Vibrant Cities Are Built on Trust

DECEMBER 10, 2021

By Marcos Aguiar, Vladislav Boutenko, Santino Lacanna, Evgeny Mlodik, and Matthew Williams

> **Cities that forge trust with their residents are on the right track to a sustainable future. What does it take?**

Nearly all social compacts are based on trust, including the one between governments and the residents of a country, a city, or some other political region. Today, as societies grapple with rapid change and the stresses of growth—growth that is forecast to make cities home to 68% of the world's population by 2050—recognizing that fact could hardly be more important. Between May 2020 and January 2021—the height of the COVID-19 pandemic—trust in government declined in the 11 countries surveyed for the Edelman

Trust Barometer.[1] In many US cities, soaring crime rates have shaken residents' sense of security. At the same time, trust-building measures, such as those undertaken by Taiwan and Singapore to contain the pandemic, have reassured residents and helped maintain normalcy during a crisis that has overwhelmed and demoralized so many of the world's cities.

Trust is broadly considered an essential feature of well-functioning economic and social systems. We know, for example, that trust is one of the strongest levers for promoting sustainable development in cities. That's because sustainable development depends on resident advocacy—how willing people are to tie their future to their city—and advocacy springs from a foundation of trust. Moreover, in situations where neither hierarchies nor markets prevail, trust is particularly important because it's the primary means of promoting cooperation. This is true in business ecosystems as well as in socioeconomic systems such as cities, where constituents need to cooperate for the common good.

To maintain the social fabric—and fulfill their promise to residents and local businesses—governments need to foster and fortify trust with and among the people they serve. Building on our previously published research on trust in business ecosystems, this article explores the nature of trust in the context of a city: its benefits (and the problems that spring from its absence) and how it works between government and the residents of a city and among those residents. Drawing from real-world examples, we then explore the two main ways that city leaders can build trust: directly, by emulating the scale that gives tribes and small communities cohesiveness, and indirectly, by adopting instruments and techniques to generate trust or manage distrust.

What Is Trust in the Context of a City?

Trust is the confidence that someone or something will deliver on a promise or behave as expected in an interaction or a series of interactions. In a commercial transaction, trust gives the buyer confidence that the product or service will be delivered as described, and it gives the seller confidence that the buyer's money is legitimate. It allows both parties to accept the conditions of the sale.

In a city, trust is both a catalyst for and a consequence of the city fulfilling its “value proposition”—its commitment to do right by its residents. A city’s value proposition is an amalgam of promises: the opportunity to work and build a future; the prospect of a well-functioning economy; decent schools and safe streets; security of property and data; properly maintained public transportation and infrastructure; a healthy environment; a thriving cultural landscape. It implies that the city will use its delegated rights honorably and faithfully, abiding by its commitments according to the competencies it claims.

In essence, residents’ trust can be viewed as a measure of how well a city is delivering on its value proposition. Hence, city leaders would be wise to take trust into account in decision making, ensure that the foundations of trust are in place, and consistently maintain and build on it. They need to foster an environment in which residents meet each other’s expectations. Doing their job well is not enough. No matter how effective, a leader who works in secret, detached from a city’s residents, will never be a great leader, because transparency and openness are important preconditions for trust.

Why Is Trust Important

There are practical economic reasons for why trust matters in the context of a city. A joint analysis conducted in 2020 by BCG and A1, a leading Russian investment company, found that lack of trust can significantly inhibit growth. This is especially true where the pool of stakeholders (such as new or growing businesses, venture capitalists, or developers) is limited to begin with. When trust is lacking, people are reluctant to enter into deals or pursue growth opportunities. Moreover, projects are seen as riskier. This perception translates into a higher cost of capital, further limiting the pool of projects acceptable to prospective investors.

Trust also reduces transaction costs, acting as a lubricant to the wheels of the socioeconomic system. Without trust, cities must spend more to conduct business and govern. Consider, for example, the costs associated with the water crisis in Flint, Michigan: a $626 million civil settlement above and beyond the $97 million it cost the city to replace lead pipes. In addition, by reducing uncertainty, trust boosts the willingness of residents and businesses to make long-term investments.

