

Individual Perceptions of Institutional Uncertainty: Evidence from India

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ABSTRACT

The nature of a location's institutional environment affects businesses and individual citizens, and the extent to which people trust institutions may affect regulatory compliance. We investigate institutional trust among three groups in India: founders of entrepreneurial ventures, second (or later) generation managers of family firms, and salaried employees. Rather than treating the institutional environment as monolithic, we consider six components that represent policy, implementation, and security: central and state governments, bureaucracy, judiciary, army, and police. Based on large-scale, questionnaire-based data, we find evidence that the antecedents of trust differ across both the three groups of respondents and the six aspects of the institutional environment.

Key Words: Institutional environment; entrepreneurs; family firms; India; emerging markets; trust; optimism; uncertainty

INTRODUCTION

Institutions matter, as they create the context in which all aspects of daily life are conducted. Researchers tend to consider institutions at the level of the nation-state, and the literature is replete with evidence that the institutional environments of emerging and developing markets often present particular challenges. Regulatory implementation that is not always effective creates uncertainty and the potential for corruption and the development of an extensive informal economy. While the institutional environment affects businesses of all sizes, the impact can be especially strong on entrepreneurial ventures and smaller firms, whose limited size and, generally, resource base, makes them particularly subject to the vagaries of their external environment. The institutional environment also affects individuals, both wealthy and poor.

There is evidence that individual perceptions regarding institutions – especially those associated with politics and governments – are related to personal attributes such as social trust (e.g., Newton & Norris, 2000). Trust, in turn, is related to optimism (e.g., Franke & Elliott, 2021), which is a key construct in the entrepreneurship literature and is linked to success.

However, our understanding of the determinants of individual perceptions regarding institutions remains limited. This seems particularly important in the context of emerging markets, given both the more challenging institutional environments and – for many people – the greater impact of institutions on daily life because of fewer alternatives to dealing with these environments. For individuals and households, the key manifestation of the institutional environment pertains to the government, at the local, regional, and

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To cite: Rose, E. L., Lahiri, N. (2022). Individual Perceptions of Institutional Uncertainty: Evidence from India. *Journal of Comparative International Management*, 25(1), 30–60. <https://doi.org/10.55482/jcim.2022.32900>

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national levels. While political scientists have done some work regarding individual-level trust in, and optimism about, governmental institutions, this has not been addressed widely in the international management and entrepreneurship literatures. In this paper, we investigate the determinants of individuals' perceptions of their institutional environment, in an emerging-market context while considering employment situations. Specifically, in the context of an emerging market (India), we ask (1) what factors explain individuals' trust in various levels of government-related institutions, and (2) how these relationships differ across three occupational situations: founding entrepreneurs, second-generation (or later) leaders of family businesses, and salaried employees.

In this exploratory study, we address our research questions using survey data collected at the household level across India. Our stratification approach allows us to delve more deeply into the antecedents of institutional trust in the context of an important emerging market, while also contributing to the entrepreneurial literature by distinguishing between the perceptions of first-generation (founding) entrepreneurs and those of top managers of established family firms.

INSTITUTIONS, TRUST, AND OPTIMISM

Institutions and Emerging Markets

There is extensive recognition of the importance of institutions in the business and management literature. While there is little doubt that institutional environments affect both daily life and the conducting of business at all levels, researchers are not uniform in their views of institutional theory. Broadly, there are two viewpoints. The economic perspective (e.g., North, 1991) considers institutions to be the formal and informal "rules of the game" and emphasizes transaction costs. The sociological perspective (e.g., Scott, 1995) considers institutions in broader terms, comprising the full social and structural environment in which an individual or a business operates, considering three "pillars": regulatory, cognitive-cultural, and normative. In this paper, we adopt the latter view.

A common characteristic among emerging markets is the presence of institutional environments that are challenging to navigate, relatively to those present in developed markets. One issue is that institutional change can occur quite rapidly in emerging markets, generating uncertainty (e.g., Meyer, 2001). As Tracey and Phillips (2011: 23) note, "...while the high degree of institutional uncertainty in emerging markets often acts as a barrier to entrepreneurship, it can also provide important opportunities for entrepreneurs".

Another challenge pertains to structure. Liu et al. (2019) distinguish between institutional imperfections and

institutional voids (e.g., Khanna and Palepu, 2006). The difference is a matter of degree. Institutional imperfections are associated with the presence of "clear, consistent, and well-defined laws or regulations to promote the fair competition and protect the property rights" (Liu et al., 219: 1054), although the regulatory structure may be incomplete. In contrast, Khanna and Palepu (2006: 62) define institutional voids as "the absence of specialist intermediaries, regulatory systems, and contract-enforcing mechanisms". Both levels of institutional weakness may facilitate the development of informal – and potentially illegal – economic activities.¹

Emerging and developing economies are often characterized by substantial informal sectors. While this facilitates entrepreneurial activity, not all such activity is above board (e.g., La Porta & Shleifer, 2014). More broadly, extensive informal economic activity is often untaxed, which has a negative impact on the abilities of many such countries to fund needed government services (Chowdhury, Audretsch, & Belitski, 2019). This, of course, generates the risk of a negative spiral with respect to institutional quality.

Considering the Individual Level

From the perspective of individuals, the government represents a key – probably the primary – aspect of the institutional environment. There is considerable anecdotal and empirical evidence of dissatisfaction with, and lack of trust in, governmental institutions in many countries representing the full range of economic development. While this has long been reflected widely in the popular press, Cook and Gronke (2005: 785) note that it is "... surprising how little we know about the meaning of the low trust in government and the low confidence in institutions reported again and again in public opinion surveys".

As indicated by Newton and Norris (2000), the political science literature offers three approaches to explaining individuals' dissatisfaction and distrust in governmental institutions. The *social-psychological* approach attributes differences in perceptions to the nature of individuals' personalities. While this approach is clearly limited with respect to its explanatory power with respect to changes in perceptions within groups, "it must be taken seriously because of its importance in shaping the literature on trust" (Newton & Norris, 2000: 6). The second approach, the *social and cultural* model, argues that confidence and trust in governments is enhanced by an individual's social experiences, with a particular emphasis on participation in goal-oriented voluntary organizations. The third approach, the *institutional performance* model, emphasizes governmental performance as a key driver of perceptions, and leads to the expectation of a positive relationship between confidence in political institutions and the development of social trust.

The drivers of individuals' attitudes toward government institutions are complex, and scholars are divided on the topic. Newton and Norris (2000) report empirical support for the institutional performance model, while Cook and Gronke (2005: 785) identify that "skepticism, an unwillingness to presume that political authorities should be given the benefit of the doubt" is a primary cause of poor trust in governmental institutions; this is more consistent with the *social-psychological* approach. More specifically, Cook and Gronke (2005) argue that specific individual attributes are associated with societal and institutional confidence, including engagement in political and social activities, education, and satisfaction with one's economic situation.

Thus, the political science literature suggests that personal embeddedness may be related to individuals' confidence in their institutional environment. We posit that two aspects of embeddedness are salient: geographic and social identification. The former pertains to the strength of an individual's ties to a particular location. Strong locational ties facilitate a sense of belonging, which facilitates social ties. The *social and cultural* approach (Newton & Norris, 2000) suggests that such ties should be positively related to institutional trust. Another source of belonging comes from group membership. Both the *social and cultural* and *social-psychological* approaches suggest that identification with groups and organizations, which may – but need not – be local, should also be positively related to institutional trust. Therefore, we hypothesize that both aspects of network embeddedness – location and identity-based – enhance individuals' institutional trust. Specifically:

H1: At the individual level, greater location-based network embeddedness leads to stronger trust in formal institutions.

H2: At the individual level, greater identity-based network embeddedness leads to stronger trust in formal institutions.

Trust and Optimism

The issue of trust is, arguably, especially important in the context of emerging and developing markets. For example, considering the household level, Dow (2021) notes that trust and confidence in financial institutions are critical for both the functioning of the economy and the financial inclusion that is often lacking in such markets, and finds that such trust is positively associated with confidence in key social institutions. Trust can also be linked to optimism. Uslaner (1998: 443) argues, and finds empirical evidence, that being optimistic about one's future facilitates interpersonal trust, while Franke and Elliott (2021) note the link between trust and optimism in the context of the Covid-19 pandemic. Broadly speaking, optimism is affected by positive and

negative life experiences. Ozgen, Lapeira, and Pissaris (2021) argue that resource availability (constraint) is associated with an optimistic (pessimistic) outlook. In the context of economic decision-making, Puri and Robinson (2007) note that general optimism is related to action, such that optimistic individuals are likely to put more effort into their work (e.g., longer hours), engage more actively in personal saving, and enter retirement at an older age.² Drawing on both the political science and entrepreneurship literatures, this link between the availability of resources and optimism, leads to our third hypothesis:

H3: At the individual level, greater access to resources leads to stronger trust in formal institutions.

Puri and Robinson (2007: 71) also argue that optimism is related to personal financial decisions, and that too much optimism is suboptimal, such that "moderate optimists display reasonable financial behavior, whereas extreme optimists display financial habits and behavior that are generally not considered prudent". The connection with economic behavior provides some insight into why the concept of optimism is important in the entrepreneurship literature. This is particularly salient, considering the contribution of entrepreneurial activity to the economies of many – if not most – emerging and developing markets. While optimism has been associated with many positive entrepreneurial outcomes, including success, Ozgen et al (2021: 127) note that "what has received little to no attention is the "whence," that is, the sources of optimism". We consider the issue of "whence" in the analysis that follows, thus responding to the suggestion of García-Cabrera, García-Soto, and Durán-Herrera (2016) for deeper exploration of characteristics that may be related to individuals' perceptions of institutional environments.

Based on the entrepreneurship literature, we hypothesize that entrepreneurial status will be related to trust in institutions. Specifically, we expect that attitudinal distinctions will underly observable distinctions among founding entrepreneurs, owners of inherited family firms, and salaried individuals. Individuals who have founded their own firms are clearly entrepreneurs, and we anticipate that their antecedents of institutional trust will differ from individuals who work, on salary, for others. Those who have inherited a family firm, whether they are second-generation owners or later, occupy a middle ground, with some entrepreneurial expectations coincident with the greater security associated with having joined a going concern rather than creating a firm. Specifically:

H4: At the individual level, founding entrepreneurs, inheritors of family businesses, and salaried workers will have different determinants of trust in formal institutions.

