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Competency of Business Managers in Chinese Trust Industry

WU Jun

Doctor of Management

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University of Electronic Science and Technology of China

December, 2023



BUSINESS
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Abstract

With the rapid development of the Chinese economy and the continuous improvement of the financial market, the Chinese trust industry has become an essential and integral part of China's financial system. By the end of 2021, 68 trust companies in China managed trust assets totalling 2.99 trillion USD, playing a vital and positive role in serving the real economy, investors, and people's livelihood.

This study aims to explore a competency trait model for business managers in Chinese trust industry. Trust business managers maintain close contact with clients, meeting their wealth management and investment needs while assisting clients in managing investment risks and reallocating assets when necessary. Consequently, trust managers handle significantly larger assets per person compared to other financial sectors, requiring a deeper knowledge of finance and investment, as well as strong analytical, decision-making, and risk management abilities.

This thesis proposes a competency model for business managers in the Chinese trust industry, based on a literature review and two complementary empirical studies. In the first study, which is qualitative in nature, 15 semi-structured interviews were conducted with the aim of identifying the main competencies of business managers in the trust industry. In the second phase, using the Delphi method and with the participation of 19 directors and human resources managers, the initial list of 45 competencies was reduced to 20. In the second study, which is quantitative, 217 professionals from the trust industry participated by responding to a questionnaire where they evaluated, among other aspects, the relevance of these 20 competencies. The results suggest a competency model focused on four major dimensions. The relationship between these competencies and performance is explored, and the results are discussed in light of theory and competency models for this specific sector.

Keywords: Competency; work performance; business manager; Chinese trust industry

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Resumo

Com o rápido desenvolvimento da economia chinesa e a contínua melhoria do mercado financeiro, a indústria de confiança chinesa tornou-se uma parte essencial e integrante do sistema financeiro da China. Até o final de 2021, 68 empresas de confiança na China geriam ativos de confiança totalizando 2,99 trilhões de dólares americanos, desempenhando um papel vital e positivo no serviço à economia real, investidores e meios de subsistência das pessoas.

Este estudo visa explorar um modelo de competência para gestores de negócios na indústria de confiança chinesa. Os gestores de negócios de confiança são profissionais em empresas de confiança e mantêm contato próximo com os clientes, atendendo às suas necessidades de gestão de patrimônio e investimento, enquanto auxiliam os clientes na gestão de riscos de investimento e na realocação de ativos quando necessário. Consequentemente, os gestores de confiança lidam com ativos significativamente maiores por pessoa em comparação com outros setores financeiros, exigindo um conhecimento mais profundo de finanças e investimento, bem como fortes habilidades analíticas, de tomada de decisão e de gestão de riscos.

Esta tese propõe um modelo de competências para gestores de negócios na indústria de confiança Chinesa tendo por base uma revisão da literatura e dois estudos empíricos complementares. Num primeiro estudo, de natureza qualitativa, foram realizadas 15 entrevistas semi-estruturadas com o objetivo de identificar as principais competências dos gestores de negócios das indústrias de confiança. Num segundo momento, através do método de Delphi e com recurso a 19 diretores e gestores de recursos humanos da, a lista inicial de 45 competências foi reduzida para 20. Num segundo estudo, de natureza quantitativa, participaram 217 profissionais das indústrias de confiança que responderam a um questionário onde avaliaram, entre outros aspetos, a relevância das 20 competências. Os resultados sugerem um modelo de competências centrado em 4 grandes dimensões. Explora-se a relação destas competências com o desempenho e discute-se os resultados à luz da teoria e modelos de competências para este setor específico.

Palavras-chave: Competência; desempenho no trabalho; gestor de negócios; indústria de confiança chinesa

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摘要

随着中国经济的快速发展和金融市场的不断完善，中国的信托行业已经成为中国金融体系中不可忽视的重要组成部分。截止 2021 年末，全国 68 家信托公司管理的信托资产规模达到 20.55 万亿元，在服务实体经济、服务投资者、服务民生等方面发挥了重要积极的作用。

本文旨在探讨中国信托行业信托经理的胜任力模型。信托经理的主要职责是与客户保持紧密联系，满足他们的财富管理和投资需求，并帮助客户管理投资风险，在必要的时候进行资产重新配置。因此信托经理人均管理的资产规模远高于其他金融行业，因此需要具备更为深厚的金融和投资领域知识，以及良好的分析决策与风险管理能力。

本论文基于文献综述和两项互补的实证研究，提出了中国信托业企业经理的胜任力模型。第一项研究是定性研究，共进行了 15 次半结构化访谈，旨在确定信托业企业经理的主要胜任力。第二阶段，采用德尔菲法，19 名董事和人力资源经理参与，将最初的 45 项胜任力减少到 20 项。第二项研究是定量研究，217 名信托业专业人士通过回答问卷参与，评估了这 20 项胜任力的相关性等。结果显示，胜任力模型侧重于四个主要维度。本文探讨了这些胜任力与绩效之间的关系，并根据该特定行业的理论和胜任力模型讨论了结果。

关键词：胜任力；工作绩效；信托经理；中国信托行业

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Contents

Chapter 1: Introduction	1
1.1 Research background	1
1.2 Research problem and questions	7
1.3 Research methods.....	8
1.4 Research content and research design	9
1.5 Research relevance	10
1.5.1 Theoretical relevance	10
1.5.2 Practical relevance.....	11
Chapter 2: Literature Review	13
2.1 Research on competency	13
2.1.1 The development history of competency research	13
2.1.2 Definition and classifications of competency	15
2.1.3 Competency model.....	19
2.1.4 Competency model research in China.....	26
2.1.5 Research methodology of competency	29
2.1.6 Development trend of competency model research	31
2.1.7 Competency model research in finance sector	33
2.2 Work performance	40
2.2.1 The concept of work performance.....	40
2.2.2 Factors affecting work performance.....	42
2.2.3 Measurement of work performance	45
2.3 Research on competency and work performance.....	49
2.4 Chapter summary	52
Chapter 3: Formation of Competency Model of Business Managers in Chinese Trust Industry	55
3.1 Developpment history of trust.....	55
3.1.1 Trust is a product of the “equity” system in the Anglo-American legal tradition	55
3.1.2 Trust originated from the system of land usufruct system	56
3.1.3 The formation of trust.....	56