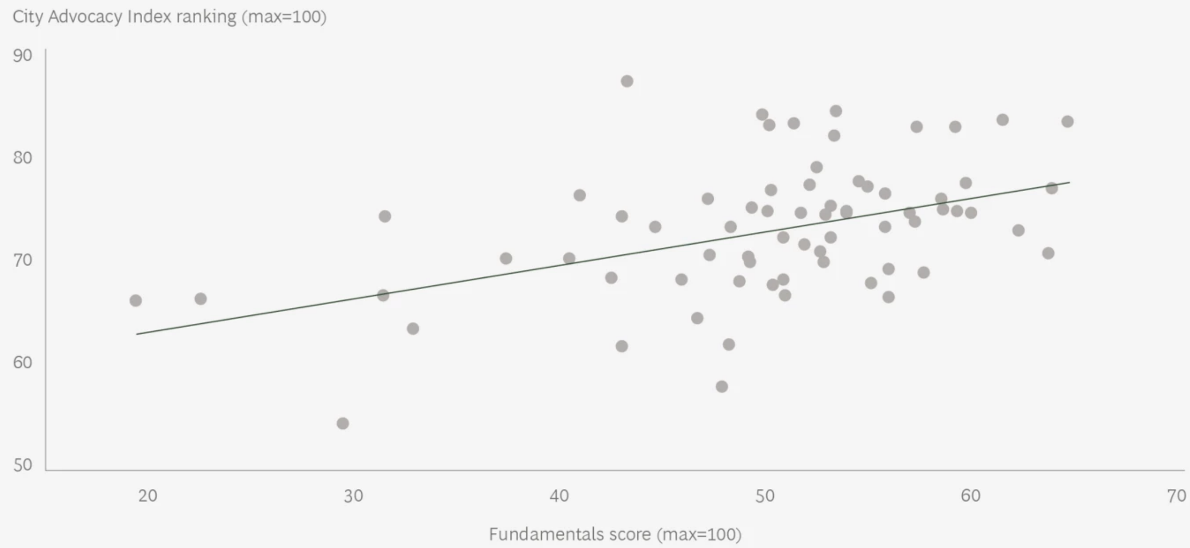
In addition, trust has broader socioeconomic implications. It is, of course, an essential component of human relationships, between both individuals and groups. Our research showed that trust is one of the factors that influences residents' advocacy for their city. (See "Trust—an Important Influence on Resident Advocacy.") People who claim that they trust their neighbors, their city's government, or both are happier and have a more positive outlook on the future.

TRUST—AN IMPORTANT INFLUENCE ON RESIDENT ADVOCACY

Boosting residents' satisfaction and advocacy takes more than meeting their needs, as we explained in our report *Cities of Choice: Global City Rankings* (June 2021). In our research for that publication, BHI surveyed 25,000 residents in 69 cities worldwide. We asked them to rank their satisfaction with their city and their willingness to tie their life to it on a 100-point scale based on their answers to five questions (such as "How likely are you to recommend your city to a friend from somewhere else as a place to live and work?" and "Do you see your children living here 20 years from now?"). We call this the City Advocacy Index.

Separately, we set out to measure and compare cities' performance in meeting residents' needs across the four broad categories of economic opportunity, quality of life, social capital, and interactions with authorities. Drawing on publicly available data, we used 23 metrics—subdimensions of those four categories—to derive an aggregate score for each of the 69 cities. (Subdimensions of economic opportunity, for example, included average rate of job growth and the proportion of service industries in a city's economy.) This score measures what we refer to as the "fundamentals." The first exhibit below plots the City Advocacy Index rankings against the fundamentals scores for all 69 cities.

Meeting Residents' Needs Is Not Sufficient to Explain High Levels of Advocacy

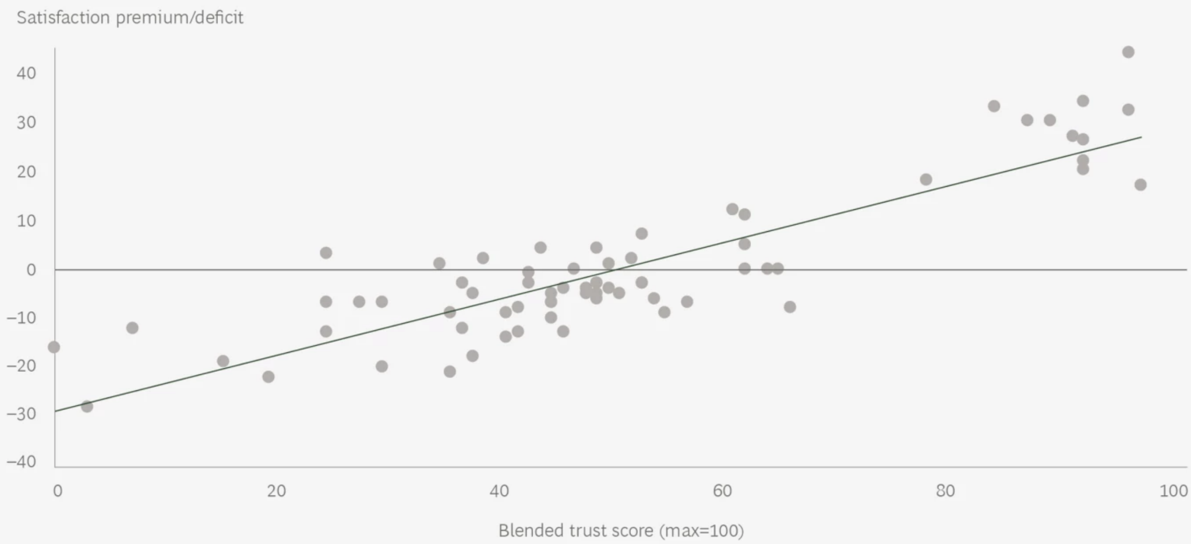


Source: BCG, *Cities of Choice: Global City Rankings*, June 2021.

It's clear from these rankings that meeting residents' needs alone doesn't explain the high advocacy scores that some cities earned. Many cities that do a better job providing for those needs fall below the median in advocacy. This finding told us that other, "softer" factors had to be at work—factors such as trust.