DATA AND METHODS

Data Source

We test our hypotheses in the context of India, which represents a large and important emerging market, with well-documented institutional challenges (e.g., Chakravorti and Chaturvedi, 2019). The Indian economy is also heavily reliant on entrepreneurial and family businesses. Long a key component of India's economic environment, family businesses – which include some of its largest firms – currently contribute approximately 70% of the country's GDP (Dewan, 2021). Micro-, small-, and medium-sized enterprises account for more than 37% of India's GDP and on the order of 40% of exports (SME Chamber of India, n.d.), and employed in excess of 110,000,000 people as of 2016 (Statistica, n.d.). Entrepreneurship is an important component of the Indian economy; more than 167,000 new businesses were created in the year ending March 31, 2022, reflecting consistent year-on-year growth (Aulakh, 2022). As such, India represents a useful context in which to investigate trust in institutions, especially considering entrepreneurs and leaders of family businesses.

Our data source is the ICE 360 Degree Household Survey on the economic and consumer environment, conducted in 2014 by People's Research on India's Consumer Economy (PRICE), an independent research organization. This survey was targeted at 30,000 households, including both rural and urban locations spanning 1,010 urban blocks and villages across 110 districts in India; respondents are the self-identified head of each household. The data were collected by trained interviewers, in respondents' homes, with the sampling process designed using rigorous statistical principles to maximize the representativeness of the sample. While PRICE has, thus far, conducted similar surveys of Indian households in 2014, 2016, 2021, we have opted to utilize the 2014 data, as this timeframe reflects a relatively more stable institutional environment in India.³

The questionnaire covers details on household income and occupation, routine and non-routine expenditure, savings and investments, access to amenities, current satisfaction and optimism for the future, trust in various institutions, access to welfare, benefits, and both financial and physical infrastructure.

Data Description

Almost 30% of the respondents in our dataset reside in rural locations, which span 300 villages in 72 districts across India. For the 70% of the sample that reside in cities and towns, the survey covers 81 such locations in 710 urban blocks. In addition, almost 86% of the respondents possess a ration card; this is an official document issued by the state government

to households that are eligible to purchase subsidized food grains from the Public Distribution System under the National Food Security Act of 2013. The high proportion families with access to government subsidies is consistent with the mean annual household income in the sample, which is INR 255,000 (approximately USD 4,182, based on 1 USD = INR 61, which represents the mean for 2014). Since the Government of India does not release annual household income at the country level, we refer to alternate statistics such as GDP *per capita*, which does not tell us how income is distributed in India. According to data from the World Bank, the GDP *per capita* in India for 2014 was USD 1574 (in current US dollars), and per capita national income in 2014 was INR 86,650. Given the large disparity in income distribution in India, the sample mean household income for our data may be in the range of the average *per capita* income, or marginally higher.

According to a recent survey on entrepreneurial activity in 2019–2020, India ranks third globally for the rate of new business creation. The number of new firms in the formal sector grew by 3.8% between 2006 and 2014, and by 12.2% in the period 2014–2018. Data from surveys conducted by KPMG and ACNielsen, to explore the confidence of Indian entrepreneurs in their business ecosystem using a scale of 5 (where 1 reflects an extremely poor state, 3 a moderately acceptable one, and 5 the ideally desired state), indicated that entrepreneurs reflect a mean score of 3.10; that study was conducted among 300 entrepreneurs across different industries in India.

Prior research suggests that growth in economic activity is more likely when actors are optimistic about the institutions in which they operate. Well-functioning institutions such as the central/national government, state government, bureaucracy, judiciary, army, and police can thus be expected to encourage economic activity. In keeping with this line of reasoning, we explore the drivers of trust among individuals, across institutions, that create economic value, considering three types of occupational status: i) founder of entrepreneurial ventures, ii) inheritor of family businesses, and iii) other salaried employees.

Next, we outline the key variables from the ICE 360 survey that we utilize in our empirical analysis.

MEASURES

Dependent Variables

Our paper explores the drivers of trust that individuals in different occupational statuses have in different components of the institutional environment in India. Our first step is to study the variation across occupations, within institutions,

to shed light on some of the drivers of trust. The original survey uses three categories – *a great deal*, *some*, and *none* – to capture responses to questions pertaining to individuals' trust in the different aspects of the institutional environment. Based on the distributions of the responses, we combined the *some* and *none* categories and created a binary variable that takes the value of 1 if the response is *a great deal*, and 0 otherwise, for each of the six different types of institutions. These are the dependent variables that we use across all our analyses.

Independent Variables

In this exploratory study, our key variables of interest center around the demographics and financial situation of the individual. Since uncertainty associated with the institutional environment may affect individuals differently, depending on their occupational situation, we expect to observe significant differences in the drivers of institutional trust across founders of entrepreneurial ventures, inheritors of family firms, and salaried employees.

We test H1, regarding location-based network embeddedness, using the *number of years* that the household has resided in its current location. The identity-based network embeddedness that is the subject of H2 is tested based on the respondent's membership in a variety of organizations such as *trade unions*, *NGOs*, *labor groups*, and *religious or other social institutions*. Arguably, membership in groups and longer duration of residing in a particular location imply embeddedness within networks.

H3 is tested using three financial attributes of the household: *annual household income*, the trend in *household savings* in the recent past, and the *age when the head of household first started earning*. Finally, we test H4 by stratifying the data and estimating separate models for founding entrepreneurs, inheritors of family businesses, and salaried employees.

Control Variables

Beyond the key independent variables of network embeddedness, whether via location or identity, and the current financial situation of the household, we account for several other factors that could drive individuals' institutional trust. These control variables include whether the household resides in a *rural or urban location*, and whether or not it has *family members that are unemployed*. While an urban or rural location may affect the household's ability to access institutional support, unemployed family members may prove to be a burden on the household, which may influence the household head's ability to deal with uncertainty in the environment, and hence perceived trust in institutions.

We account for demographics pertaining to the responding head of the household, such as *age*, *gender*, and *level of*

education (i.e., technical diploma or vocational training, undergraduate or graduate degree), along with the *type of degree* (i.e., professional or general degree in either undergraduate or graduate studies). The level and type of education may have an impact on perceived trust in institutions, as well as constraining or facilitating occupational choice. We also control for the individual's *satisfaction with their current occupation*, as their state of mind may influence their perception of trustworthiness among institutions. We control for the impact of *financial and job satisfaction motivations* behind the choice of employment; these are operationalized as binary variables representing the respondent's selection for most important among (i) *income level*, (ii) *job security*, and (iii) *job satisfaction*.

In addition, we control for whether a member of the household has undertaken training for development of particular skills. The pursuit of such *skill development* may be an indicator of hope for the future, which may be related to trust in institutions. Finally, we account for whether the household possesses a specific government-issued identity card (*Adhar card*). While the *Adhar* card is not legally mandatory in India, more and more services, such as bank accounts, access to fuel, and tax payments, are being linked to it. The decision of the household to possess an *Adhar* card may reflect some degree of inherent trust in governmental institutions.

METHODS

Our focus is on exploring the drivers of trust in institutions among individuals across the three occupational situations. The ICE360 data provide the opportunity to explore six different aspects of the Indian institutional environment: central (national) government, state government⁴, bureaucrats, police, army, and judiciary. Considering institutional levels with the respondents' occupational situation (founding entrepreneur, head of inherited family business, or salaried employee) yields the opportunity to evaluate distinctions in the drivers of institutional trust along two perspectives: (i) within institution and across occupation, and (ii) across institutions and within occupation. For all of the analyses, the observed outcome is a binary variable, which is coded 1 when respondents report a great deal of trust in that particular institution, and 0 otherwise. Because the dependent variables are binary, we use logistic regression to estimate the models. Our interpretations are not affected by multicollinearity, as the highest variance inflation factor (VIF) for any of the models is 2.45.⁵ Descriptive statistics for the three occupational subsamples are reported in Table 1.

TABLE 1 Descriptive Statistics

Variable	Founders					Inheritors					Salaried				
	n	Mean	Std. Dev.	Min/Max	n	Mean	Std. Dev.	Min/Max	n	Mean	Std. Dev.	Min/Max			
Trust central govt - Great deal	4489	0.55	0.50	0/1	1790	0.60	0.49	0/1	13916	0.58	0.49	0/1			
Trust state govt - Great deal	4489	0.40	0.49	0/1	1790	0.40	0.49	0/1	13916	0.43	0.50	0/1			
Trust bureaucrats - Great deal	4489	0.26	0.44	0/1	1790	0.26	0.44	0/1	13916	0.25	0.43	0/1			
Trust police - Great deal	4489	0.26	0.44	0/1	1790	0.27	0.45	0/1	13916	0.26	0.44	0/1			
Trust army - Great deal	4489	0.69	0.46	0/1	1790	0.69	0.46	0/1	13916	0.69	0.46	0/1			
Trust judiciary - Great deal	4489	0.44	0.50	0/1	1790	0.42	0.49	0/1	13916	0.44	0.50	0/1			
Years living in current location	4487	65.88	35.67	0/99	1789	68.82	33.62	0/99	13912	69.27	35.04	0/99			
Member - Trade union	4474	0.08	0.26	0/1	1786	0.11	0.32	0/1	13878	0.04	0.20	0/1			
Member - Civil society/NGO	4475	0.06	0.24	0/1	1787	0.08	0.28	0/1	13879	0.05	0.22	0/1			
Member - Labour group	4473	0.07	0.26	0/1	1787	0.07	0.25	0/1	13866	0.07	0.26	0/1			
Member - Religious org	4475	0.12	0.32	0/1	1788	0.15	0.36	0/1	13880	0.09	0.29	0/1			
Member - Other social institution	4288	0.06	0.24	0/1	1732	0.08	0.27	0/1	13411	0.05	0.21	0/1			
ln (Income)	4489	12.29	0.69	8.95/14.64	1790	12.26	0.65	8.61/14.19	13916	12.10	0.73	8.10/14.84			
Increasing Savings	4489	0.46	0.50	0/1	1790	0.49	0.50	0/1	13916	0.42	0.49	0/1			
Age when started earning	4479	22.14	4.13	1/70	1786	21.95	4.07	2/48	11948	22.27	4.66	1/65			
Rural	4489	0.21	0.41	0/1	1790	0.23	0.42	0/1	13916	0.33	0.47	0/1			
Unemployed person in family	4489	0.14	0.35	0/1	1790	0.12	0.32	0/1	13916	0.13	0.34	0/1			
Choosing occupation - Good income	4489	0.42	0.49	0/1	1790	0.37	0.48	0/1	13916	0.38	0.49	0/1			
Choosing occupation - Job security	4489	0.28	0.45	0/1	1790	0.28	0.45	0/1	13916	0.29	0.46	0/1			
Choosing occupation - Job satisfaction	4489	0.16	0.37	0/1	1790	0.20	0.40	0/1	13916	0.16	0.37	0/1			
ln (Household size)	4489	1.53	0.47	0.00/2.94	1790	1.55	0.45	0.00/2.83	13916	1.47	0.54	0.00/3.58			
Age	4489	42.68	10.98	18/99	1790	42.13	10.64	19/80	13916	43.82	12.24	17/99			
Female	4489	0.06	0.25	0/1	1790	0.06	0.24	0/1	13916	0.10	0.30	0/1			
Tech/diploma/vocational	4489	0.04	0.20	0/1	1790	0.04	0.19	0/1	13916	0.03	0.18	0/1			