3.1.4 The modern development of trust	57
3.2 Introduction of Chinese trust industry.....	61
3.2.1 History of Chinese trust industry	61
3.2.2 Introduction of trust business	63
3.2.3 Characteristics of Chinese trust industry.....	68
3.3 Business manager.....	69
3.3.1 Role and function of business manager.....	69
3.3.2 Characteristics of business manager	70
3.4 Competency formation method.....	72
3.5 Research hypotheses and formation procedure	73
3.6 Chapter summary	83
Chapter 4: Research Design	85
4.1 Research procedure	85
4.1.1 Qualitative research.....	86
4.1.2 Quantitative research.....	86
4.2 Data collection.....	88
4.2.1 Research sample and data collection.....	88
4.2.2 Data process	89
4.2.3 Primary analysis	90
4.3 Reliability and validity analysis	91
4.3.1 Reliability analysis	91
4.3.2 Validity analysis	93
Chapter 5: Research Results.....	95
5.1 Model analysis.....	95
5.1.1 Exploratory factor analysis.....	95
5.1.2 Confirmatory factor analysis	98
5.2 Model modification	99
5.2.1 Reliability and validity analysis	99
5.2.2 Exploratory factor analysis.....	100
5.2.3 Confirmatory factor analysis	103
5.3 Empirical analysis	106
5.4 Analysis of the relationship between competency and work performance	107
5.5 Chapter summary	110
Chapter 6: Research Conclusion and Management Implication	113
6.1 Research conclusion.....	113

6.2 Management implication.....	115
6.2.1 Develop recruitment strategy based on competency model.....	115
6.2.2 Training management upgrade and improvement.....	116
6.2.3 Performance evaluation system of trust manager based on competency	117
6.2.4 Suggestion for improving company performance based on competency	119
6.3 Research limitations	120
6.4 Further research.....	121
Bibliography.....	123
Webliography	131
Other References	133

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List of Tables

Table 3.1 45 Competencies with the highest demand from enterprises	73
Table 3.2 Competency evaluation for business managers in Chinese trust industry - Delphi method.....	77
Table 3.3 Preliminary hypotheses	81
Table 4.1 Competency attributes of business managers.....	87
Table 4.2 Sample distribution.....	90
Table 4.3 Cronbach's Alpha coefficient	92
Table 4.4 KMO and Bartlett test	94
Table 5.1 Eigen values and total variance explained.....	95
Table 5.2 Factor loading matrix (rotated).....	96
Table 5.3 Coefficient correlation matrix	98
Table 5.4 Confirmatory factor analysis results.....	99
Table 5.5 Cronbach's Alpha coefficient – modified model	99
Table 5.6 KMO and Bartlett test – modified model	100
Table 5.7 Eigen values and total variance explained – modified model	100
Table 5.8 Factor loading matrix (rotated) – modified model	101
Table 5.9 Coefficient correlation matrix – modified model	103
Table 5.10 Confirmatory factor analysis results – modified model	103
Table 5.11 Overall fit analysis for competency model of business managers.....	104
Table 5.12 Pearson correlations coefficient	108
Table 5.13 Parameter estimates (n=217)	109
Table 5.14 Hypotheses testing result of this study	110

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List of Figures

Figure 2.1 The iceberg model of competency	20
Figure 2.2 The onion model of competency	22
Figure 2.3 The model of an effective work performance	23
Figure 2.4 Overview of the quantitatively validated GCBCM as constructed.....	34
Figure 2.5 Competency model of equity fund manager	35
Figure 2.6 The competency model of financial managers	37
Figure 3.1 Preliminary competency model for business managers in Chinese trust industry .	82
Figure 5.1 The revised competence model and hypotheses for business managers in China's trust industry.....	102
Figure 5.2 Competency factor model for business managers in China's trust industry	105
Figure 5.3 Empirical analysis on competencies for trust manager	106
Figure 5.4 Empirical analysis on latent variables	107

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Chapter 1: Introduction

1.1 Research background

Trust, banking, securities and insurance are considered the four pillars of the financial industry. According to the definition of trust in the first section of the first chapter of the Trust Law of People's Republic of China (The Central Government of China, 2001), trust refers to the act of entrusting the property right of the trustor to the trustee on the basis of trust, and the trustee shall manage or dispose of trustor's property in trustee's name for the benefit of the beneficiary or for a specific purpose. Trust has a long history in the West and has been widely applied in society because of its close connection with the money market, capital market, and industrial market, and integrated functions of financing and investment.

The trust system can be traced back to the "trust wills" of the Roman Empire in the 3rd century BC. During that time, Roman citizens can transfer their property to a third party through a will to ensure proper management and distribution during their lifetime. However, the modern concept of the trust system originated in England. During the medieval period, the development of the "use" and "trust" systems in England laid the foundation for the establishment of the trust system.

As society and the economy developed, the trust system underwent continuous evolution. In England, the trust system was initially used to primarily address inheritance and property management issues. However, over time, the scope of the trust system gradually expanded to include various areas such as commercial transactions, investment management, charitable activities, and more. Particularly in the 20th century, the trust system found extensive application and development in the United States, forming the prototype of the modern trust system. This system allowed settlers to transfer their property to trustees while retaining control over the assets. This system largely met the needs of American investors, driving the development of the trust system in the United States. Subsequently, the trust industry expanded further, becoming a crucial component in the global financial sectors. The following are some factors that drove this development:

1. Legal and institutional development: Many countries clarified the legal status and operational rules of trusts by enacting relevant laws and regulations. This provided a legal

framework for the trust industry to operate in a more regulated and transparent manner.

2. Wealth management demand: With the development of the socio-economic landscape, the scale of individual and family wealth gradually increased. Trusts, as an effective wealth management tool, helped individuals better plan and protect their assets.

3. Complexity of business and investment: As the business and investment environment became more complex, the trust industry played a crucial role in handling business transactions, asset investments, and financial planning. It offered a flexible and efficient way to help individuals and entities manage and preserve their wealth.

4. Globalization trend: The trust industry transcended national borders, becoming a global service. International investors and high-net-worth individuals utilized trust structures for global asset allocation, fostering the globalization of the trust industry.

5. Development of charitable activities: The use of trusts in charitable activities increased in the 20th century. Many people chose to support charitable causes through trusts, contributing to society.

6. Tool for tax planning: trust structures were frequently used for tax planning, helping individuals and families minimize their tax burdens. This made trusts an important tool in financial and estate planning.

Subsequently, the trust industry further expanded, becoming a crucial component of the global financial and fiscal sectors. Various countries enacted relevant laws to regulate the operation and management of trusts, fostering the global development of the trust industry. In summary, the origin and development of the trust industry vary among different countries, but its core concept involves placing property under the management of a trustee to fulfill the settlor's intentions for property management and distribution.

According to H. R. Liu (2008), the first chairman of the China Securities Regulatory Commission (CSRC) and chairman of the Capital Market Research Association, the development of China's trust industry has gone through the following stages:

The trust system and trust industry began to enter China following the outbreak of the Xinhai Revolution in 1911. The Xinhai Revolution refers to the nationwide democratic revolution from 1911 to early 1912, aimed at overthrowing the autocratic monarchy of the Qing Dynasty and establishing a republican government.

In 1913, the Dairen Trading Company Trust Co., established with Japanese capital, was the earliest trust institution to appear. The affairs of this trust company included compulsory guarantees, ensuring the performance of purchase and sale contracts, and handling liquidation, among others. In 1919, the Trust Department was established in the Shanghai branch of Bank

of Communications, marking the establishment of the first trust department in Chinese history and the beginning of the trust industry in China.