We then examined the resident satisfaction scores, comparing them with the fundamentals scores and quantifying the difference. Subtracting a city's fundamentals score from its resident satisfaction score, we arrived at the "satisfaction premium" (or "satisfaction deficit"). In the second exhibit below, cities with a score above zero on the *y* axis are those whose residents are more satisfied with their city than its fundamentals score would suggest; cities with a score below zero are those whose residents are less satisfied than the fundamentals score would predict. In the same exhibit, the blended trust score (shown on the *x* axis) is derived from survey responses to questions relating to trust between neighbors and trust in local authorities, such as the courts and police.

Trust Appears to Be a Strong Driver of the Intangible Elements of a City's Value Proposition

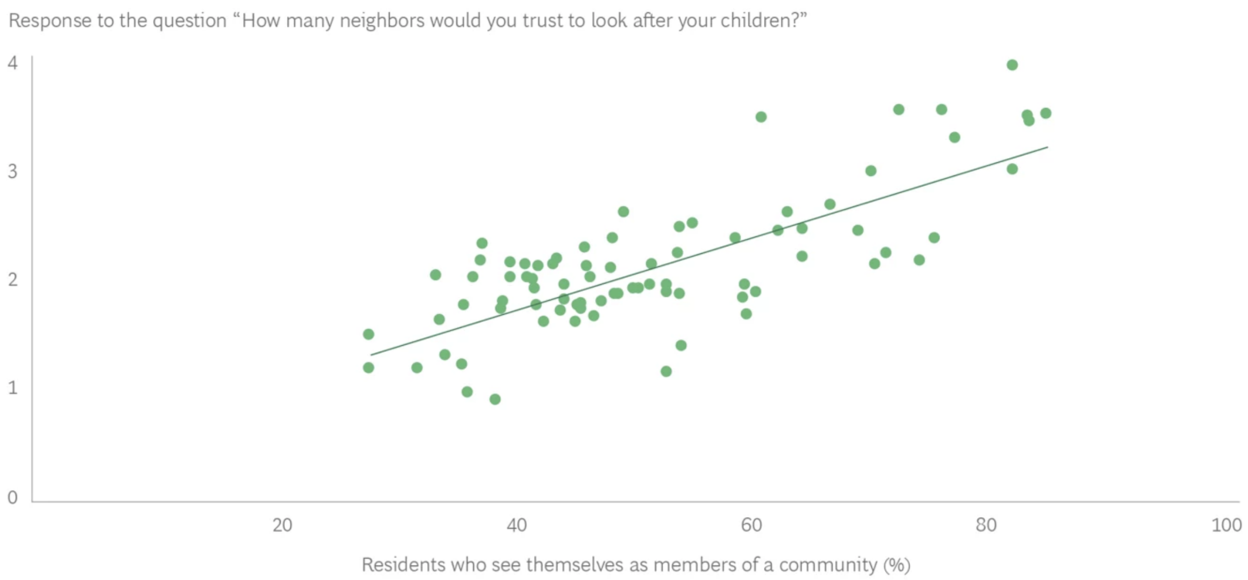


Source: BCG, *Cities of Choice: Global City Rankings*, June 2021.

The high correlation between satisfaction and trust demonstrates a potential explanation for why the metrics that make up the fundamentals score don't, by themselves, explain residents' advocacy. It suggests that trust is a key intangible that creates value for a city in two ways: in an immediate manner, through residents' heightened satisfaction, and through their advocacy. This connection is both surprising and valuable, because it demonstrates that trust could well be the factor that accounts for the incremental value that intangibles play in a city's value proposition.

Trust plays a role in meeting other needs as well, such as safety and cleanliness, because it promotes good civic behavior. According to a BCG survey, there is a strong correlation between the number of neighbors whom people would trust to look after their children and people's sense of belonging to a community. (See Exhibit 1.) When residents trust their neighbors, they feel secure in their homes and know there are people they can rely on in times of need. Trust among neighbors encourages people to live up to expectations of civility—to respect common spaces and act according to everyone's mutual interest in a safe environment and a good quality of life. Moreover, research shows that trust in one's neighbors and in the safety in one's neighborhood contributes to higher levels of self-reported health.

Exhibit 1 - It Takes Strong Communities to Foster Trust Among Residents



Source: BCG, *Cities of Choice: Global City Rankings*, June 2021.