TABLE 1 (continued)

Variable	Founders			Inheritors			Salaried					
	n	Mean	Std. Dev.	Min/Max	n	Mean	Std. Dev.	Min/Max	n	Mean	Std. Dev.	Min/Max
Undergraduate - General	4489	0.10	0.30	0/1	1790	0.12	0.33	0/1	13916	0.09	0.29	0/1
Undergraduate - Professional	4489	0.04	0.19	0/1	1790	0.02	0.15	0/1	13916	0.04	0.19	0/1
Graduate - General	4489	0.02	0.14	0/1	1790	0.01	0.10	0/1	13916	0.02	0.15	0/1
Graduate - Professional	4489	0.01	0.12	0/1	1790	0.01	0.08	0/1	13916	0.01	0.11	0/1
Aadhar card	4483	0.82	0.39	0/1	1787	0.80	0.40	0/1	13892	0.80	0.40	0/1
Satisfied with current occupation	4480	0.71	0.45	0/1	1783	0.76	0.43	0/1	11906	0.70	0.46	0/1
Skill development training	4287	0.12	0.32	0/1	1719	0.15	0.36	0/1	11629	.12	.323	0/1

RESULTS

Our first two hypotheses pertain to the embeddedness of the individual, either geographic (H1) or identity-based (H2). For both, we hypothesize that stronger embeddedness increases trust in institutions. Our next hypothesis (H3) posits that increased access to resources has a positive impact on an individual’s institutional trust. Finally, in H4, we posit that the drivers of trust in institutions will vary across three occupational types: founders, inheritors, and salaried individuals. We assess H1-H4 for each of the six institutional aspects.

Trust in the Central Government

Table 2 shows the models pertaining to trust in the central government. Our results indicate a consistent pattern, whereby the number of years of living in the household’s current location is associated with an increased likelihood of high trust in the central government, across the three occupational situations, thus providing support for H1. In contrast, we find mixed results with respect to membership in local groups and trust in the government at the national level. On the one hand, being a member of a social institution or a labor group appears to reduce the likelihood of strong trust, for both founding entrepreneurs and salaried individuals, contradicting H2. On the other hand, membership in trade unions is associated with a higher likelihood of trust among founders. Based on these findings, our analysis shows only minimal support for H2 with respect to the institution of the central government.

Insofar as the financial situation of the household is concerned, higher income appears to decrease the likelihood of trust in the central government among inheritors of family businesses, contradicting H3 for that group and providing no support for the other two groups. In contrast, we observe a consistent positive relationship between increasing savings levels and central government trust across all three groups, which supports H3. However, the later the age at which the responding heads of households began earning, the greater the marginal likelihood of trust in the central government, for both founders and salaried individuals, suggesting contradiction for H3. On this basis, both the scale of, and length of access to, resources are negatively related to trust in the central government, while resource abundance (savings) may increase trust. Thus, our results emphasize the multidimensional nature of the impact of resources on trust in the central government and offer mixed results for H3. In this context, it is interesting to note the results regarding the control variables pertaining to the drivers of occupation choice. Stronger emphasis on income as a predictor of occupation is associated with a higher likelihood of trust among inheritors

TABLE 2 Trust in Central Government by Occupational Situation

<i>DV= High Trust in Central Government</i>	Founder	Inheritor	Salaried
Years living in current location (H1)	0.00*** (0.00)	0.01*** (0.00)	0.01*** (0.00)
Member - Trade union (H2)	0.27* (0.14)	0.17 (0.20)	-0.09 (0.11)
Member - Civil society/NGO (H2)	-0.15 (0.15)	0.02 (0.23)	0.11 (0.10)
Member - Labor group (H2)	-0.41*** (0.13)	-0.02 (0.22)	-0.25*** (0.08)
Member - Religious org (H2)	0.08 (0.12)	-0.23 (0.19)	0.00 (0.08)
Member - Other social institution (H3)	-0.46*** (0.14)	-0.90*** (0.21)	-0.45*** (0.10)
<i>In</i> (Income) (H3)	0.04 (0.06)	-0.50*** (0.11)	0.04 (0.04)
Increasing savings (H3)	0.25*** (0.07)	0.25** (0.12)	0.24*** (0.04)
Age when started earning (H3)	0.02*** (0.01)	0.01 (0.01)	0.02*** (0.00)
Rural	0.01 (0.08)	-0.21 (0.13)	-0.25*** (0.05)
Unemployed person in family	0.30*** (0.09)	0.06 (0.17)	0.10* (0.06)
Choosing occupation - Good income	0.10 (0.10)	0.28* (0.17)	0.13** (0.06)
Choosing occupation - Job security (even if less money)	0.27** (0.11)	0.15 (0.17)	0.20*** (0.06)
Choosing occupation - Job satisfaction	-0.15 (0.12)	0.01 (0.19)	-0.06 (0.07)
<i>In</i> (Household Size)	0.05 (0.07)	0.36*** (0.13)	0.05 (0.04)
Age	0.00 (0.00)	0.01 (0.01)	0.00** (0.00)

TABLE 2 (continued)

<i>DV= High Trust in Central Government</i>	Founder	Inheritor	Salaried
Female	-0.04 (0.14)	0.44* (0.24)	-0.17** (0.07)
Tech/diploma/vocational	-0.09 (0.17)	0.83*** (0.30)	-0.06 (0.11)
Undergraduate - general	-0.15 (0.11)	0.58*** (0.18)	-0.26*** (0.07)
Undergraduate - professional	0.07 (0.18)	-0.04 (0.34)	0.22** (0.11)
Graduate - general	-0.02 (0.22)	1.03* (0.57)	0.37*** (0.14)
Graduate - professional	0.18 (0.31)	2.05* (1.08)	0.21 (0.20)
<i>Aadhar card</i>	0.06 (0.08)	-0.13 (0.14)	0.08 (0.05)
Satisfied with current occupation	0.01 (0.07)	0.16 (0.13)	-0.00 (0.04)
Skill development training	-0.20* (0.11)	-0.24 (0.16)	-0.06 (0.06)
Constant	-1.29* (0.68)	4.77*** (1.21)	-1.45*** (0.41)
<i>N</i>	4,081	1,652	11,005
Log likelihood	-2756.33	-1043.00	-7319.25

Standard errors in parentheses; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

and salaried individuals, while an emphasis on job security is related to stronger trust for founders and salaried individuals.

Overall, our results from exploring the determinants of trust in the central government suggest that being embedded in the neighborhood has a tendency to increase trust, as do increased levels of savings. Thus, our results support H1, while providing little support for H2 and H3.

Trust in the State Government

As shown in Table 3, our results indicate that more years of living in the current location is associated with decreased likelihood of trust in the state government, for both inheritors of family businesses and salaried individuals. This finding

contradicts H1 with respect to the state-level institutions, in contrast to the strong support for the same hypothesis when considering the central government. The observed impact of membership in local groups on trust in the state government largely negative. On the one hand, being a member of a social or religious group is consistently associated with a lower likelihood of strong trust in the state government, for all three occupation-related groups. On the other hand, we find evidence that membership in trade unions increases the likelihood of trust in the state government for founding entrepreneurs but has the opposite impact among salaried individuals. Membership in a labor group is associated with a higher likelihood of strong trust in the state government

TABLE 3 Trust in State Government by Occupational Situation

<i>DV = High Trust in State Government</i>	Founder	Inheritor	Salaried
Years living in current location (H1)	-0.00 (0.00)	-0.01*** (0.00)	-0.00** (0.00)
Member - Trade union (H2)	0.31** (0.14)	0.20 (0.21)	-0.21* (0.11)
Member - Civil society/NGO (H2)	-0.11 (0.16)	-0.37 (0.25)	0.10 (0.10)
Member - Labor group (H2)	0.12 (0.13)	0.19 (0.22)	0.31*** (0.08)
Member - Religious org (H2)	-0.31** (0.12)	-0.57*** (0.20)	-0.39*** (0.08)
Member - Other social institution (H2)	-0.33** (0.15)	-0.79*** (0.25)	-0.32*** (0.10)
<i>ln</i> (Income) (H3)	-0.01 (0.06)	-0.03 (0.10)	-0.00 (0.04)
Increasing savings (H3)	-0.03 (0.07)	-0.20* (0.11)	0.16*** (0.04)
Age when started earning (H3)	0.01 (0.01)	-0.02* (0.01)	0.01 (0.00)
Rural	-0.16* (0.09)	0.05 (0.13)	-0.34*** (0.05)
Unemployed person in family	-0.09 (0.10)	-0.22 (0.17)	-0.09 (0.06)
Choosing occupation - Good income	0.38*** (0.10)	0.10 (0.17)	0.28*** (0.06)
Choosing occupation - Job security (even if less money)	0.05 (0.11)	0.25 (0.17)	0.03 (0.06)
Choosing occupation - Job satisfaction	0.13 (0.12)	0.15 (0.18)	0.04 (0.07)
<i>ln</i> (Household size)	-0.07 (0.07)	0.24* (0.13)	-0.03 (0.04)
Age	-0.00 (0.00)	0.00 (0.01)	0.00 (0.00)

TABLE 3 (continued)

<i>DV = High Trust in State Government</i>	Founder	Inheritor	Salaried
Female	0.06 (0.14)	-0.10 (0.22)	-0.05 (0.07)
Tech/diploma/vocational	0.07 (0.17)	-0.31 (0.31)	-0.02 (0.11)
Undergraduate - general	-0.03 (0.11)	0.15 (0.17)	-0.05 (0.07)
Undergraduate - professional	-0.03 (0.18)	0.15 (0.34)	0.28*** (0.11)
Graduate - general	0.09 (0.22)	-2.48** (1.04)	0.31** (0.13)
Graduate - professional	-0.29 (0.32)	-0.40 (0.69)	0.11 (0.19)
<i>Aadhar</i> card	0.26*** (0.09)	0.23* (0.13)	0.16*** (0.05)
Satisfied with current occupation	0.04 (0.07)	-0.08 (0.13)	0.20*** (0.04)
Skill development training	-0.27** (0.11)	-0.34** (0.17)	-0.28*** (0.07)
Constant	-0.60 (0.68)	0.37 (1.16)	-0.60 (0.41)
<i>N</i>	4,081	1,652	11,005
Log likelihood	-2702.53	-1065.23	-7350.92

Standard errors in parentheses; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

for salaried individuals. Based on these findings, our analysis shows some support, but mainly contradiction, for H2.