In 1921, China Commercial Trust Company was established, becoming the first professional trust company in China. From then on, trust companies began to emerge on the historical stage and experienced rapid development. Subsequently, 12 locally-funded professional trust companies were established in the Shanghai region. This marked not only the birth of modern trust industry in China but also established Shanghai as the center of the trust industry in old China. However, following the outbreak of the “Credit Exchange Craze” in the financial industry in 1921, a large number of trust companies collapsed, leaving only two survivors among the 12 trust companies, namely Central Trust and Tongyi Trust. The development of the trust industry stagnated.

In 1927, the National Government was established in Nanjing, and in 1931, state-owned trust institutions emerged. The Central Trust Bureau was established in 1935, and by 1937, China’s financial industry had entered a phase of rapid growth. More than a dozen trust companies in Shanghai, Southeast China, and other regions operated primarily banking, savings, and insurance businesses, with some banks also establishing trust departments. After the founding of the People’s Republic of China, its own trust institution was established on November 1, 1949—the Trust Department of the Shanghai Branch of the People’s Bank of China. Its business included real estate, transportation, warehouses, custody, and other agency services. However, due to the nationwide implementation of the highly centralized planned economic system, trust institutions gradually closed down, and the original trust business disappeared. Thus, the development of the trust industry in China came to a temporary halt.

In October 1979, the China International Trust and Investment Corporation was formally established on the instructions of the State Council of the People’s Republic of China. This is considered an important milestone of China’s trust industry entering China’s economy. In the development history of China’s financial industry, China’s trust industry plays a more significant role as a pathfinder and vanguard of the reform process. So far, China’s trust industry has gone through challenging four decades, with a mission of providing sufficient funds to fulfill the need for China’s economic growth. After many adjustments and reforms, China’s trust industry gradually confirmed a clear development direction to serve the real economy and the financial needs of residents step by step. In January 2007, the Measures on the Administration of Trust Companies (2007a) and the Measures on the Administration of Trust Funds Schemes (2007b) were promulgated, which are policy milestones in the development of China’s trust industry. The two regulations clearly state the mission of

Chinese trust company is to be entrusted to manage property of trustors”, emphasize the protection of the interests of the trustee, and establish the mode of fund trust “and asset management for Chinese trust company and trust business with Chinese characteristics. In the following 13 years, with China’s reform and opening up and economic development, China’s trust industry has achieved a rapid development. This is not only the embodiment of the structural adjustment and optimization of China’s financial system, but also the result of the actual economic development demand.

From the perspective of the demand side of the Chinese economy, China’s fixed asset investment increased from 5.41 trillion United States Dollar (USD) to 9.26 trillion USD between 2012 and 2017, reaching an increase of 71.12%. In 2017, investment in the manufacturing industry accounted for 30.21% of fixed assets investment, the infrastructure investment accounted for 27.04%, and investment in the real estate industry accounted for 22.80% (NBS, 2022). China has expanded domestic demand through large-scale manufacturing, infrastructure and real estate investment projects.

From the perspective of the supply side of China’s economy, in 2012, the GDP per capita reached 6,338 USD, and the savings of urban and rural residents reached 4,265 USD (NBS, 2013). This indicates that large-scale investment-driven economic growth requires a sufficient capital supply. In 2018, the GDP per capita reached 9,350 USD, and the savings per capita reached 7,473 USD (NBS, 2020). Once income per capita rises, the capital side pursuing higher rates of return appears, while the asset side can also provide a higher rate of return in society. As a result, a financial market that matches the supply and demand of funds is born. China’s trust industry just provided a channel for the transformation of savings funds of urban and rural residents into social capital, responding to demand for this new market.

By the end of 2021, the scale of trust assets managed by the 68 Chinese trust companies reached 2.99 trillion USD (Lujiazui International Institute of Finance, 2021). As an important part of China’s current financial system, the trust industry has played an active role in serving the real economy, serving investors, and serving the people’s livelihoods. Since the establishment and development of China’s trust industry, trust property has primarily been invested in industrial and commercial enterprises and infrastructure. According to China Trustee Association (CTA, 2022), the trust assets invested in the real economy reached 1.85 trillion USD in 2016 and 2.36 trillion USD in 2018. In 2021, the trust assets invested in the real economy reached 1.84 trillion USD, accounting for 61.5% of the total scale. In addition, the trust industry’s assets are invested in a wide range of service sectors, approximately covering full spectrum of the real economy. Responding to major national strategies, China’s

trust industry has been vigorously supporting key emerging industries, serving agriculture industry and rural revitalization, promoting coordinated regional development, and meeting the needs of small, medium and micro enterprises and other aspects. China's trust industry has become an important financial force that cooperates with the implementation of China's national economic strategy.

From the perspective of investors, trust companies expand and develop various trust products and services, such as asset backed security (ABS), family trust, insurance trust, pension trust, consumption trust, employee shareholding trust, entrusted overseas financial management, and charitable trust to serve the interests of trust beneficiaries and bring decent financial returns for investors. According to the accumulated income paid to investors by the trust company's liquidation trust projects in 2018, China's trust industry distributed 195,080 billion USD to investors throughout the year (Yin, 2019). After the Chinese government established structural reforms on the financial supply side, China's trust industry better met the needs of residents and enterprises for wealth management.

However, with the rapid growth of China's financial industry, problems arise such as irregular business development, multi-level nesting, rigid payment, circumvention of financial supervision and macroeconomic adjustments. In April 2018, the People's Bank of China (PBoC), China Banking and Insurance Regulatory Commission (CBIRC), China Securities Regulatory Commission (CSRC), and China Foreign Exchange Control Administration jointly issued the Guidance on Standardizing Asset Management Operations of Financial Institutions, hereinafter referred to as the New Asset Management Regulations (PBoC et al., 2018). This document affirmed that China's asset management industry plays an active role in meeting the investment and financing needs of residents and enterprises, and in improving the social financing structure. Meanwhile, this document puts forward the bottom line of strict risk control, which is to reduce existing risks and strictly prevent incremental risks. China's trust industry also needs to comply with the "New Asset Management Regulations", which implies that the whole industry has to properly handle the relationship between asset scale growth and asset quality management. Currently, China's trust industry is facing the challenge of business structure transformation and optimization of products and services.

Compared to the huge scale of assets managed by China's trust industry, the total number of employees in China's trust industry is not large. By the end of 2021, the total number of employees in 68 trust companies in China was 22,387, and about 50% of these employees were business managers, namely only about 10000 business managers in this industry (CTA, 2022). Additionally, in recent years, the growth of trust practitioners has been relatively slow,

revealing a streamlined and efficient atmosphere in China's trust industry.

From the perspective of age structure, the overall trend of employees in China's trust industry is towards youth.. A total of 61 trust companies disclosed employee age range data that 73.14% of employees were under 40. Among them, 3159 employees were under 29, accounting for 15.66%. There were 11,594 employees aged around 30 to 39, accounting for 57.84%, and only 4502 employees were over 40 years old, accounting for 22.32% (TrrustInsider, 2022).

