.07	0.01	0.06
Orthodox Christian	-0.11	0.10	0.13**	0.06
Other	-0.12**	0.06	0.00	0.04
Other Christians including Protestant				
Refusal	0.05	0.09	0.00	(empty)
Level of education	-0.03	0.07	0.08*	0.04
Primary education	-0.02	0.06	0.04	0.05
Lower secondary education	0.05	0.06	0.09***	0.03



Table C1. Regression results for male and female for both years (2010 and 2016) - Continued

(Upper) secondary education	0.05	0.06	0.10***	0.03
Post-secondary non-tertiary education	-0.06	0.08	0.09***	0.03
Tertiary education (not a university diploma)	0.05	0.06	0.10***	0.03
Bachelor's degree or more	-0.06	0.08	0.09***	0.03
Master's degree or PhD	-0.12	0.07	0.04	0.04
Marital Status				
Married	0.00	0.03	0.00	0.02
Widowed	0.07*	0.04	0.01	0.02
Divorced	-0.02	0.05	0.00	0.03
Separated	-0.01	0.06	-0.10***	0.03
Year				
2016	0.48***	0.02	0.32***	0.01
N	1,311		1,689	
Pseudo R2	0.51		0.68	

Note: \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

APPENDIX D

Table D1. Regression results for male and female for every year separately

	dy/dx			
	2010		2016	
	Male	Female	Male	Female
Variables of trust				
Trust in Presidency	-0.02 (0.06)	0.00 (0.06)	-0.05 (0.05)	0.06** (0.03)
Distrust in Presidency	0.03 (0.06)	0.04 (0.03)	-0.05 (0.04)	0.00 (0.02)
Trust in the government/cabinet of minister	-0.06 (0.07)	-0.04 (0.07)	0.00 (0.06)	-0.02 (0.03)
Distrust in the government/cabinet of minister	0.02 (0.06)	-0.02 (0.03)	0.04 (0.04)	-0.01 (0.03)
Trust in regional government	0.02 (0.06)	0.04 (0.04)	0.00 (0.04)	-0.02 (0.02)
Distrust in regional government	-0.01 (0.05)	0.01 (0.03)	-0.01 (0.04)	0.00 (0.02)
Trust in local government	0.01 (0.05)	-0.02 (0.04)	-0.09* (0.05)	-0.01 (0.02)
Distrust in local government	0.03 (0.04)	-0.06** (0.03)	-0.07* (0.04)	-0.01 (0.02)
Trust in the parliament	-0.01 (0.06)	-0.03 (0.05)	0.03 (0.07)	-0.07** (0.03)
Distrust in the parliament	0.00 (0.05)	0.00 (0.03)	0.07* (0.04)	0.00 (0.02)
Trust in courts	-0.02 (0.06)	-0.03 (0.04)	0.05 (0.05)	0.01 (0.03)
Distrust in courts	0.01 (0.05)	0.01 (0.03)	-0.06 (0.04)	0.00 (0.02)

Table D1. Regression results for male and female for every year separately -  
Continued

Trust in political parties	0.06 (0.05)	-0.06 (0.05)	-0.07 (0.05)	0.03 (0.03)
Distrust in political parties	-0.08* (0.04)	-0.01 (0.03)	-0.03 (0.04)	0.01 (0.02)
Trust in armed forces	0.01 (0.04)	-0.01 (0.03)	0.07* (0.04)	-0.01 (0.02)
Distrust in armed forces	0.01 (0.04)	0.00 (0.03)	0.03 (0.05)	0.01 (0.02)
Trust in the police	0.07 (0.06)	0.04 (0.04)	0.00 (0.05)	0.03 (0.03)
Distrust in the police	0.08* (0.05)	0.05 (0.04)	0.05 (0.03)	0.00 (0.02)
Trust in banks and the financial system	0.04 (0.04)	0.03 (0.03)	0.07 (0.04)	-0.04 (0.03)
Distrust in banks and the financial system	0.02 (0.04)	-0.04* (0.02)	0.04 (0.03)	-0.02 (0.02)
Trust in foreign investors	0.03 (0.04)	0.06 (0.04)	-0.04 (0.04)	-0.06** (0.02)
Distrust in foreign investors	-0.03 (0.04)	0.04 (0.03)	0.03 (0.04)	-0.01 (0.02)
Trust in non-governmental organizations	0.01 (0.04)	-0.06 (0.05)	0.06 (0.05)	0.05* (0.03)
Distrust in non-governmental organizations	0.00 (0.04)	-0.04 (0.03)	0.05 (0.04)	0.01 (0.02)
Trust in trade unions	0.00 (0.04)	0.01 (0.03)	-0.03 (0.05)	-0.01 (0.02)
Distrust in trade unions	0.04 (0.03)	0.04* (0.03)	-0.02 (0.04)	0.01 (0.02)