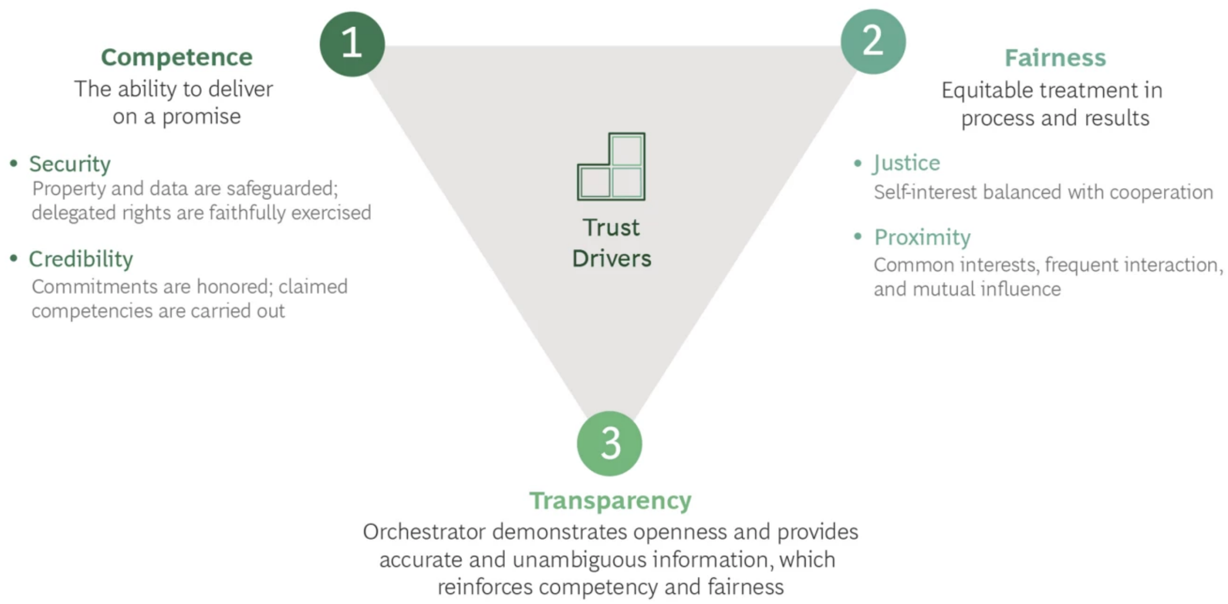
Trust allows a city to benefit from its efforts to deliver on its value proposition, ensuring that residents appreciate the fruits of those efforts as the fulfillment of a promise, which further enhances trust. A city fulfills its value proposition on a fundamental and an emotional level. When trust is lacking, residents may not believe that government is acting in their best interests or with due process. As a result, the city may not enjoy a boost to resident advocacy or the associated benefits of more investment and population growth. For example, a successful street improvement project may, on a fundamental level, fulfill a city's value proposition (by taking care of infrastructure). But if residents believe it involved corruption, or if they were annoyed by the noise it caused, the project could wind up generating dissatisfaction and ill will and thus, on an emotional level, fail to support that value proposition.

Trust can also make it easier to secure the compliance of residents and businesses with regulations and ordinances. When there's a foundation of trust, people feel that their interests and those of government are aligned. The resulting cooperation can dramatically increase the efficiency of a city's projects and policies.

What Are the Foundational Elements of Trust?

Cities forge trust by delivering on three foundational elements that should be developed in concert: competence, fairness, and transparency. (See Exhibit 2.) These are, in effect, the drivers of trust, the elements on which it is based. The absence of any of them generally precludes the formation of trust.

Exhibit 2 - The Three Foundational Elements of Trust



Source: BCG analysis.

Competence ensures that the trusted party is capable of delivering on promises made. In part, this assurance stems from confidence that property and data will be safeguarded and that any rights delegated to the trusted party will be exercised in good faith. Credibility also plays an important role: it's believed that the trusted party will honor its commitments and make good on the competencies it claims.

Fairness ensures that both parties feel they will be treated justly and that the outcome of their interactions will be mutually beneficial. Even when one party (in this case, the city) has a power advantage, it can still demonstrate fairness. Fairness is manifested in how the city metes out justice and carries out its processes. Proximity can induce a desire for fairness; the residents of an apartment complex who interact daily are more likely to treat their neighbors fairly than are residents who may not encounter their neighbors for days or weeks. People are also willing to trust government for a fair resolution of problems if they feel that their interests are aligned—for example, when city officials experience the same inconvenience or sacrifice that they expect residents to endure for a given reason.

Transparency means that the trusted party will provide true, unambiguous, and reliable information. It enables residents to make informed judgments about the competence and fairness of their city's government in the short and the long term. Today, social media and the multitude of information sources and grassroots forums offset the information asymmetry that favors government, enabling residents to hold it more accountable.

Trust in Cities and Business Ecosystems Compared

BCG has extensively studied the role of trust in business ecosystems—the ascendant, and increasingly important, organizational structure of the digital era. In a business ecosystem, a dynamic group of largely independent economic players creates products or services that together provide a coherent answer to a specific business need. (Examples include marketplaces such as Etsy and Alibaba, social media networks such as Facebook and TikTok, gig economy platforms such as Uber and Indeed, and app developer communities such as Apple's iOS community.) Ecosystems have a central orchestrator that establishes the infrastructure and interfaces through which participants interact, along with governance and other operational mechanisms.

In our previous report, we noted a key difference between business ecosystems and individual companies: the former cannot rely on hierarchy or standard market forces (such as price-setting mechanisms) to ensure cooperation. Instead, in successful business ecosystems, trust serves as a criterion in screening potential partners, suppliers, and consumers, and as a leveling mechanism to compensate for differences in market power among participants. It helps keep transaction costs in check and prevents supply chain imbalances, such as the whiplash effect. Trust is also a stand-in for weak legal systems and a proxy for sound corporate governance (and in that way can boost a company's valuation).

In many respects, cities resemble business ecosystems. While the compact between city government and residents is far more complex than that among the participants in a business ecosystem, the same foundational elements—competence, fairness, and transparency—drive trust. This suggests that cities might apply some of the same principles and practices used by successful business ecosystems to forge trust with and among residents.