From the perspective of educational background, China's trust industry prefers highly educated talents. According to 2021 annual corporate reports of 61 Chinese trust companies, over 50% of employees in this industry hold a master degree or above, of which 2.15% hold a doctoral degree, and 54.66% hold a master's degree. 38.23% of employees hold a bachelor degree, while only 2.81% hold a college degree (TrrustInsider, 2022).

Generally, the business of a trust company is mainly operated in the form of projects. Typically, a project team consists of three to five business managers. The financing scale of a single trust project is generally between 15 million to 300 million USD. A few special trust projects may achieve a financing scale of up to 450 million to 75 million USD. Therefore, compared to other financial industries, trust practitioners, especially business managers, manage a larger amount of financial projects than those in the traditional financial industry. This also brings higher difficulty and intensity of risk control.

In addition, with the influence of the external market environment and regulatory policies, Chinese trust companies need to reduce the previous large proportion of trust channel business, and transform the focus of business into emerging active trust business. Under the industry environment and the overall transformation trend, business managers will play a more important role as the front-line personnel directly facing the market, customers and even risks. The transformation and upgrading of China's trust industry require a large number of compound, transformational and strategic talents. Therefore, the trust company should fully understand and determine the competency characteristics required by the business manager, and how to positively motivate and promote the performance of business managers, in order to better design the work role of business manager and the subsequent training and development program, and to create an outstanding talents group that can adapt to the constant and rapid changes in external markets and regulatory policies. This is to maintain the long-term strategic competitive advantages.

This study focuses on the relationship between business managers and work performance in China's financial market environment, using competency and enterprise culture as an

important variable. The main objective of this research is to investigate and determine the characteristic competences of business managers. Compared to traditional financial industry, the fundamental research on business managers in China's trust industry is not sufficient. From human resources practice in China's trust industry, people more often refer directly to the models of banking or securities industry. Therefore, this research will provide some foundation for further human resources research in this industry and provide a more scientific and reasonable model and reference for subsequent recruitment, training and performance appraisal work of trust companies. This study will assist trust companies to better prepare for further development and reform of China's trust industry.

1.2 Research problem and questions

Based on the unique internal and external background of China's trust industry and current transformation pressure, it is an inevitable trend for trust companies to continuously improve the efficiency of human resource in business and management. However, due to the relatively smaller practitioner population and the immature personnel training system of China's trust industry, trust companies are often refer to the relevant models of traditional financial industries such as banks and securities in recruitment and selection module. Therefore, exploring the competency model of business managers is crucial, particularly in alignment with the characteristics and developmental needs of China's trust industry within the current economic and financial environment. This exploration is instrumental in constructing a more scientific and reasonable human resource management system. Such a system aims to activate the working abilities and vitality of employees, thereby enhancing the core competitiveness of trust companies. This endeavor holds practical research value and significance.. Therefore, this research will focus on two research questions as the clues for discussion and analysis:

At the first place, what kind of competency model should a business manager in China's trust industry possess? This research will discuss the job role and positioning of business managers. At present, relevant research on financial practitioners focuses more on relatively large-scale industries such as banking, securities, and insurance. Most of the researchers are not trust practitioners, so their research mainly remains at the theoretical level. This research will combine the work experience and accumulation in human resources management practice in this industry to conduct more practical exploration and research.

At the second place, what are the key competencies affecting work performance of business managers? Establishing the competency model for business managers and further confirming

the key competencies can enable Chinese trust companies to improve the efficient and quality of recruitment process, and better organize team division and management. Ultimately, through tailored training and education programs, these companies can cultivate and develop business managers more effectively. This strategic focus will enable them to achieve and maintain a competitive advantage in human resources..

Compared to traditional financial industries such as banking, China's trust industry has characteristics of rapid market environment changes, strict supervision, and huge amount of individual projects (meaning greater risk impact). Research on the competence characteristics of business managers and the relationship with work performance will help the trust companies to better plan and operate recruitment, performance appraisal, training and development, and ultimately promote the overall performance.

1.3 Research methods

Firstly, literature review. The literature review will involve a comprehensive examination of both domestic and international theories and research on competency. This step aims to define the relevant concepts and research boundaries. The review will encompass a discussion of the competency profiles and maps proposed by previous scholars, combined with an understanding of China's trust industry and human resources management practices. This will aid in exploring the competencies of business managers that affect work performance and in distinguishing between managers with outstanding and average performance.

Secondly, in-depth interviews will be conducted based on the literature review. These interviews will target both internal and external roles of business managers, including but not limited to outstanding business managers, human resources managers in the trust industry, executives, external headhunters, and clients. This approach is designed to comprehensively explore the relevant research problems. Combined with the author's observations and understanding of business managers, this step will preliminarily construct a competency model for business managers..

Thirdly, a questionnaire survey will be implemented. The survey will be designed and distributed to a representative sample of 10 to 20 trust companies.. The survey respondents will primarily be business managers involved in trust business operations in China. The typical profile of the respondents will be around 25 to 40 years old, often holding a master's degree, and having 3 to 5 years or more of experience in trust business. Considering that, in trust companies, the proportion of males among business managers involved in trust operations is

usually higher than females, the survey is expected to be distributed based on a ratio of 70% male to 30% female. While trust managers are from various regions, the focus will primarily be on first-tier cities such as Beijing, Shanghai, Guangzhou, and Shenzhen, based on industry practices. The collected sample data and results will be compared, and additional competence variables will be incorporated as necessary. Further the collected data will be collated and statistically analyzed, and the proposed research model and hypothesis will be verified through data statistics software, so that corresponding research conclusions will be drawn.

Last but not least, the Delphi method (expert investigation method). This research will also invite senior experts in trust industry or human resources professions for consultation and research. The experts group will be invited to rate competencies of business managers based on experience and specialty, and their evaluation will be quantified into component scores. To ensure the reliability of experts' assessment, all experts to be invited will hold at least eight years of industry or relevant professional field.

1.4 Research content and research design

Chapter One, introduction, mainly introduces the research background of this thesis, outlines current adjustments and changes China's trust industry and companies are facing, and puts forward research problems and research methods of this thesis. This chapter also summarizes the research content and research design, and suggests the theoretical and practical significance and significance of this research.

Chapter Two, literature review, will discuss the history and development of competence research, the construction of competency element list, life circle theory, psychological personality analysis theory, the concept, formation and current frontier progress of competency. This part will also provide a theoretical basis for the construction of competency model for business managers. This chapter will raise the theoretical framework of the relationship between competence and work performance.

Chapter Three, framework of the competency model, will briefly introduce the business of Chinese trust companies, and describe in detail the main job requirements and responsibilities of business managers, highlighting the importance of constructing competency model of business managers. Later this part will briefly explain the procedures and theoretical ideas of the competency model construction and will attempt to preliminarily construct a competency model.

Chapter Four, Research Design and Data Collection Section, will firstly explain the design

principles and procedures for the survey questionnaire. Second, we will provide a detailed explanation of the selection of scale elements and initial measurement items. Next, we will present our research hypotheses. Finally, descriptive analysis of the collected samples will be conducted to assess the reliability and validity of the sample data.