With respect to the household's financial situation, we find no marginal relationship between income and trust in the state government, for any of the groups. Increasing savings is associated with strong trust among salaried individuals, but the opposite situation is observed among inheritors of family businesses. Also, among inheritors, having started earning at a later age is associated with lower trust. Thus, for inheritors of family businesses, length of access to resources may increase trust in the state government, but abundance of resources may decrease trust. In contrast, we

find evidence that resource abundance increases trust for salaried individuals. As a result, we find both support and contradiction with respect to H3 and the state government. Interestingly, for both founders and salaried employees, respondents that place importance on income as a driver of occupation choice express stronger trust in their state government.

Summarizing, our results pertaining to state governments indicate that neighborhood embeddedness, along with group membership, is generally associated with decreased trust. Household-level financial indicators offer little in the way of consistent impact on state government trust. Overall, H1 is

largely contradicted, while H2 and H3 have limited support, but more contradiction.

Trust in Bureaucracy

Our results provide no evidence of any marginal relationship between longevity of residence at the same location and the likelihood of trusting the bureaucracy, thus providing no support for H1; see Table 4. In contrast, our findings regarding membership in local groups is mixed. While being a member of a social group is associated with lower trust in the bureaucracy across all three groups, membership in a religious group tends to yield a higher likelihood of trust among salaried respondents, while founders and salaried employees who are members of labor groups report lower trust, on average. Being a member of either a trade union or an NGO has no apparent marginal impact on any of these economic actors' trust in the bureaucracy. Based on these findings, our analysis shows little support for H2.

Considering the financial situation of the household, we find evidence that, consistent with H3, both income (scale of resources) and an increase in savings (abundance of resources) are positively associated with trust for founders and salaried individuals. Later commencement of earning, though, is related to a higher likelihood of strong trust among the salaried employees in our sample, contradicting H3 for this measure. Overall, then, H3 receives mixed support with respect to trust in the bureaucracy. We also observe mixed findings pertaining to employment drivers as antecedents of bureaucratic trust. For both inheritors and salaried respondents, an emphasis on a good income as a motivation for selecting an occupation is associated with stronger trust in the bureaucracy. On the other hand, while job security as a driver of occupation choice may increase trust for those in a salaried position, a focus on job satisfaction is related to lower trust among founding entrepreneurs but higher trust among inheritors of family firms.

In sum, our results suggest that membership in local groups is rather likely to decrease trust in the bureaucracy; the sole contradiction to this generalization is among salaried employees with religious group membership. Stronger household-level financial indicators appear to be positively associated with trust, especially among founders and those in salaried positions. Overall, our results show no support for H1, little support for H2, but stronger support for H3.

Trust in Police

With respect to trust in the police (see Table 5), we find a consistent pattern whereby more years of living in the current location is associated with a lower likelihood of trust, across all three groups. These results suggest a negative impact of geographic embeddedness on trust, contradicting H1. The

observed impact of membership in local groups on trust in the police, however, is mixed. Membership in a religious group is consistently related to high trust in the police, while labor group and trade union membership appears to enhance trust only for salaried employees. On the other hand, being a member of a civil society is associated with lower trust for founders and salaried individuals, while membership in social institutions reduces the likelihood of trust, on average, for inheritors and those in salaried positions. Based on these findings, our analysis shows some support, but also contradiction for H2.

Insofar as the household's financial situation is concerned, higher income is associated with a higher marginal likelihood of trust among the founder and salaried groups, while a positive relationship between increasing savings and trust is observed for both founders and inheritors. Salaried heads of household that started earning at a later age are less likely to report strong trust in the police. Thus, we find evidence that the scale, abundance, and length of access to resources all have positive impacts on trust, offering considerable support for H3 with respect to the police. For salaried employees, income and job satisfaction, as motivations for selecting an occupation, are associated with a higher likelihood of trust in the police. However, a focus on job security is associated with lower trust across all three categories of respondents.

Overall, our exploration of trust in the police suggests that being more deeply embedded in the neighborhood is associated with lower trust. The picture that emerges from the impact of membership in local groups and financial indicators is more complex; however, what does stand out is that the membership-related determinants of trust in the police are particularly strong for salaried individuals. Both resource abundance and scale display some association with trust. Thus, our results pertaining to trust in the police indicate no support for H1, a mix of support and contradiction for H2, and considerable support for H3.

Trust in the Army

Here, again, our modeling reveals a consistent pattern with respect to the number of years of living in the current location and trust; see Table 6. Deeper locational embeddedness is associated with a higher likelihood of strong trust in the army for all three occupational categories, offering strong support for H1. In contrast, membership in local groups tends to yield less trust. Respondents who are members of trade unions, civil societies/NGOs, and "other" social institutions are consistently less likely to report strong trust in the army, across the three groups. In addition, membership in labor groups is associated with lower trust for founders and salaried individuals, and founding entrepreneurs with membership in religious organizations are also less likely to

TABLE 4 Trust in Bureaucracy by Occupational Situation

<i>DV = High Trust in Bureaucracy</i>	Founder	Inheritor	Salaried
Years living in current location (H1)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Member - Trade union (H2)	0.15 (0.16)	-0.46* (0.24)	0.14 (0.12)
Member - Civil society/NGO (H2)	-0.16 (0.18)	-0.28 (0.28)	0.13 (0.11)
Member - Labor group (H2)	-0.40** (0.16)	0.13 (0.25)	-0.41*** (0.09)
Member - Religious org (H2)	0.03 (0.13)	0.33 (0.21)	0.28*** (0.08)
Member - Other social institution (H2)	-0.29* (0.17)	-0.77*** (0.28)	-0.24** (0.11)
<i>ln</i> (Income) (H3)	0.20*** (0.07)	-0.18 (0.11)	0.10** (0.04)
Increasing savings (H3)	0.38*** (0.08)	0.20 (0.13)	0.16*** (0.05)
Age when started earning (H3)	-0.01 (0.01)	0.00 (0.01)	0.01** (0.01)
Rural	0.08 (0.09)	-0.38** (0.15)	-0.22*** (0.05)
Unemployed person in family	0.20* (0.10)	0.08 (0.18)	-0.03 (0.07)
Choosing occupation - Good income	-0.05 (0.11)	0.78*** (0.19)	0.21*** (0.07)
Choosing occupation - Job security (even if less money)	0.01 (0.12)	0.32 (0.20)	0.14* (0.07)
Choosing occupation - Job satisfaction	-0.54*** (0.14)	0.44** (0.22)	0.03 (0.08)
<i>ln</i> (Household size)	-0.04 (0.08)	0.25* (0.15)	0.07 (0.05)
Age	-0.01* (0.00)	-0.00 (0.01)	-0.00 (0.00)

TABLE 4 (continued)

<i>DV = High Trust in Bureaucracy</i>	Founder	Inheritor	Salaried
Female	0.13 (0.15)	0.15 (0.24)	-0.17** (0.08)
Tech/diploma/vocational	-0.97*** (0.23)	-0.10 (0.32)	-0.52*** (0.14)
Undergraduate - general	-0.46*** (0.13)	-0.26 (0.20)	-0.06 (0.08)
Undergraduate - professional	-0.68*** (0.23)	-0.68 (0.46)	-0.44*** (0.13)
Graduate - general	-0.02 (0.24)	-0.15 (0.60)	-0.09 (0.14)
Graduate - professional	-0.05 (0.34)	1.65** (0.64)	-0.21 (0.22)
<i>Aadhar card</i>	0.01 (0.09)	-0.02 (0.15)	-0.04 (0.06)
Satisfied with current occupation	-0.05 (0.08)	-0.27* (0.14)	0.02 (0.05)
Skill development training	0.09 (0.12)	-0.02 (0.19)	0.08 (0.07)
Constant	-3.04*** (0.78)	0.44 (1.30)	-2.75*** (0.47)
<i>N</i>	4,081	1,652	11,005
Log likelihood	-2278.68	-914.81	-6105.26

Standard errors in parentheses; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

express strong trust in the army. Based on these findings, our analysis shows no support, and considerable contradiction, for H2.

Considering the household's financial situation, increasing savings and a later start to earning are both associated with high trust for all three groups, while income has a positive relationship with the likelihood of trust in the army for founders and those in salaried positions. Our results suggest that, while the length of access to resources has a negative impact, contradicting H3, both the scale and abundance of resources are positively associated with trust in the army,

supporting H3. Among the drivers of occupation choice, founding entrepreneurs and salaried respondents who report emphases on income and job security tend to have higher trust in the army.

Summarizing, our results from exploring trust in the army suggest that being embedded in the neighborhood has a positive effect. However, membership in key groups is associated with consistently lower trust, while two key financial indicators are related to higher trust. Overall, our results provide support for H1, contradiction for H2, and mixed support for H3.