> "Sustainable development depends on resident advocacy—how willing people are to tie their future to their city—and advocacy springs from a foundation of trust.

Still, there are some major differences between cities and business ecosystems. For one, in cities, government plays the role not just of orchestrator but also of counterparty, making and fulfilling its promises to residents. In addition, unlike the members of a business ecosystem, a city's leaders, residents, businesses, and visitors are limited in their ability to observe and affect one another. This results in considerable information asymmetry, which often—though not always—favors government. Moreover, city leaders cannot supervise every project or employee, so their ability to guarantee the delivery of the services they have promised is limited. Similarly, a city's businesses and residents may be more aware than government leaders of specific problems, such as illegal wastewater dumping or unlicensed food vendors. Cities are also distinctive in their ability to change relatively quickly. Rapid change allows for a more frequent repetition of the virtuous cycle of making and fulfilling promises, which, in turn, builds trust.

While the participants in cities and business ecosystems have diverse needs, they have important characteristics in common, notably the existence of shared assets. In both environments, shared assets require efficient maintenance, diligent monitoring, and strong rule enforcement. The essence of cities is their abundance of nonexcludable goods: common spaces, communities, and markets (for jobs as well as for goods). Because residents share the same public spaces, infrastructure, and services, their interests are aligned; trust and cooperation make residents more likely to do their part to take care of those assets. But in the absence of trust and cooperation, the cost of maintaining a public park, for example, would be prohibitive, just as the cost of addressing every IT grievance individually (rather than through automation or self-help tools) would not be feasible in a business ecosystem.

Business ecosystems rely on the loyalty of their participants; cities likewise rely heavily on resident longevity and its network effects, which can exponentially increase residents' lifetime value. For example, the more time consumers spend on a social media platform like Facebook, the greater their lifetime value to advertisers. Similarly, a 20-year city resident who owns a small business, donates to local charities, and raises a family—and thus has many interactions within the city—offers a greater lifetime value to the city and its residents than a temporary or a part-time resident who has no local ties.

Despite their greater complexity, cities have an inherent advantage over business ecosystems in building trust. As game theory tells us, the frequency and indefinite repeatability of interactions are crucial to making cooperation through reciprocity a dominant strategy, thus enhancing trust. And interactions—and physical touchpoints—among residents, government, and businesses occur daily and repeatedly in cities. Also, most developments in a city can be witnessed by residents firsthand. Thanks to this transparency into the fulfillment of its value proposition, a city can reinforce trust.

Two Approaches to Fostering Trust in Cities

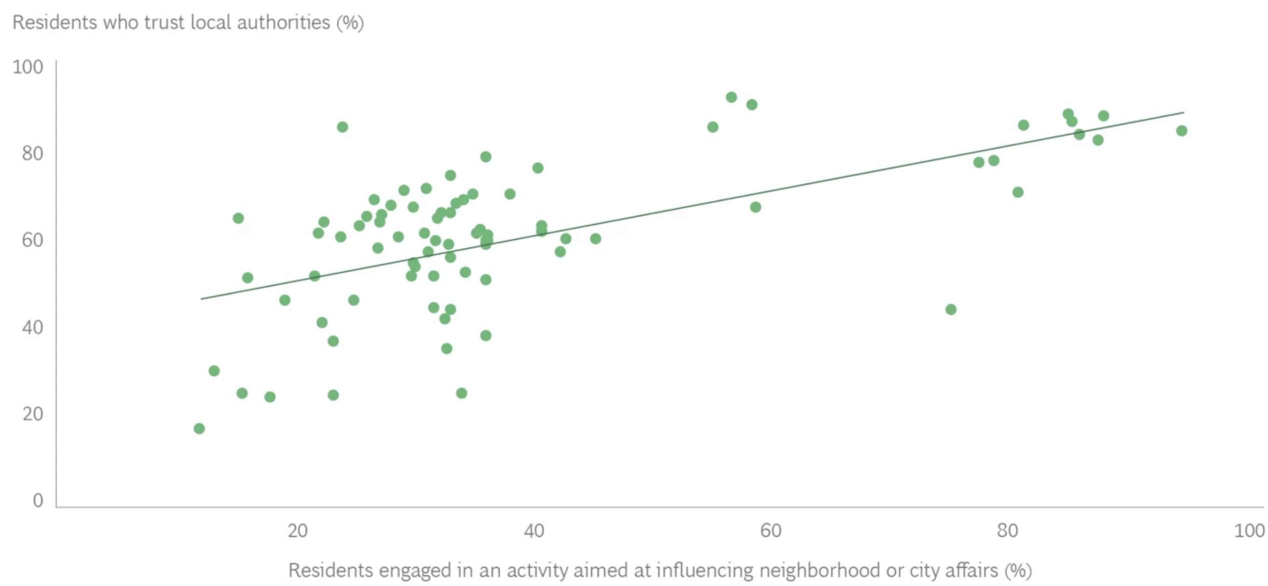
Cities can build trust directly by emulating how it works at a tribal or community level, or they can build it indirectly by design. The direct approach, which we call "humanizing the scale," builds on the immediacy of experience that residents have with their city. It involves ensuring that positive change and participatory decision making happen at the neighborhood level. The direct approach also encourages greater resident involvement.