Chapter five, empirical analysis and hypotheses testing, will test the theoretical model and relevant hypotheses through data collection and further processing. This part will describe the object, method and process of data collection; and further analyze the reliability and validity of the measurement scale using the obtained data, in the attempt to determine the validity of the constructed theoretical model based on data analysis.

Chapter Six, research conclusions and prospects, will firstly summarize the conclusions and key findings of this research, and make comparison with existing relevant research; secondly summarize the theoretical contribution and practical enlightenment of the research conclusion; and analyze the deficiencies of this research and point out potential and further research direction, potential applications and research prospects in the future.

1.5 Research relevance

1.5.1 Theoretical relevance

This study stands as a theoretically significant contribution, synthesizing a multitude of preceding studies across personality theory, competency theory, and enterprise culture theory, and aligning them with the empirical work and performance metrics of business managers. It uniquely merges these theoretical constructs with the distinct characteristics and culture of China's trust industry, alongside practical experiences within this sector. The aim is to elucidate the overarching correlation between managerial competence and work performance, thereby enriching the somewhat limited corpus of human resource research in China's trust industry and laying a robust groundwork for future academic pursuits in this area.

Moreover, the research holds dual relevance: it is not only a valuable theoretical addition but also a practical guide for human resource management within China's trust industry. This study differentiates itself by grounding its findings in the real-world experiences of industry practitioners, an aspect scarcely addressed in previous literature which often leaned heavily on theoretical foundations. This pioneering investigation will encompass a diverse array of industry stakeholders, including headhunters, executives, and clients, offering an unprecedented depth of insight.

Finally, acknowledging the unique context of China's trust industry, characterized by stringent regulatory oversight and distinct operational norms compared to the traditional financial sector, this research spotlights the unique competency demands placed on business managers. The elevated compensation for these roles reflects the necessity for a broader spectrum of both soft and hard skills. This study will delve into these industry-specific demands, providing a platform for future scholarly inquiries into the aspects of human resources in specialized financial sectors..

1.5.2 Practical relevance

From a practical standpoint, this research will be instrumental for trust companies in refining their recruitment, selection, and training processes. By providing a clearer understanding of the key competencies required for high-performance business managers, it will enable these companies to approach future recruitment and selection with greater objectivity and fairness. Additionally, the insights garnered from this study will allow trust companies to tailor their training and development programs more effectively, aiming to boost the overall skill level of their business managers, thereby strengthening their long-term competitiveness.

Furthermore, by comprehensively understanding the link between a business manager's core competencies and their performance, trust companies can leverage this knowledge to gain a competitive edge. This can be achieved through a human resource strategy centered around a competency model specifically tailored for business managers. The research will facilitate trust companies in refining their understanding of the skills and qualities prevalent among professionals in China's trust industry. This enhanced understanding will enable more strategic planning of human resources, focusing on fostering the improvement and advancement of overall organizational performance.

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Chapter 2: Literature Review

2.1 Research on competency

With the continuous development of business administration theory and practice, the competitive advantage of human resources has long been defined as one of the core competitiveness of enterprises. The raise of the concept of competence provided a new gate for modern human resource management. Competency has become the core element of job design, recruitment and selection, assessment and evaluation. Here we define the key concepts in this research: competence and competency model, summarize and compare the developments and different theories on competency relevant academic research, and explore to construct a competency model for business managers in China's trust industry.

2.1.1 The development history of competency research

The concept of competency has an ancient origin, with discussions about competency tracing back to the ancient Roman era. During that time, individuals illustrated the attributes of a “good Roman warrior” by constructing competency profile charts. In modern times, psychologists have developed various tests to measure individuals' intelligence or aptitudes, attempting to elucidate issues related to people's abilities (Wikipedia, 2023a).

Nowadays, most companies and organizations have realized the importance of improving employees' competence. Competent employees can use their knowledge, talents, skills, abilities and personality traits to better achieve the necessary goals and standards of their responsibilities. Therefore, the identification and promotion of these competencies are essential factors for the success of employees (Nkado & Meyer, 2001). Competency-related research dates back to the United States in the 1920s, but large-scale and in-depth research began after decades later. In the early 1950s, McClelland and his colleagues studied some of the “motivations” that Murray put forward in his book *Explorations in personality*. McClelland first regarded achievement orientation as the first competency. they studied some biological motivations, like food and sex, and further needs such as friends and power. Their research is to stimulate achievement motivation, for example starvation, whiling recording and summarizing their thoughts, feelings, behaviors and actions. Achievement orientation is one of the first

competencies listed in McClelland's work. They describe this competency as "a concern for excellence or beyond. Criteria may be previous performance (improving), an objective measure (result-oriented), outperforming others (competitiveness), a challenging goal, or even something that has been done (innovation)" (Raven, 2001).

In year 1973, McClelland published *Testing for Competency Rather Than Intelligence* in *American Psychologist*, which is considered a milestone in competency research. For the first time, McClelland proposed that competency is an important factor affecting different work performance (Boyatzis, 2008). He studied the staff of the American Press Agency and divided them into two groups: excellent performance and average performance. He and his colleagues interviewed 50 samples and asked them which part of work they were doing well, which part not, and when did they find problems to determine the competency list so as to find out what competencies the excellent staffs have while the others do not (Sanghi, 2003). He also pointed out that skills and knowledge are less important than previous experience and situational conditions, although they are still the most predictive factors for a person's present and future performance. One of the most important findings in McClelland's research is that he connects specific needs of people with specific actions they take to meet the needs.

McClelland and Boyatzis (1982) wrote the book *The Competent Manager*, which inspired people to conduct in-depth research and exploration in this field in the mid to late 1980s (Woodruffe, 1993). Boyatzis defines competence as basic characteristic of human, it can be motivation, traits, skills, an aspect of a person's self-image or social role, or a knowledge system (Woodruffe, 1993). He holds a viewpoint that excellent performance is considered to occur when a person's ability matches the requirements of the job and the organizational environment (McClelland & Boyatzis, 1982). These "abilities" can be described through one's values, vision, knowledge, and competence.

Job requirements can be described through functional responsibilities and tasks to be performed (Boyatzis, 2008). Boyatzis distinguishes between threshold competencies and distinctive competencies: "threshold competencies" refer to the core requirements for performing tasks, but does not involve performance issues, because this is the minimum standard for employees. Distinctive competencies will "distinguish" those who have performed well and those who have not.

Boyatzis (2008) summarized his research for nearly 30 years, and raised that outstanding managers, the best performers, from account managers to bank tellers, all of them seem to have three behavioral habits as threshold competencies, and the other three as distinctive competencies. The threshold competencies are: 1) professional knowledge and experience, 2)

knowledge, and 3) basic cognitive competence, such as memory and deductive reasoning. On the other hand, the distinctive competencies that can better improve performance are: 1) cognitive competence, such as system thinking and pattern recognition, 2) emotional intelligence competence, including self-awareness and self-emotion control, and 3) social intelligence competencies, including social awareness, and customer relationship management competencies, such as teamwork and empathy. His conclusion is that competency is an emotional, social, and cognitively intelligent behavior.