TABLE 5 Trust in Police by Occupational Situation

<i>DV = High Trust in Police</i>	Founder	Inheritor	Salaried
Years living in current location (H1)	-0.00** (0.00)	-0.00* (0.00)	-0.00*** (0.00)
Member - Trade union (H2)	-0.02 (0.16)	-0.18 (0.22)	0.24** (0.12)
Member - Civil society/NGO (H2)	-0.36** (0.18)	-0.35 (0.26)	-0.25** (0.11)
Member - Labor group (H2)	-0.06 (0.15)	-0.00 (0.24)	0.17** (0.08)
Member - Religious org (H2)	0.22* (0.13)	0.51** (0.20)	0.27*** (0.08)
Member - Other social institution (H2)	-0.26 (0.17)	-0.73*** (0.26)	-0.53*** (0.12)
<i>ln</i> (Income) (H3)	0.20*** (0.07)	0.02 (0.11)	0.18*** (0.04)
Increasing savings (H3)	0.13* (0.08)	0.29** (0.12)	0.02 (0.05)
Age when started earning (H3)	0.00 (0.01)	-0.00 (0.01)	-0.01* (0.01)
Rural	0.16* (0.09)	-0.25* (0.15)	-0.19*** (0.05)
Unemployed person in family	0.16 (0.10)	0.31* (0.17)	0.00 (0.06)
Choosing occupation - Good income	-0.01 (0.11)	0.10 (0.18)	0.27*** (0.07)
Choosing occupation - Job security (even if less money)	-0.46*** (0.12)	-0.32* (0.19)	-0.26*** (0.07)
Choosing occupation - Job satisfaction	-0.15 (0.13)	-0.10 (0.20)	0.14* (0.08)
<i>ln</i> (household size)	-0.07 (0.08)	-0.12 (0.14)	-0.01 (0.05)
Age	-0.01* (0.00)	-0.00 (0.01)	-0.00 (0.00)

TABLE 5 (continued)

<i>DV = High Trust in Police</i>	Founder	Inheritor	Salaried
Female	0.04 (0.15)	0.17 (0.24)	0.07 (0.08)
Tech/diploma/vocational	-0.13 (0.19)	-0.12 (0.30)	-0.12 (0.12)
Undergraduate - general	-0.03 (0.12)	-0.26 (0.19)	-0.05 (0.08)
Undergraduate - professional	-0.27 (0.21)	0.02 (0.36)	0.17 (0.11)
Graduate - general	-0.08 (0.24)	-0.46 (0.60)	0.25* (0.14)
Graduate - professional	-0.41 (0.37)	-0.54 (0.80)	0.29 (0.20)
<i>Aadhar</i> card	0.20** (0.10)	0.41*** (0.15)	0.26*** (0.06)
Satisfied with current occupation	0.04 (0.08)	-0.08 (0.14)	0.11** (0.05)
Skill development training	0.08 (0.12)	0.12 (0.18)	0.18*** (0.07)
Constant	-3.07*** (0.77)	-1.10 (1.27)	-3.22*** (0.47)
<i>N</i>	4,081	1,652	11,005
Log likelihood	-2297.67	-938.46	-6080.59

Standard errors in parentheses; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

Trust in the Judiciary

As shown in Table 7, we find, again, a consistent pattern with respect to the number of years of the family's being resident in the current location. Duration is associated with a higher likelihood of trust in the judiciary for all three groups, providing strong support for H1. The results pertaining to membership in local groups, though, present a more complex picture. While membership in a trade union is related to higher trust in the judiciary among founding entrepreneurs, the other significant findings pertaining to group membership suggest another story. Lower trust in the judiciary is associated with membership in social institutions for

all three groups, along with membership in civil societies or NGOs among founders and inheritors, and membership in religious organizations for salaried employees. Based on these findings, our analysis shows minimal support for H2, and considerable contradiction.

With regard to the financial situation of the household, higher income suggests a higher likelihood of trust for all three groups, while increasing savings is positively related to trust only for founders. On average, respondents who began earning an income at an older age are more likely to express strong trust in the judiciary, across the three occupational categories. Thus, our results suggest that,

TABLE 6 Trust in the Army by Occupational Situation

<i>DV = High Trust in the Army</i>	Founder	Inheritor	Salaried
Years living in current location (H1)	0.00*** (0.00)	0.01*** (0.00)	0.01*** (0.00)
Member - Trade union (H2)	-0.26* (0.14)	-0.74*** (0.20)	-0.42*** (0.11)
Member - Civil society/NGO (H2)	-0.61*** (0.16)	-1.06*** (0.24)	-0.48*** (0.10)
Member - Labor group (H2)	-0.23* (0.13)	-0.11 (0.24)	-0.18** (0.08)
Member - Religious org (H2)	-0.36*** (0.12)	-0.21 (0.20)	0.00 (0.08)
Member - Other social institution (H2)	-0.47*** (0.15)	-0.44** (0.22)	-0.51*** (0.10)
<i>ln</i> (Income) (H3)	0.25*** (0.06)	-0.12 (0.11)	0.21*** (0.04)
Increasing savings (H3)	0.34*** (0.07)	0.22* (0.12)	0.17*** (0.05)
Age when started earning (H3)	0.03*** (0.01)	0.04*** (0.02)	0.02*** (0.01)
Rural	0.07 (0.09)	-0.45*** (0.14)	-0.32*** (0.05)
Unemployed person in family	0.04 (0.10)	0.35* (0.18)	0.04 (0.06)
Choosing occupation - Good income	0.30*** (0.11)	0.12 (0.19)	0.39*** (0.06)
Choosing occupation - Job security (even if less money)	0.19* (0.11)	-0.26 (0.19)	0.14** (0.07)
Choosing occupation - Job satisfaction	0.09 (0.13)	-0.21 (0.20)	0.12 (0.08)
<i>ln</i> (household size)	0.03 (0.08)	0.07 (0.14)	0.06 (0.05)
Age	0.00 (0.00)	0.00 (0.01)	0.00 (0.00)

TABLE 6 (continued)

<i>DV = High Trust in the Army</i>	Founder	Inheritor	Salaried
Female	0.00 (0.15)	-0.04 (0.25)	-0.07 (0.08)
Tech/diploma/vocational	-0.61*** (0.17)	-0.60** (0.30)	-0.21* (0.12)
Undergraduate - general	-0.32*** (0.12)	-0.02 (0.18)	-0.08 (0.08)
Undergraduate - professional	-0.47** (0.19)	-0.47 (0.35)	-0.38*** (0.12)
Graduate - general	-0.03 (0.26)	0.34 (0.66)	0.39** (0.16)
Graduate - professional	0.31 (0.37)	1.16 (1.06)	-0.11 (0.22)
<i>Aadhar</i> card	0.50*** (0.09)	0.28* (0.14)	0.41*** (0.05)
Satisfied with current occupation	-0.14* (0.08)	0.00 (0.14)	-0.18*** (0.05)
Skill development training	-0.10 (0.11)	-0.36** (0.17)	-0.18*** (0.07)
Constant	-3.84*** (0.74)	0.91 (1.27)	-3.04*** (0.44)
<i>N</i>	4,081	1,652	11,005
Log likelihood	-2445.57	-932.65	-6442.03

Standard errors in parentheses; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

while length of access to resources reduces trust in the judiciary, scale and abundance increase trust; in this way, H3 is supported for two dimensions of access to resources and contradicted for one. The findings pertaining to the drivers of occupation choice shed little additional light. For salaried employees, emphases on income and job security are positively associated with the likelihood of expressing strong trust in the judiciary; in contrast, among inheritors, an expressed preference for job satisfaction suggests weaker trust.

Overall, our results from exploring trust in the judiciary provide evidence that neighborhood embeddedness facilitates trust. However, membership in local groups is largely

associated with lower levels of trust, while our modeling suggests that two of the key financial indicators are positively associated with trust in the judiciary. Thus, we find support for H1, substantial contradiction for H2, and a mix of support and contradiction for H3.

Founding Entrepreneurs' Trust in Institutions

The preceding interpretation of the results has focused on each of the six components of the institutional environment, across the three occupational groups. We now consider each of the occupational groups, across the various institutional components. Table 8 compiles the results for the 4,081 founding entrepreneurs included in our

TABLE 7 Trust in the Judiciary by Occupational Situation

<i>DV= High Trust in the Judiciary</i>	Founder	Inheritor	Salaried
Years living in current location (H1)	0.01*** (0.00)	0.00** (0.00)	0.01*** (0.00)
Member - Trade union (H2)	0.24* (0.14)	-0.11 (0.21)	-0.10 (0.11)
Member - Civil society/NGO (H2)	-0.40** (0.16)	-0.48* (0.25)	-0.14 (0.10)
Member - Labor group (H2)	-0.08 (0.13)	-0.28 (0.23)	0.04 (0.08)
Member - Religious org (H2)	-0.17 (0.12)	-0.16 (0.19)	-0.14* (0.08)
Member - Other social institution (H2)	-0.75*** (0.15)	-0.59** (0.24)	-0.46*** (0.10)
<i>ln</i> (Income) (H3)	0.19*** (0.06)	0.19* (0.10)	0.17*** (0.04)
Increasing savings (H3)	0.13* (0.07)	0.01 (0.11)	0.05 (0.04)
Age when started earning (H3)	0.01* (0.01)	0.02* (0.01)	0.01** (0.00)
Rural	-0.05 (0.08)	-0.06 (0.13)	-0.26*** (0.05)
Unemployed person in family	-0.07 (0.09)	-0.21 (0.16)	-0.11* (0.06)
Choosing occupation - Good income	0.17 (0.10)	0.19 (0.16)	0.17*** (0.06)
Choosing occupation - Job security (even if less money)	0.13 (0.11)	0.06 (0.17)	0.11* (0.06)
Choosing occupation - Job satisfaction	-0.00 (0.12)	-0.38** (0.18)	-0.10 (0.07)
<i>ln</i> (Household Size)	-0.13* (0.07)	-0.06 (0.13)	0.04 (0.04)
Age	0.00 (0.00)	0.00 (0.01)	0.00 (0.00)

TABLE 7 (continued)

<i>DV= High Trust in the Judiciary</i>	Founder	Inheritor	Salaried
Female	-0.15 (0.14)	0.15 (0.22)	-0.02 (0.07)
Tech/diploma/vocational	-0.18 (0.17)	-0.01 (0.29)	0.22* (0.11)
Undergraduate - general	-0.11 (0.11)	-0.02 (0.17)	-0.01 (0.07)
Undergraduate - professional	-0.05 (0.18)	0.03 (0.34)	-0.19* (0.11)
Graduate - general	0.03 (0.22)	0.47 (0.53)	0.14 (0.13)
Graduate - professional	-0.15 (0.31)	1.56** (0.80)	0.32* (0.19)
<i>Aadhar</i> card	0.28*** (0.08)	-0.04 (0.13)	0.21*** (0.05)
Satisfied with current occupation	0.08 (0.07)	0.08 (0.13)	0.09** (0.04)
Skill development training	-0.17 (0.11)	-0.43** (0.17)	-0.41*** (0.06)
Constant	-3.58*** (0.68)	-3.19*** (1.17)	-3.06*** (0.41)
<i>N</i>	4,081	1,652	11,005
Log likelihood	-2733.04	-1077.99	-7434.64