The indirect approach calls for city leaders to take trust into account in decision making, systematically addressing its key drivers in order to gauge how well they are delivering on the city's promise or value proposition to stakeholders. This approach entails applying to the city ecosystem the trust instruments identified in our study of the tools and tactics of trust in business ecosystems.
(See the section "Designing for Trust," below.)

HUMANIZING THE SCALE

Trust among the residents of a city and trust between residents and the city's government both require engagement. (See Exhibit 3.) But one of the greatest impediments to engagement is cities' scale. Residents struggle to find an observable connection between their input and changes in the city around them. There is no straightforward way to see where their tax money goes, how the city prioritizes its work, or whether the city's leaders have their interests at heart.

Exhibit 3 - Resident Engagement Is a Precondition for Trust



Source: BCG, *Cities of Choice: Global City Rankings*, June 2021.

To build trust effectively, communities must be of a sufficiently small scale to allow both leaders and residents to see what's happening within them and to allow residents to see how well leaders are serving their interests. But how to achieve this human scale when, in so many of today's cities, neighborhoods often contain several hundred thousand people?

To ensure engagement, we propose that cities replicate, on a larger scale, the advantages of smaller communities in terms of proximity, interaction, and transparency:

- Make the city "human sized" by promoting smaller and more empowered neighborhoods and by enabling residents to make decisions and evaluate the consequences of those decisions in immediately observable ways.
- Create mechanisms to improve interactions between city government and residents and among residents, such as contracts, incentives, and tools that facilitate input and feedback.
- Use digital technology to foster transparency, highlight opportunities for participation in decision making, and improve the fairness and competence of government.

Cambridge, England (with a population of about 125,000), no longer employs traditional public hearings for construction approvals. Instead, the city has boosted engagement by mailing residents its construction plans with a deadline to reply with comments. Similarly, participatory budgeting, introduced in Porto Alegre, Brazil, more than 30 years ago, has been adopted by more than 11,000 municipalities throughout the world, including more than 50 in Brazil alone. Citizens propose and vote on local investment projects funded by the city, such as schools, parks, libraries, housing, and roads. New York City's program, in place since 2011, is the largest in the US. In Seoul, South Korea, all citizens are able to vote online on budgeting decisions that fall within the city's participatory budgeting program, which was launched in 2012.

When applied correctly, this "right scaling" approach lets cities build on existing ties with residents to influence their behavior. The 2012 tests by the UK government's Behavioural Insights Team on some 150,000 taxpayers nationwide revealed that mentioning a neighborhood's tax arrears rate in letters to residents regarding unpaid taxes improved the response rate by 30%, saving roughly £30 million in collection expenses. Louisville, Kentucky, conducted a similar experiment in 2015 on outstanding parking fees and fines. The program increased payments by over 10 percentage points, more than doubling revenue in the study sample. Such approaches can be applied to megacities, facilitating the reconciliation of residents' interests with government needs.

Certainly major citywide projects—such as those involving transportation, schools, health care, or wastewater treatment—cannot be decided at the community level. But these should be the exception, with most other decisions abiding by the participatory principle. Currently, though, many cities centrally administer whatever small neighborhood projects exist and to a great extent end up disregarding residents' wishes and encroaching on their decisions. There is a middle ground, however, where residents are given as much of a say as technical constraints and common sense will allow.

> "In essence, residents' trust can be viewed as a measure of how well a city is delivering on its value proposition.

If a participatory approach is too impractical, the city should at least ensure transparency. For example, the tax bills that the city of Cambridge issues to residents break down each household's bill proportionately; a resident can see, for example, that out of a €120 tax bill, €32 went to the city's health care budget, €11 to police, €8 for street cleaning, and so forth. Sharing the monetary value of each budget allocation makes residents more engaged and invested in those decisions.