Others scholars such as Hornby and Thomas (1989), define competency as the knowledge, skills, and qualities of effective managers. Hogg (1993) defines it as the characteristic skills and abilities of managers that can lead to professional achievements.

Woodruffe (1993) proposed that the word “competency” can be used in many situations. Competency can be used to refer to a person’s competent field of work and role, and refer to the behavioral dimensions related to competent performance.

Sanghi (2003) proposed a similar theory. He thought that competency refers to the use of a series of skills. Woodruffe further proposed that competency refers to skills associated with successful work implementation. For example, strategic thinking, problem solving, business development, training and development, and customer service (sales) skills.

The concept of competency is a set of personal characteristics that a person acquires or needs to acquire to perform an activity within a specific context at a certain performance level. This definition encompasses four main components: a). Skill. A generic skill described by an action verb, selected from a taxonomy of skills; b). Knowledge. Specific knowledge upon which the skills are applied or practiced; c) Performance. A combination of performance criteria and values, and d). Context. The specific context in which the skill is applied (El Asame & Wakrim, 2018).

2.1.2 Definition and classifications of competency

According to McClelland (1973), competency refers to the comprehensive performance of knowledge, skills, abilities, traits or motivations that are directly similar to or related to work or work performance or other important results in life. McClelland (1973) also proposed principles for competency testing: benchmark sampling and measurement with effective standard, detection of individual changes after learning, disclosure of participants’ characteristics, testing and evaluation of characteristics competencies, testing of answerability and operability, testing of operational thinking, and generalizing various test behaviors. As a result, the theoretical research on competency has received major attention from the academic.

Many foreign experts and scholars raised personal explanations on the concept of competency. The mainstream literature is as follows:

According to Guglielmino and Carroll's (1979) research, competency includes conceptual competency, interpersonal competency, and skill competency. According to them, conceptual competency mainly refers to the various abilities possessed by individuals at macro level, such as major decision-making ability, innovation ability, and problem analysis ability; interpersonal competency mainly refers to the abilities of communication, expression, cooperative negotiation; skill competency mainly refers to the work related abilities of skills, planning, management.

Sundberg et al. (1978) define competency as individual characteristics, knowledge, skills, and attitudes that result in a sense of achievement in a meaningful environment, producing adaptive outcomes.

McLagan (1980) considers competency to be knowledge, experience, and skills related to work.

McClelland and Boyatzis (1982) proposes that competency is an inherent ability of an individual to adapt to the work requirements in an organizational environment and achieve expected results.

Fletcher (2000) suggests that competency is the ability of individuals to work and perform to finish work tasks.

Spencer and Spencer (2008) put forward that that competency refers to "the individual's underlying, deep-level characteristics that distinguish high performers from average performers in a specific job (or organization, culture). It can be motivation, traits, self-image, attitudes or values, knowledge in a particular field, cognitive or behavioral skills—anything that can be reliably measured or counted and significantly differentiate individual characteristics between outstanding and ordinary performance."

Ledford Jr. (1995) raises that the concept of competency should be considered from three aspects of personal characteristics: verifiability, verifiability and probability of achieving performance. He thinks that competency is a special and verifiable internal manifestation of various knowledge and skills that an individual possesses to obtain satisfactory performance.

Mirabile (1997) considers competency to be the characteristics of knowledge and skill of individuals associated with high performance of his position.

Parry (1996) believes that competency is an assessable combination of work-related knowledge, attitudes, skills and other factors.

Green (1999) suggests that competencies are measurable work habits and individual skills

to accomplish performance.

Sandberg (2000) believes that competency is the knowledge, skills, and abilities that are demonstrated in the work process.

Comparing the various definitions of competency provided by different scholars reveals some common themes and elements:1). Integration of Multiple Elements. Almost all definitions agree that competency encompasses a blend of knowledge, skills, abilities, attitudes, and other personal characteristics; 2). Relation to Work Performance. A key aspect in many definitions is the relationship between competency and work performance. 3). Types of Competencies. There is a recognition of different types of competencies – conceptual, interpersonal, and skill competencies. Conceptual competency involves decision-making and problem-solving, interpersonal competency deals with communication and cooperation, and skill competency relates to practical work-related abilities. 4). Adaptability and Achievement. Several definitions emphasize the ability of individuals to adapt to their work environment or achieve success in meaningful settings, indicating that competencies are not just static traits but dynamic qualities that contribute to effective adaptation and achievement in various contexts.

In summary, these definitions collectively portray competency as a multi-dimensional construct that integrates various elements like knowledge, skills, abilities, attitudes, and personal characteristics, all contributing to effective work performance, adaptability, and achievement in different contexts. Competencies are seen as measurable and verifiable qualities that are crucial for distinguishing between varying levels of performance in the workplace.

Harison and Boonstra (2009) raises that a set of IT-and non-IT-related competencies that are essential for managing techno change processes within and among organizations, and he develops a coherent analytical framework for identifying competencies necessary to carry out techno change processes, which can also serve as a tool for developing competencies.

Barenji et al. (2013) proposes a modeling framework for organizational competency through literature review approach, and his research suggests that organizational competency can be categorized into three groups: individual competency, enterprise competency and collaboration-oriented competency.

Sutling et al. (2015) conducts a research towards agile software development project , and raises that the success of a project depends on the competency of the project manager. His research reveals that skill, knowledge, personal attribute and behavior that is needed by a project manager in ASDP, and contributes the relevant theory by developing taxonomy of the agile project manager's competency.

Abdullah et al. (2018) concludes sixteen technical competencies identified when construction manager when managing the construction projects, after his investigation on incompetent managers in Malaysian construction industry. He suggests technical competencies can be improved through generic education and training.

Ataei et al. (2020) launches a survey covering 361 individuals taking the proportionate stratified random sampling technique and fuzzy analytic hierarchy process, to first specify entrepreneurial competencies required for young rural entrepreneurs. He advises that the entrepreneurial competency are the main driving force of rural development, and designs to assess the impact of entrepreneurial competencies on rural youth's intention to launch small & medium-sized enterprises.

According to the characteristics of Chinese organizations, domestic scholars hold similar opinion on the concept of competency with viewpoints listed above.

C. M. Wang (2000) proposes that competency refers to the comprehensive performance of the knowledge, skills, abilities, attitudes, and personal traits of individuals in enterprises to obtain high performance.

K. Shi et al. (2002) believe that the competency of senior managers in enterprises mainly includes their knowledge, skills and other characteristics.

W. Zhang and Wang (2004) think that the competency of high-tech entrepreneurs refers to the comprehensive characteristics of entrepreneurs' knowledge, skills, and abilities to achieve high performance.

Wu (2021) takes current international situation and technological competition into research background, and proposes a comprehensive competency evaluation system for postdoctoral research talents based on the competency theory and information foraging theory. Therefore, he also delivers a comprehensive talent evaluation model based on big data technology, which consists of three parts: the conceptual layer, the technical layer, and the method layer, providing a reference for future improvement of evaluation system on postdoctoral research talents.