Standard errors in parentheses; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

modeling. Within this group of respondents, our analysis suggests that the longer the household has resided in its current location, the greater the likelihood of trust in the central government, the army, and the judiciary, but the lower the likelihood of trust in the police. In terms of local groups, membership in trade unions is associated with greater trust in the central and state governments, as well as the judiciary, but lower trust in the army. Membership in civil societies/NGOs appears to, on average, reduce trust in the police, the army, and the judiciary, while membership in a labor group is associated with lower trust in the central government, the bureaucracy and the army. Membership

in religious organizations is coincident with less trust in the state government and the army, but more trust in the police, while belonging to other social institutions is associated with reduced trust in the central and state governments, the bureaucracy, the army, and the judiciary. Considering the financial situation of the founding entrepreneurs' household, higher income appears to increase the likelihood of trust in the bureaucracy, the police, the army, and the judiciary. Having experienced an increase in savings is associated with an enhanced likelihood of trust across all of the institutions apart from the state government, and the older the individual when s/he started earning, the greater

TABLE 8 Founders' Trust by Institution

<i>DV = High Trust in...</i>	Central Govt	State Govt	Bureaucracy	Police	Army	Judiciary
Years living in current location (H1)	0.00*** (0.00)	-0.00 (0.00)	0.00 (0.00)	-0.00** (0.00)	0.00*** (0.00)	0.01*** (0.00)
Member - Trade union (H2)	0.27* (0.14)	0.31** (0.14)	0.15 (0.16)	-0.02 (0.16)	-0.26* (0.14)	0.24* (0.14)
Member - Civil society/NGO (H2)	-0.15 (0.15)	-0.11 (0.16)	-0.16 (0.18)	-0.36** (0.18)	-0.61*** (0.16)	-0.40** (0.16)
Member - Labor group (H2)	-0.41*** (0.13)	0.12 (0.13)	-0.40** (0.16)	-0.06 (0.15)	-0.23* (0.13)	-0.08 (0.13)
Member - Religious org (H2)	0.08 (0.12)	-0.31** (0.12)	0.03 (0.13)	0.22* (0.13)	-0.36*** (0.12)	-0.17 (0.12)
Member - Other social institution (H2)	-0.46*** (0.14)	-0.33** (0.15)	-0.29* (0.17)	-0.26 (0.17)	-0.47*** (0.15)	-0.75*** (0.15)
<i>ln</i> (Income) (H3)	0.04 (0.06)	-0.01 (0.06)	0.20*** (0.07)	0.20*** (0.07)	0.25*** (0.06)	0.19*** (0.06)
Increasing savings (H3)	0.25*** (0.07)	-0.03 (0.07)	0.38*** (0.08)	0.13* (0.08)	0.34*** (0.07)	0.13* (0.07)
Age when started earning (H3)	0.02*** (0.01)	0.01 (0.01)	-0.01 (0.01)	0.00 (0.01)	0.03*** (0.01)	0.01* (0.01)
Rural	0.01 (0.08)	-0.16* (0.09)	0.08 (0.09)	0.16* (0.09)	0.07 (0.09)	-0.05 (0.08)
Unemployed person in family	0.30*** (0.09)	-0.09 (0.10)	0.20* (0.10)	0.16 (0.10)	0.04 (0.10)	-0.07 (0.09)
Choosing occupation - Good income	0.10 (0.10)	0.38*** (0.10)	-0.05 (0.11)	-0.01 (0.11)	0.30*** (0.11)	0.17 (0.10)
Choosing occupation - Job security	0.27** (0.11)	0.05 (0.11)	0.01 (0.12)	-0.46*** (0.12)	0.19* (0.11)	0.13 (0.11)
Choosing occupation - Job satisfaction	-0.15 (0.12)	0.13 (0.12)	-0.54*** (0.14)	-0.15 (0.13)	0.09 (0.13)	-0.00 (0.12)
<i>ln</i> (Household size)	0.05 (0.07)	-0.07 (0.07)	-0.04 (0.08)	-0.07 (0.08)	0.03 (0.08)	-0.13* (0.07)
Age	0.00 (0.00)	-0.00 (0.00)	-0.01* (0.00)	-0.01* (0.00)	0.00 (0.00)	0.00 (0.00)

TABLE 8 (continued)

<i>DV = High Trust in...</i>	Central Govt	State Govt	Bureaucracy	Police	Army	Judiciary
Female	-0.04 (0.14)	0.06 (0.14)	0.13 (0.15)	0.04 (0.15)	0.00 (0.15)	-0.15 (0.14)
Tech/diploma/vocational	-0.09 (0.17)	0.07 (0.17)	-0.97*** (0.23)	-0.13 (0.19)	-0.61*** (0.17)	-0.18 (0.17)
Undergraduate - general	-0.15 (0.11)	-0.03 (0.11)	-0.46*** (0.13)	-0.03 (0.12)	-0.32*** (0.12)	-0.11 (0.11)
Undergraduate - professional	0.07 (0.18)	-0.03 (0.18)	-0.68*** (0.23)	-0.27 (0.21)	-0.47** (0.19)	-0.05 (0.18)
Graduate - general	-0.02 (0.22)	0.09 (0.22)	-0.02 (0.24)	-0.08 (0.24)	-0.03 (0.26)	0.03 (0.22)
Graduate - professional	0.18 (0.31)	-0.29 (0.32)	-0.05 (0.34)	-0.41 (0.37)	0.31 (0.37)	-0.15 (0.31)
<i>Aadhar</i> card	0.06 (0.08)	0.26*** (0.09)	0.01 (0.09)	0.20** (0.10)	0.50*** (0.09)	0.28*** (0.08)
Satisfied with current occupation	0.01 (0.07)	0.04 (0.07)	-0.05 (0.08)	0.04 (0.08)	-0.14* (0.08)	0.08 (0.07)
Skill development training	-0.20* (0.11)	-0.27** (0.11)	0.09 (0.12)	0.08 (0.12)	-0.10 (0.11)	-0.17 (0.11)
Constant	-1.29* (0.68)	-0.60 (0.68)	-3.04*** (0.78)	-3.07*** (0.77)	-3.84*** (0.74)	-3.58*** (0.68)
<i>n</i>	4,081	4,081	4,081	4,081	4,081	4,081
Log likelihood	-2756.34	-2702.5	-2278.68	-2297.67	-2445.57	-2733.04

Standard errors in parentheses; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

the marginal likelihood of trust in the central government, the army, and the judiciary.

Our results suggest that geographic embeddedness has a broadly positive impact on founding entrepreneurs' trust in institutions, while identity-based embeddedness is more likely to be associated with lower institutional trust, particularly with respect to the army. With respect to resources, both scale and abundance are generally associated with greater trust; the opposite is observed for access. Overall, for founders, H1 receives support for three institutional components and contradiction for one, H2 is substantially contradicted, and H3 is both supported (considering income and savings)

and contradicted (considering the age at which the respondent began to earn an income).

Inheritors' Trust in Institutions

The results for 1,652 respondents who are inheritors of family businesses are shown in Table 9. Our modeling indicates that, for this subsample, respondents whose households have spent longer in their current location are more likely to express high trust in the central government, the army, and the judiciary, but lower trust in the police and the state government. Membership in local organizations is broadly associated with lower institutional trust: trade union

TABLE 9 Inheritors' Trust by Institution

<i>DV= High Trust in...</i>	Central Govt	State Govt	Bureaucracy	Police	Army	Judiciary
Years living in current location (H1)	0.01*** (0.00)	-0.01*** (0.00)	0.00 (0.00)	-0.00* (0.00)	0.01*** (0.00)	0.00** (0.00)
Member - Trade union (H2)	0.17 (0.20)	0.20 (0.21)	-0.46* (0.24)	-0.18 (0.22)	-0.74*** (0.20)	-0.11 (0.21)
Member - Civil society/NGO (H2)	0.02 (0.23)	-0.37 (0.25)	-0.28 (0.28)	-0.35 (0.26)	-1.06*** (0.24)	-0.48* (0.25)
Member - Labor group (H2)	-0.02 (0.22)	0.19 (0.22)	0.13 (0.25)	-0.00 (0.24)	-0.11 (0.24)	-0.28 (0.23)
Member - Religious org (H2)	-0.23 (0.19)	-0.57*** (0.20)	0.33 (0.21)	0.51** (0.20)	-0.21 (0.20)	-0.16 (0.19)
Member - Other social institution (H2)	-0.90*** (0.21)	-0.79*** (0.25)	-0.77*** (0.28)	-0.73*** (0.26)	-0.44** (0.22)	-0.59** (0.24)
<i>ln</i> (Income) (H3)	-0.50*** (0.11)	-0.03 (0.10)	-0.18 (0.11)	0.02 (0.11)	-0.12 (0.11)	0.19* (0.10)
Increasing savings (H3)	0.25** (0.12)	-0.20* (0.11)	0.20 (0.13)	0.29** (0.12)	0.22* (0.12)	0.01 (0.11)
Age when started earning (H3)	0.01 (0.01)	-0.02* (0.01)	0.00 (0.01)	-0.00 (0.01)	0.04*** (0.02)	0.02* (0.01)
Rural	-0.21 (0.13)	0.05 (0.13)	-0.38** (0.15)	-0.25* (0.15)	-0.45*** (0.14)	-0.06 (0.13)
Unemployed person in family	0.06 (0.17)	-0.22 (0.17)	0.08 (0.18)	0.31* (0.17)	0.35* (0.18)	-0.21 (0.16)
Choosing occupation - Good income	0.28* (0.17)	0.10 (0.17)	0.78*** (0.19)	0.10 (0.18)	0.12 (0.19)	0.19 (0.16)
Choosing occupation - Job security	0.15 (0.17)	0.25 (0.17)	0.32 (0.20)	-0.32* (0.19)	-0.26 (0.19)	0.06 (0.17)
Choosing occupation - Job satisfaction	0.01 (0.19)	0.15 (0.18)	0.44** (0.22)	-0.10 (0.20)	-0.21 (0.20)	-0.38** (0.18)
<i>ln</i> (Household size)	0.36*** (0.13)	0.24* (0.13)	0.25* (0.15)	-0.12 (0.14)	0.07 (0.14)	-0.06 (0.13)
Age	0.01 (0.01)	0.00 (0.01)	-0.00 (0.01)	-0.00 (0.01)	0.00 (0.01)	0.00 (0.01)