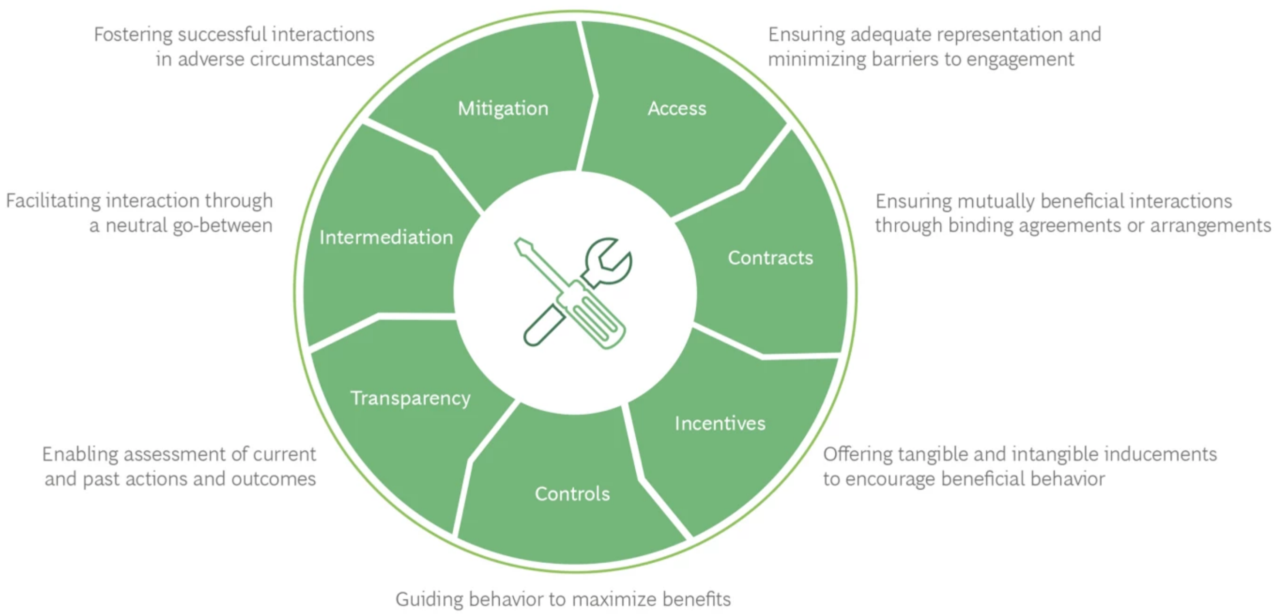
Designing for Trust

The indirect approach to forging trust incorporates trust into decisions, policies, and measures related to city systems. As noted earlier, city governments function simultaneously as orchestrator and counterparty, and those roles are hard to combine. As rule maker and governing entity, the orchestrator has a built-in power advantage. As we've described previously, the loss of trust (or its inability to take root) when an orchestrator abuses its power is a leading cause of business ecosystem failure. In a city, leaders can manipulate the system to the detriment of residents, such as by issuing no-bid contracts to vendors in return for personal favors. The potential for such behavior makes it incumbent on the city, as orchestrator, to keep its power advantage in check in order to earn residents' trust.

Demonstrating fairness to engender trust requires considerable transparency. To fulfill its role as orchestrator of trust, city leaders should implement citywide trust-building measures rather than attempt to build trust on a project-by-project basis, which can be costly and time consuming. For example, providing a means for residents to voice their concerns about proposed public projects can avert the high costs of mitigation, both monetary and in terms of goodwill, if a project fails or falters.

Based on our work on business ecosystems, we have identified seven instrument classes—access, contracts, incentives, controls, transparency, intermediation, and mitigation—that cities can employ to foster trust. (See Exhibit 4.)

Exhibit 4 - Cities Can Draw from Seven Classes of Trust Instruments



Source: BCG analysis.

- **Access ensures adequate representation and minimizes barriers to engagement.** The city of Gdansk, Poland, uses the process of sortition to select several dozen citizens from a random sample to discuss policy with city officials over the course of several weekends. Similarly, in Athens, a digital "citizen engagement platform" has enabled the city to process and resolve tens of thousands of citizen requests by issuing automated messages, thus reducing call center volumes, saving on employee hours, and increasing efficiency by 24%.
- **Contracts ensure mutually beneficial interactions through binding agreements or arrangements.** The city of Dubai has adopted a blockchain-based smart contract to verify property title transfers and lease registrations, among other uses.
- **Incentives offer tangible and intangible inducements to beneficial behavior.** Redmond, Washington, offers prize drawings and free transit passes to encourage residents to reduce congestion through carpooling.
- **Controls guide behavior through automated tools.** New York City's use of text messaging has reduced court summonses by 36%, obviating the need to enforce 100,000 warrants each year. Chicago's use of text messaging has reduced traffic by 17% on the days of major sports events. Such tools, including these simple digital nudges, enable cities to easily engage residents and prompt behavior that maximizes benefits to both residents and the city as a whole.
- **Transparency enables residents to assess government actions and their outcomes.** An example might be a city health department's record of restaurant inspections. In England, the London Datastore is a free and open data-sharing portal where anyone can access more than 700 regularly updated databases on the city's efforts and outcomes in jobs and the economy, transportation, housing, and community safety.
- **Intermediation facilitates interaction by establishing a neutral go-between, such as an advocacy group or a neighborhood outreach initiative.** Long Beach, California, relies on a network of representatives from minority communities to gather feedback and boost engagement with city leaders.

- **Mitigation fosters successful interactions in adverse circumstances.** Seattle offers a website dedicated to the handling of the city's homelessness problem.

The application of these instruments to city policies and processes is still at an early stage. Most cities employ them on only a small scale or an experimental basis. Nonetheless, each type of instrument has been put to some use, with varying degrees of success and sophistication. It's worth noting that the duality of trust in the context of cities—between government and residents and among residents—can make trust building challenging. In fact, BCG research suggests that cities in which the level of trust between government and residents is reasonably high often struggle with building trust among residents—and vice versa.

The same holds true for inclusiveness. Many cities that build trust with their "core" community (such as native-born citizens or members of the dominant ethnic group) have a harder time connecting with immigrant and minority communities, as well as with poorer residents. No city we know of has thus far designed for and fostered trust across all of its relationships in a way that consistently achieves the desired results. Still, the preceding examples show that each of the instruments we recommend can succeed in embedding as well as enhancing trust.

How to Systematically Design for Trust

Even in the best of circumstances, trust within a city does not arise spontaneously. Leaders must help it take root and deepen. The following questions can help them identify, understand, and tackle trust issues.