Table D1. Regression results for male and female for every year separately -  
Continued

Trust in religious institutions	-0.05 (0.03)	-0.04 (0.03)	0.07* (0.04)	0.03 (0.02)
Distrust in religious institutions	-0.07* (0.04)	-0.02 (0.03)	0.02 (0.03)	0.01 (0.02)
Willingness to take risks (from 1 to 10, where 10 - very much willing to take risks)				
2	0.05 (0.08)	-0.06 (0.06)	-0.06 (0.08)	0.04 (0.03)
3	0.00 (empty)	-0.10* (0.06)	-0.07 (0.08)	0.06* (0.03)
4	0.04 (0.09)	-0.07 (0.05)	-0.02 (0.08)	0.07* (0.04)
5	0.06 (0.08)	-0.05 (0.04)	-0.09 (0.08)	0.02 (0.03)
6	0.11 (0.07)	0.05 (0.04)	-0.09 (0.08)	0.03 (0.03)
7	0.11 (0.08)	0.01 (0.05)	-0.06 (0.09)	-0.01 (0.03)
8	0.20*** (0.08)	0.07 (0.04)	-0.18** (0.08)	0.08 (0.06)
9	0.23*** (0.08)	0.15*** (0.05)	0.00 (empty)	0.06 (0.04)
10 (Very much willing to take risks)	0.23*** (0.08)	0.13*** (0.05)	-0.27*** (0.11)	-0.09** (0.04)
Gender				
Female	0.17 (0.12)	0.00 (empty)	-0.09 (0.11)	-0.05 (0.05)
Age	0.19* (0.12)	0.00 (0.04)	-0.11 (0.11)	-0.03 (0.05)
25-34	0.23** (0.11)	-0.01 (0.04)	-0.15 (0.11)	-0.04 (0.05)
35-44	0.19 (0.12)	0.04 (0.04)	-0.03 (0.12)	0.00 (0.05)
45-54	0.11 (0.12)	0.03 (0.04)	-0.06 (0.12)	0.04 (0.06)
55-64				

Table D1. Regression results for male and female for every year separately -  
Continued

65+	0.00 (empty)	0.00 (empty)	0.00 (empty)	0.00 (empty)
Religion	-0.03 (0.07)	0.14* (0.08)	-0.02 (0.09)	-0.04 (0.04)
Buddhist	0.00 (empty)	0.05 (0.10)	-0.22 (0.14)	0.00 (empty)
Catholic	-0.02 (0.05)	0.08 (0.08)	-0.06 (0.05)	0.00 (0.04)
Jewish	0.05 (0.11)	0.13 (0.09)	0.00 (empty)	-0.07 (0.05)
Orthodox Christian	-0.03 (0.11)	0.25** (0.11)	-0.38*** (0.11)	0.00 (empty)
Other	0.00 (empty)	0.01 (0.10)	-0.14** (0.07)	0.01 (0.07)
Other Christians including Protestant				
Refusal	0.00 (empty)	0.00 (empty)	0.00 (empty)	0.00 (empty)
Level of education	0.03 (0.20)	-0.11 (0.08)	0.00 (empty)	0.00 (empty)
Primary education	-0.11 (0.17)	-0.05 (0.08)	0.04 (0.07)	0.00 (0.04)
Lower secondary education	-0.17 (0.16)	-0.04 (0.07)	0.07 (0.05)	0.08*** (0.03)
(Upper) secondary education	-0.01 (0.14)	-0.03 (0.07)	0.12*** (0.05)	0.08*** (0.02)
Post-secondary non-tertiary education	-0.17	0.16	0.28	-0.17
Tertiary education (not a university diploma)	-0.01	0.14	0.92	-0.01
Bachelor's degree or more	-0.03	0.14	0.84	-0.03

Table D1. Regression results for male and female for every year separately -  
Continued

Master's degree or PhD	0.00	(omitted)		0.00
Marital Status				
Married	0.04 (0.04)	-0.03 (0.05)	0.06* (0.03)	-0.03 (0.04)
Widowed	0.07 (0.06)	0.07 (0.09)	0.04 (0.03)	-0.02 (0.05)
Divorced	0.00 (empty)	-0.03 (0.07)	0.02 (0.08)	-0.02 (0.04)
Separated	0.10 (0.08)	0.00 (empty)	-0.06 (0.05)	-0.11** (0.05)
N	639	715	551	909
Pseudo R2	0.16	0.28	0.20	0.21

Note: Standard errors in parentheses \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$