TABLE 9 (continued)

DV= High Trust in...	Central Govt	State Govt	Bureaucracy	Police	Army	Judiciary
Female	0.44* (0.24)	-0.10 (0.22)	0.15 (0.24)	0.17 (0.24)	-0.04 (0.25)	0.15 (0.22)
Tech/diploma/vocational	0.83*** (0.30)	-0.31 (0.31)	-0.10 (0.32)	-0.12 (0.30)	-0.60** (0.30)	-0.01 (0.29)
Undergraduate - general	0.58*** (0.18)	0.15 (0.17)	-0.26 (0.20)	-0.26 (0.19)	-0.02 (0.18)	-0.02 (0.17)
Undergraduate - professional	-0.04 (0.34)	0.15 (0.34)	-0.68 (0.46)	0.02 (0.36)	-0.47 (0.35)	0.03 (0.34)
Graduate - general	1.03* (0.57)	-2.48** (1.04)	-0.15 (0.60)	-0.46 (0.60)	0.34 (0.66)	0.47 (0.53)
Graduate - professional	2.05* (1.08)	-0.40 (0.69)	1.65** (0.64)	-0.54 (0.80)	1.16 (1.06)	1.56** (0.80)
Aadhar card	-0.13 (0.14)	0.23* (0.13)	-0.02 (0.15)	0.41*** (0.15)	0.28* (0.14)	-0.04 (0.13)
Satisfied with current occupation	0.16 (0.13)	-0.08 (0.13)	-0.27* (0.14)	-0.08 (0.14)	0.00 (0.14)	0.08 (0.13)
Skill development training	-0.24 (0.16)	-0.34** (0.17)	-0.02 (0.19)	0.12 (0.18)	-0.36** (0.17)	-0.43** (0.17)
Constant	4.77*** (1.21)	0.37 (1.16)	0.44 (1.30)	-1.10 (1.27)	0.91 (1.27)	-3.19*** (1.17)
<i>n</i>	1,652	1,652	1,652	1,652	1,652	1,652
Log likelihood	-1043.00	-1065.23	-914.81	-938.46	-932.65	-1077.99

Standard errors in parentheses; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

membership for the bureaucracy and the army, civil society/ NGO membership for the army and judiciary, and “other” social groups for all six of the institutional categories. The sole exception is for membership in religious organizations, which is associated with higher trust in the police, but lower trust in the state government.

With respect to inheritors’ financial situations, a larger household income is associated with less trust in the central government, but more trust in the judiciary. Increasing savings, on average, enhances the likelihood of trust in the central government, the police, and the army, but reduces the likelihood of trust in the state government. The older

the responding inheritor was when s/he started earning, the greater the likelihood of trust in the army and judiciary; however, the opposite is observed with respect to trust in the state government.

Overall, our results indicate that, for inheritors of family firms, the relationship between geographical embeddedness and institutional trust depends very much on which institutional aspect is being considered. Therefore, H1 receives both support and contradiction. Identity-based embeddedness is relatively likely to have a negative impact on institutional trust, providing more contradiction than support for H2. Resource scale, abundance, and access also display mixed

TABLE 10 Salaried Individuals' Trust by Institution

<i>DV= High Trust in...</i>	Central Govt	State Govt	Bureaucracy	Police	Army	Judiciary
Years living in current location (H1)	0.01*** (0.00)	-0.00** (0.00)	0.00 (0.00)	-0.00*** (0.00)	0.01*** (0.00)	0.01*** (0.00)
Member - Trade union (H2)	-0.09 (0.11)	-0.21* (0.11)	0.14 (0.12)	0.24** (0.12)	-0.42*** (0.11)	-0.10 (0.11)
Member - Civil society/NGO (H2)	0.11 (0.10)	0.10 (0.10)	0.13 (0.11)	-0.25** (0.11)	-0.48*** (0.10)	-0.14 (0.10)
Member - Labor group (H2)	-0.25*** (0.08)	0.31*** (0.08)	-0.41*** (0.09)	0.17** (0.08)	-0.18** (0.08)	0.04 (0.08)
Member - Religious org (H2)	0.00 (0.08)	-0.39*** (0.08)	0.28*** (0.08)	0.27*** (0.08)	0.00 (0.08)	-0.14* (0.08)
Member - Other social institution (H2)	-0.45*** (0.10)	-0.32*** (0.10)	-0.24** (0.11)	-0.53*** (0.12)	-0.51*** (0.10)	-0.46*** (0.10)
<i>ln</i> (Income) (H3)	0.04 (0.04)	-0.00 (0.04)	0.10** (0.04)	0.18*** (0.04)	0.21*** (0.04)	0.17*** (0.04)
Increasing savings (H3)	0.24*** (0.04)	0.16*** (0.04)	0.16*** (0.05)	0.02 (0.05)	0.17*** (0.05)	0.05 (0.04)
Age when started earning (H3)	0.02*** (0.00)	0.01 (0.00)	0.01** (0.01)	-0.01* (0.01)	0.02*** (0.01)	0.01** (0.00)
Rural	-0.25*** (0.05)	-0.34*** (0.05)	-0.22*** (0.05)	-0.19*** (0.05)	-0.32*** (0.05)	-0.26*** (0.05)
Unemployed person in family	0.10* (0.06)	-0.09 (0.06)	-0.03 (0.07)	0.00 (0.06)	0.04 (0.06)	-0.11* (0.06)
Choosing occupation - Good income	0.13** (0.06)	0.28*** (0.06)	0.21*** (0.07)	0.27*** (0.07)	0.39*** (0.06)	0.17*** (0.06)
Choosing occupation - Job security	0.20*** (0.06)	0.03 (0.06)	0.14* (0.07)	-0.26*** (0.07)	0.14** (0.07)	0.11* (0.06)
Choosing occupation - Job satisfaction	-0.06 (0.07)	0.04 (0.07)	0.03 (0.08)	0.14* (0.08)	0.12 (0.08)	-0.10 (0.07)
<i>ln</i> (Household size)	0.05 (0.04)	-0.03 (0.04)	0.07 (0.05)	-0.01 (0.05)	0.06 (0.05)	0.04 (0.04)
Age	0.00** (0.00)	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

TABLE 10 (continued)

DV= High Trust in...	Central Govt	State Govt	Bureaucracy	Police	Army	Judiciary
Female	-0.17** (0.07)	-0.05 (0.07)	-0.17** (0.08)	0.07 (0.08)	-0.07 (0.08)	-0.02 (0.07)
Tech/diploma/vocational	-0.06 (0.11)	-0.02 (0.11)	-0.52*** (0.14)	-0.12 (0.12)	-0.21* (0.12)	0.22* (0.11)
Undergraduate - general	-0.26*** (0.07)	-0.05 (0.07)	-0.06 (0.08)	-0.05 (0.08)	-0.08 (0.08)	-0.01 (0.07)
Undergraduate - professional	0.22** (0.11)	0.28*** (0.11)	-0.44*** (0.13)	0.17 (0.11)	-0.38*** (0.12)	-0.19* (0.11)
Graduate - general	0.37*** (0.14)	0.31** (0.13)	-0.09 (0.14)	0.25* (0.14)	0.39** (0.16)	0.14 (0.13)
Graduate - professional	0.21 (0.20)	0.11 (0.19)	-0.21 (0.22)	0.29 (0.20)	-0.11 (0.22)	0.32* (0.19)
Aadhar card	0.08 (0.05)	0.16*** (0.05)	-0.04 (0.06)	0.26*** (0.06)	0.41*** (0.05)	0.21*** (0.05)
Satisfied with current occupation	-0.00 (0.04)	0.20*** (0.04)	0.02 (0.05)	0.11** (0.05)	-0.18*** (0.05)	0.09** (0.04)
Skill development training	-0.06 (0.06)	-0.28*** (0.07)	0.08 (0.07)	0.18*** (0.07)	-0.18*** (0.07)	-0.41*** (0.06)
Constant	-1.45*** (0.41)	-0.60 (0.41)	-2.75*** (0.47)	-3.22*** (0.47)	-3.04*** (0.44)	-3.06*** (0.41)
<i>n</i>	11,005	11,005	11,005	11,005	11,005	11,005
Log likelihood	-7319.25	-7350.92	-6105.26	-6080.59	-6442.03	-7434.64

Standard errors in parentheses; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

results, with H3 receiving both support and contradiction for each consideration.

Salaried Individuals' Trust in Institutions

Our modeling includes 11,005 respondents in salaried positions; see Table 10 for the results for this group. Among the salaried respondents, longer duration for the household in its current location is associated with a greater likelihood of strong trust in the central government, the army, and the judiciary, but lower trust in the state government and the police. Our findings pertaining to local group membership for salaried respondents are similarly varied. We find

evidence that membership in trade unions reduces trust in the state government and the army but increases trust in the police. Membership in civil societies/NGOs is associated with lower trust in both the police and the army, while labor group membership, on average, yields lower trust in the central government, the bureaucracy, and the army, but higher trust in the state government and the police. Participation in religious organizations is associated with lower trust in the state government and the judiciary, but higher trust in the bureaucracy and the police. Membership in other social institutions appears to reduce trust across all six of the institutional categories.

Considering the financial situation of salaried respondents, we find evidence that higher income increases the likelihood of trust in the bureaucracy, the police, the army, and the judiciary, while enhanced savings are associated with higher trust in the central and state governments, the bureaucracy and the army. A later start for earning, marginal to the other variables in the models, is related to higher trust in the central government, the bureaucracy, the army, and the judiciary, but lower trust in the police.

To summarize our findings for salaried individuals, we identify, again, the nuanced nature of the relationship between locational embeddedness and institutional trust, as H1 is both supported and contradicted. Membership in a local group (identity-based embeddedness) has a primarily negative effect on institutional trust; H2 is contradicted more than supported. Financial considerations reveal a different story. Income and savings display largely positive associations with the individual's trust in institutions. However, a later start to earning is related to higher trust in four of the six institutional categories. Thus, H3 receives considerable support with respect to resource scale and abundance, but equal measures of contradiction for resource access.