Are we doing our best to engender trust? Start by analyzing the city's promises and commitments to residents and businesses, whether in its role as counterparty or orchestrator—and then prioritize them by degree of risk. Surveys and appeals from residents and businesses can help identify problems.

Two common problem areas are asset management and infrastructure maintenance, where information asymmetry (as in a so-called lemon market) strongly promotes uncooperative behavior on the part of providers or sellers. Addressing trust in these domains can yield immense benefit to the city and, ultimately, to taxpayers. Likewise, the "tragedy of the commons" can result in commonly held resources, such as water, wastewater treatment, and parks, being vulnerable to exploitation.

Leaders can also examine areas in which interactions between parties are typically one-time or rare, such as in real estate transactions or encounters with law enforcement. Game theory tells us that areas in which interactions between parties are infrequent are more susceptible to problems of trust. Take residential real estate transactions, for example. The seller of a home will sell the house only once, and may therefore be tempted to hide an important structural flaw from potential buyers. Similarly, a police officer is unlikely to encounter the average resident more than once, so the incentive to refrain from intimidation may be relatively weak.

> "Trust reduces transaction costs, acting as a lubricant to the wheels of the socioeconomic system. Without trust, cities must spend more to conduct business and govern.

Other areas worth analyzing include those characterized by numerous but primarily one-time interactions, such as antiques markets or tourist venues.

Is trust the real problem? Maybe there is a simpler explanation for a problem than lack of trust—and an easier solution. Perhaps the city needs to fulfill an overdue promise or provide (or reinstate) a resource. Would introducing a new process address the issue? Some problems are fleeting and likely to resolve themselves as more information becomes available or as leaders gain familiarity or experience.

Does the issue warrant a designed solution? If a designed approach does seem justified, cities should identify the counterparties and the nature of their relationship, the nature of their interactions, and the barriers to cooperation. Trace the source of the breakdown. Is it a lack of fairness, competence, or transparency? Does the transaction favor one party over the other? What does each participant stand to gain from the interaction?

What solutions and tools can address the problem? Cities should explore the many trust instruments available and develop a toolkit that targets their particular issues. Trust takes hold most successfully when it is an organic part of an existing process rather than introduced separately. Thus, it's important to tailor the selected instruments to the city's legal, organizational, and digital infrastructure and capabilities.

In the case of home sales, for example, a combination of contractual provisions and control instruments can give prospective buyers protection and encourage honesty on the part of homeowners. New regulation isn't necessary; existing channels, including the city's website, can help publicize the tools and mechanisms available. Offering residents access to databases that track structural work could help deter nondisclosure of problems by sellers.

To promote trust between police and the public, cities can adopt community policing methods, forging partnerships with neighborhood watch groups or creating resident advisory bodies. They can show greater transparency regarding police misconduct and develop controls to weed out rogue officers. Leaders can publicize the new tools among constituents to promote their use and broadcast the city's efforts.

How can we tell if our efforts are working? Use feedback to monitor the effectiveness of trust instruments and their application. Usually, an indirect approach yields better results by assessing the benefits of trust-building actions and policies using metrics such as real estate development trends or investment deal activity, complaint rates, paperwork load, and the relative frequency of litigation.

Trust is the glue of the social compact. When it exists between cities and their residents and among residents, interactions tend to be more positive, residents become advocates, and cities benefit. This results in a virtuous circle of mutual benefits that enhance the city's vitality, productivity, and quality of life.

Although trust can evolve organically, it does not necessarily arise spontaneously. Leaving it to chance is increasingly risky at a time of rapid urban growth and societal change—and during periods of crisis or stress, as the COVID-19 pandemic so powerfully demonstrates.

City leaders can take cues from the experiences of business ecosystems in embedding and enhancing trust in interactions and relationships. Through direct and indirect means, a number of cities large and small are already applying creative solutions to forge trust. Their success, even at this early stage, holds promise in helping cities transcend their inherent disadvantages to foster an engaged, invested populace and fulfill their vision for a sustainable future.

BCG **HENDERSON INSTITUTE**

The BCG Henderson Institute is Boston Consulting Group's strategy think tank, dedicated to exploring and developing valuable new insights from business, technology, and science by embracing the powerful technology of ideas. The Institute engages leaders in provocative discussion and experimentation to expand the boundaries of business theory and practice and to translate innovative ideas from within and beyond business. For more ideas and inspiration from the Institute, please visit our website and follow us on LinkedIn and Twitter.

Authors

Marcos Aguiar
Managing Director & Senior Partner
São Paulo

Vladislav Boutenko
Managing Director & Senior Partner, BCG Henderson Institute Fellow
Riyadh

Santino Lacanna
Principal

Evgeny Mlodik
Project Leader

Matthew Williams
Project Leader & BCG Henderson Institute Ambassador
Washington, DC

1 Between the Edelman Trust Barometer Spring Update of 2020 and the Edelman Trust Barometer of 2021, trust declined by eight points. The 11 countries surveyed were Canada, China, France, Germany, India, Japan, Mexico, Saudi Arabia, South Korea, the UK, and the US.

ABOUT BOSTON CONSULTING GROUP

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.

For information or permission to reprint, please contact BCG at permissions@bcg.com. To find the latest BCG content and register to receive e-alerts on this topic or others, please visit bcg.com. Follow Boston Consulting Group on Facebook and Twitter.