In summary, the definition of the concept of competency in both domestic and foreign academy includes several characteristics. Firstly, competency is inherently linked to a specific job or position, implying its irrelevance in the absence of this prerequisite. Secondly, the concept of competency encompasses knowledge, skills, and other attributes of an individual, highlighting that competency is inextricably linked to the individual. This implies that competencies vary due to the differences among individuals. Thirdly, there is a positive correlation between competency and performance, suggesting that competency can lead to high performance. Finally, competency can be validated through performance, indicating that an

individual's competencies are reflected in their job performance.

2.1.3 Competency model

Dubois (1993) defines that the model serves as the “adhesive” for elements of the organization’s human resources management system, combining competency elements. Bamey and Wright (1998) refer that the competency model refers to the aggregation of core competencies required for a position by an organization, including knowledge, skills, attitudes, values, and behaviors, to achieve the organization’s interests. Eric Soderquist et al, state (2010) state that competency model is the focal point of the overall human resources management system, playing an integrative role in horizontal integration of HR activities such as recruitment and selection, performance management, and training and development. Kaplan and Norton believe that a human resources system built on the competency model can help organizations achieve their long-term goals and support the translation of strategy into operational terms (Ngo et al., 2014). According to Vazirani (2010), the competency model is a descriptive tool that can identify the competencies required for specific roles in a job, profession, organization, or industry. Xu (2004) points out in his research that the Competency Model refers to the sum of competency elements that a specific job role should possess, i.e., a combination of competencies required for outstanding performance in that position.

The most classic competency theory models mainly include the “Iceberg competency model” and the “Onion model.”

1. The McClelland’s Iceberg Model of Competency, is a conceptual framework that illustrates the various components contributing to an individual’s overall competency, as shown in Figure 2.1. The model uses an iceberg analogy, where the visible tip of the iceberg represents the observable behaviors or skills that people demonstrate, while the larger, submerged portion beneath the waterline represents the underlying factors that drive those behaviors. Here are the main components of the Iceberg Model of Competency:

ICEBERG MODEL OF COMPETENCIES

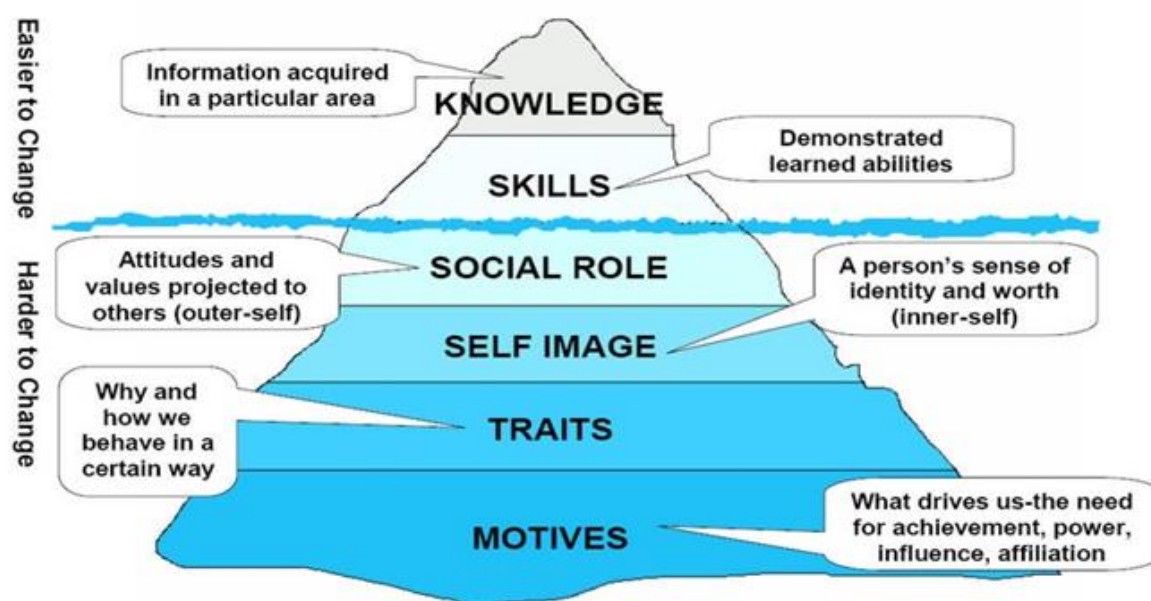


Figure 2.1 The iceberg model of competency

1) Motivation. It is the behavioral guidance that drives a person to do something, the psychological activity that propels an individual to strive and exert effort to achieve a certain goal. It motivates individuals to strive and make efforts towards a target. For example, when a person sees a very beautiful landscape and is moved by it, he later develops the idea of traveling to this scenic location, creating a motivation for travel. Subsequently, he will begin preparations until he can achieve the goal.

2) Traits. It is an innate physiological characteristic of individuals, which can be a unique personal trait or different reactions to the surrounding environment. A person's motivation and qualities can be used to infer their work performance. A person with a calm personality will handle things calmly rather than losing their temper.

3) Self-image. It refers to an individual's perception and evaluation of themselves. It represents how a person sees themselves in terms of their abilities, strengths, weaknesses, and overall identity. This aspect of the model emphasizes the importance of self-perception in influencing behavior, motivation, and the development of skills.

4) Social role. Which refers to the roles and positions that individuals occupy within their social environment. This aspect of the model recognizes that people play various roles in different contexts, such as their roles within a family, workplace, community, or society at large. The social roles individuals assume influence their behavior, expectations, and interactions with others.

5) Skills. In the Iceberg Model of Competency, skills refer to the practical abilities and

proficiencies that individuals possess in a specific area or field. Unlike knowledge, which represents theoretical understanding and information, skills involve the practical application of that knowledge. Skills are often more observable and can be demonstrated through actions, tasks, or behaviors.

6) Knowledge. Hereby knowledge refers to the information, facts, and understanding that individuals possess in a particular domain or field. It does not refer to simple textual information in daily life but rather representing the explicit and formalized understanding of concepts, principles, procedures, and facts relevant to a specific area of expertise. The knowledge component of competency is often visible and can be assessed through tests, evaluations, or demonstrations.

Due to the definition of competency encompassing both overt behaviors and implicit factors such as motivation, researchers metaphorically liken the competency model to an iceberg floating in water. Surface features like knowledge and skills are exposed above the water, easily perceived, and are also easily developed and cultivated (W. Li & Wu, 2012). However, they are difficult to predict or determine whether an individual will have outstanding work performance. Those deep-seated features underwater, such as self-concept, traits, and motivation, can determine people's behaviors and performance (Spencer & Spencer, 2008). Based on this, researchers refer to the upper part of the iceberg, namely knowledge and skills, as Threshold Competence, considering it the most basic requirement for a professional but unable to distinguish between outstanding and ordinary performance. The underwater part of the iceberg, including self-concept, traits, and motivation, is termed Differentiating Competence, as it can differentiate between outstanding and ordinary performance (K. Shi et al., 2002).