Comparing the Three Groups of Respondents

In H4, we hypothesized that the three groups of respondents – founders, inheritors, and salaried employees – would have different determinants of institutional trust. Our results reflect support for this hypothesis. While the results associated with geographical embeddedness (H1) are quite similar across the three groups, we observe distinctions pertaining to identity-based embeddedness (H2) and resources (H3). For example, among founders, membership in trade unions is associated with more positive institutional trust, relative to inheritors and salaried employees. In contrast, salaried employees who are members of other labor-related organizations report greater institutional trust, at least pertaining to the state government and the police, while the significant results for the other two respondent groups are all negative. The distinctions with regard to resources as determinants of institutional trust are the most striking. Considering resource scale and abundance, inheritors are markedly less trusting of institutions, compared to founders and salaried employees. In contrast, the results pertaining to resource access, while more subtle, suggest that early-earning founders are less positive about institutional trust, while comparable inheritors are, overall, less negative.

7. DISCUSSION

As stated earlier, we explore the drivers of individual trust in institutions. While much of prior research has focused

on the outcomes of institutional effects, our work focuses on the *antecedents* of citizens' trust, which relates to the perceived importance of institutions with respect to mitigating uncertainty in the lives of individuals that engage in economic value creation in an important emerging economy: India. Our research provides a unique opportunity to compare the mindsets of members of three distinct occupational situations: founders of entrepreneurial ventures, inheritors of family firms, and salaried individuals. Arguably, the three work categories are specific, in terms of individuals' appetite for risk and tolerance for uncertainty. Institutions exist to provide norms and regulations that help to mitigate and deal with uncertainty in the environment. Thus, if the risk propensity profiles for these occupational situations differ from each other, we should expect to observe differences in the drivers of trust in institutions across the three groups.

Our survey-based, large-sample data provides us with the opportunity to compare the drivers of trust in institutions for the employment groups. Using a split-sample approach, our results provide insight into the variation in the antecedents of perceived trust across the three groups. In addition, we are able to parse out different elements of the institutional environment, rather than treating institutions as monolithic. We can conceptualize three distinct categories, within the broad notion of the institutional environment, which have a direct impact on enhancing stability and predictability, and should be viewed as important for founders, inheritors, and salaried individuals alike. We identify these categories as being related to (i) policy, (ii) implementation, and (iii) security – all of which are important to the productive wellbeing of value-creating economic actors. While the central and the state governments, arguably, are responsible for *policy* creation, the responsibility for equitable *implementation* of such policy falls on the bureaucracy and the judiciary. Finally, maintaining law and order (*security*) is a central tenet of the government at large, and plays a critical role in the continuity of business; this is primarily the role of the police and the army. Thus, the six types of institutional trust that we explore in the data cover the key elements relevant for economic activity in the country.

Trustworthy institutions foster an environment in which businesses can thrive, irrespective of organizational type and size. Thus, individuals in a variety of value-creating roles are more likely to be satisfied and productive if they perceive that those institutions function to protect their well-being, economic and otherwise. We are particularly interested in understanding the drivers of such perceived trust in institutions that reflect policy, implementation, and security, by focusing on individuals' (i) financial indicators and (ii) membership in various local groups and embeddedness in their

neighborhoods. The second category pertains, broadly, to membership in networks, whether physical (via location) or identity (via groups).

People who are more financially secure, and value stability and security in their economic activity, are more likely to trust institutions, perceiving them as supportive of well-being. That is, the policies of the government, their equitable implementation, and security-facilitated peace of mind may be seen as being instrumental to providing an environment that is conducive to productive economic activity. Arguably, this could lead to individuals' being part of a virtuous cycle, in which further enhancement of their economic situation encourages them to develop stronger trust in institutions. On the other hand, in an emerging economy such as India, financial well-being is, on average, more likely to be observed among educated individuals who are well-versed with respect to information. For governments in which corruption and bribery are known to occur, such activities – which represent a form of institutional failure – might cause the more financially-comfortable individuals to have less trust in institutions. Evidence of this latter argument can be observed in the general lack of trust that we observe with respect to the central and state governments, especially with regard to respondents that report stronger financial positions; see Table 11 for a broad overview of the aggregated results.

Our second category of antecedents of institutional trust pertains to identity and embeddedness. Membership in networks – either identity- or location-based – provides a sense of belonging among individuals. This perception may generate confidence that network embeddedness provides a situation in which members can be relied upon to support each other and “have each other’s backs” in times of need and

crisis. In this regard, sources of identity and embeddedness, such as the family’s having a long history of living in a specific location or an individual’s membership in various groups, may serve as substitutes for government-related institutions. Especially in emerging and developing markets, individuals may not have confidence that formal institutions will provide the support that they need. This is consistent with the broadly negative association between group membership and trust that characterize our results. Interesting, though, local embeddedness, in terms of the family’s duration of residing in one place, has a more mixed relationship with trust: strongly positive with respect to the central government, the judiciary, and the army, but negative for the police and the state government.

Making systematic comparisons across occupational categories – founding entrepreneur, inheritor of family business, and salaried employee – is complicated. We are particularly interested in any observed distinctions between founders and inheritors, as both groups face the challenge of operating independent businesses. Comparisons of the means and distributions of key attributes between these two subsamples reveals some differences that, while statistically significant, are practically quite small; the degree of similarity in terms of demographics is striking and makes differences in the trust-related results informative. For example, our modeling provides evidence that inheritors display a more negative association between financial results and trust in the state government, relative to founders, while founders tend to express a more positive relationship between financial results and trust in the bureaucracy, compared to inheritors. These findings suggest that deeper comparison between founding entrepreneurs and later-generation managers of family firms has the potential to offer insights into

TABLE 11 Broad Summary of Findings

		Institutional function		
		Policy	Implementation	Security
Respondents' concerns	Identity and networks	<p>Central government: Mixed (+ for local embeddedness, – for group membership)</p> <p>State government: Mainly negative</p>	<p>Bureaucracy: Mainly negative</p> <p>Judiciary: Mixed (+ for local embeddedness, – for group membership)</p>	<p>Army: Mixed (+ for local embeddedness, – for group membership)</p> <p>Police: Mixed (– for local embeddedness, mixed for group membership)</p>
	Financial and economic security	<p>Central government: Mixed (+ for resource abundance)</p> <p>State government: Mixed</p>	<p>Bureaucracy: Mainly positive</p> <p>Judiciary: Mainly positive</p>	<p>Army: Mixed</p> <p>Police: Mainly positive</p>

the distinction between entrepreneurial ventures and family firms.

CONCLUSION

Our India-based exploratory study of individuals' trust in formal, governmental institutions offers two main contributions. The first pertains to the manner in which we have represented the institutional environment. The literature tends to treat institutions as monolithic, generally at the level of the nation-state. We have adopted a more nuanced approach and considered different aspects of the institutional environment, at both nationally and at levels that are more local to the respondents. Our empirical evidence suggests that individuals perceive specific aspects of the institutional environment in different ways. For example, the central government generally attracts more trust than the state government. In addition, we find that levels of trust in the same component of the institutional environment are not uniform with respect to identity and network embeddedness vs. financial and economic security. In this way, we add to the limited body of knowledge pertaining to how individuals perceive the institutional environment; incorporating this more detailed operationalization should allow for more nuance, compared to the more typical approach of utilizing macroeconomic data to characterize the nature of a nation's institutional situation.

This work also contributes to the entrepreneurship literature. Empirically, we distinguish among founding entrepreneurs, leaders of family businesses, and salaried employees, in an effort to begin to tease out entrepreneur-specific vs. more general perceptions of uncertainty associated with the institutional environment. By investigating the determinants of trust in various aspects of formal institutions, we shed some preliminary light on the antecedents of entrepreneurial optimism, consistent with the suggestion of García-Cabrera et al. (2016). While still poorly understood, the trust that entrepreneurs have in the institutional environment in which they are operating is important. As noted by Braunerhjelm and Henrekson (2013), Baumol (1990) considers this issue from the perspective of how institutions shape entrepreneurial behavior, encouraging either efforts to work around – potentially in unethical ways – institutions that are viewed as uncertainty-generating and obstructive to business activity or efforts that yield entrepreneurial outcomes that are more beneficial to the society at large. More recently, Bjørnskov, Foss, and Xu (2022) note the importance of institutional factors to entrepreneurs, and suggest that, entrepreneurs who trust the legal system are more likely to operate as part of the formal economy, rather than as part of the informal economy.

This emphasizes the importance, to central and local governments, of creating a trustworthy institutional environment, given that tax revenues derived from businesses operating within the informal economy are likely to be low, if not negligible. Logically, the issue of tax revenue is particularly salient in the context of resource-constrained emerging and developing markets.

As expected in an exploratory empirical study, our analysis is subject to limitations, which offer avenues for future research. This is a single-country study, based on data collected in 2014, and some of our findings will be very embedded in the Indian context of that time. On the one hand, a single country study controls for country specific factors that could drive variation in institutional trust across individual occupations. On the other hand, exploring cross country variations of institutional trust at a granular level may provide insight into the perceived (or otherwise) effectiveness of different elements of the institution in overcoming uncertainty for individuals with different types of occupational status. It would be interesting to expand both the locational and temporal coverage, to facilitate clearer assessment of the impact of the context. We have also included a specific selection of covariates for our models; the marginal nature of the interpretation of the findings means that a different set of variables might yield alternative results. We lack information regarding the age of the founders' entrepreneurial venture, as well as the number of generations represented by the family firms; these details might have some explanatory value. Finally, interviews with respondents might shed light on the nature and depth of their trust in the various components of the institutional environment, offering deeper insights.

NOTES

1. Somewhat ironically, there is evidence that widespread corruption has the potential to facilitate business, effectively reducing uncertainty. When corruption is standard in business transactions (e.g., Méon & Weill, 2010), “the expectation ameliorates the “arbitrariness” of corruption and greases the wheels of business” (Chowdhury, Audretsch, & Belitski, 2019: 58).
2. This is related to the importance of passion and perseverance among entrepreneurs, as discussed by Gerschewski, Lindsay, and Rose (2016).
3. The institutional environment of India was more turbulent in 2016 and 2021, due to the government's monetary policies in 2016, which resulted in a process of demonetization, and the impact of Covid-19 in 2021.
4. There are 28 states and 8 union territories in India.

5. We do not provide correlation tables, for two reasons. First, as measures of multicollinearity, pairwise correlations are superseded by the VIF values, which are based on richer information. Second, as most of our variables are binary, correlations are not particularly meaningful.

ACKNOWLEDGMENTS

We are grateful to Dr. Rajesh Shukla, Managing Director, CEO, and co-founder of ICE 360, for sharing the data with us.

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