2. The Onion competency model

Boyatzis conducted a thorough and extensive study of McClelland's competency theory (McClelland & Boyatzis, 1982) and proposed the "Onion Model" of competency, illustrating the core elements of competency and explaining the observable and measurable characteristics of each constituent element. Boyatzis's Onion Model, like the layers of an onion, can be peeled away from the outermost layer to the innermost layer. Surface competencies are easier to develop because they are more visible, while deeper competencies require in-depth analysis and research, much like the inner layers of an onion. Motivation and traits represent the deepest layers of an individual's characteristics, with values and self-concept positioned in the middle, and knowledge and skills being the most visible, forming the outermost layer. Through layered analysis, it becomes evident that the elements of competency are closely interrelated, progressing layer by layer, with each layer having a

close relationship with the adjacent layers, as illustrated in Figure 2.2.

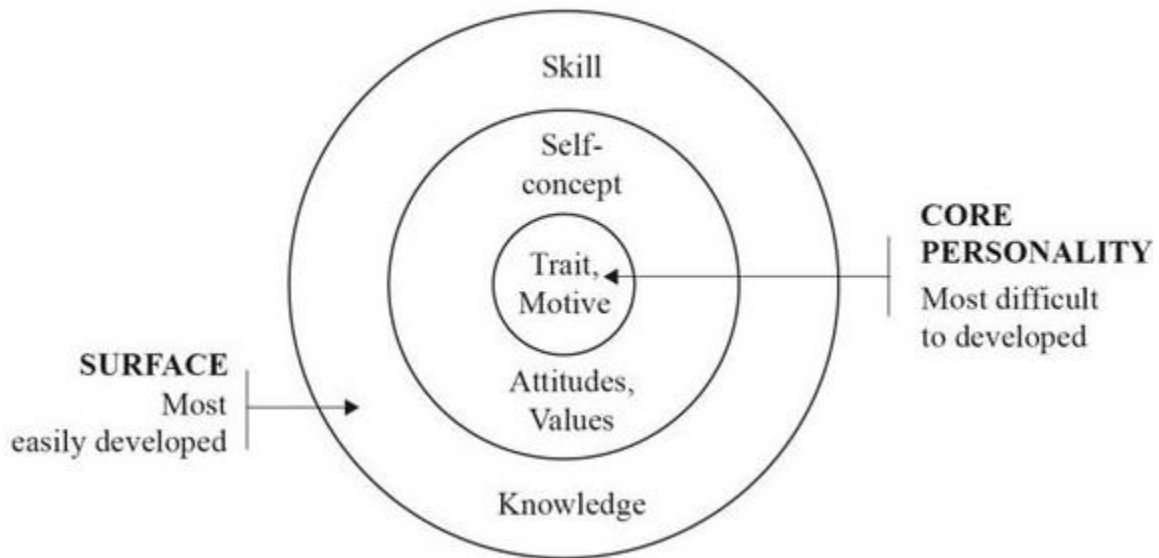


Figure 2.2 The onion model of competency

This model interprets competency as progressing from the outer to the inner layers, from the surface to the core. It believes that the most essential element is motivation, and then it unfolds outwardly as personality, self-image, values, social roles, attitudes, knowledge, and skills. The further outward, the easier it is to develop and evaluate; the further inward, the more challenging to assess and acquire. In general, the outermost layer of the “onion,” representing knowledge and skills, is equivalent to the above-water part of the “iceberg”; the innermost layer of motivation and personality is akin to the underwater deepest part of the “iceberg”; and the middle layer of self-image and roles in the “onion” corresponds to the shallower underwater part of the “iceberg.” While the Onion Model and the Iceberg Model share the same essence, emphasizing core competencies or fundamental capabilities, the Onion Model highlights the hierarchical relationship between potential competencies and explicit competencies more than the Iceberg Model, providing a clearer explanation of the relationships between competencies.

3. Boyatzis’ leadership competency Model:

The Competency Model by Boyatzis was initially proposed by McClelland and Boyatzis (1982), providing a framework for the competencies required for effective management as shown in Figure 2.3. In this model, McClelland and Boyatzis (1982) defined competencies as a range of abilities, skills, and knowledge that impact an individual’s performance.

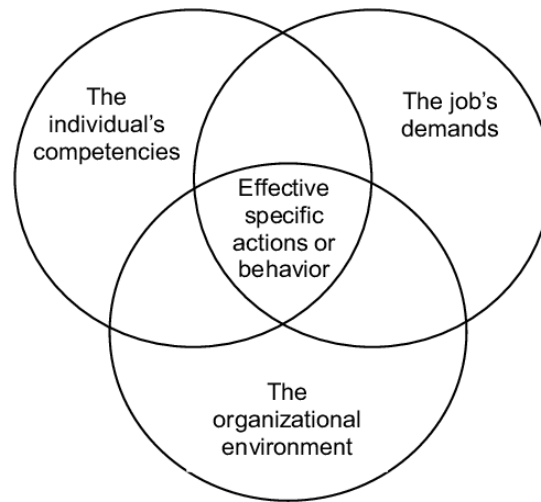


Figure 2.3 The model of an effective work performance

Source: McClelland and Boyatzis (1982)

This leadership competency model presents a pioneering framework in the domain of leadership studies. This model delineates 19 distinct competencies, categorizing them into five core clusters that are foundational to effective leadership. These clusters are:

1) Goal and Action Management: This cluster emphasizes the importance of setting clear objectives and efficiently managing actions to achieve these goals. It underscores the leader's role in strategic planning and execution.

2) Leadership: Central to this cluster is the ability to inspire, motivate, and guide others. It encapsulates the qualities essential for a leader to influence and shape the direction of a team or organization.

3) Human Resource Management: This aspect focuses on the management of personnel resources. It involves competencies related to recruiting, developing, and retaining talented individuals, as well as managing workforce dynamics effectively.

4) Focus on Others: This cluster highlights the significance of empathy, interpersonal skills, and the ability to understand and respond to the needs and motivations of others. It stresses the importance of building and maintaining positive relationships.

5) Directing Subordinates: This component deals with the capability to provide guidance and direction to subordinates. It includes skills related to delegation, supervision, and the overall management of subordinates to ensure organizational objectives are met.

Boyatzis's model, through these clusters, provides a comprehensive framework for understanding and developing the key competencies necessary for effective leadership. This model has been influential in shaping the way leadership is understood and cultivated in various organizational contexts.

Subsequent studies by Boyatzis (2006) applied the model to managers at different levels and industries, emphasizing the importance of adaptability and continuous learning. The Competency Model offers valuable insights into understanding and enhancing management efficacy, particularly highlighting the role of individual competencies in organizational success.

In human resource management practice, the competency model encompasses the expectations for all job content and roles within the workplace, as well as the relationships between different job roles. In practical terms, it may involve four aspects, including expectations for job skills, handling situations beyond routine, managing various relationships in the workplace, and dealing with different tasks between roles. These four aspects may be reflected in every type of job, and the competency model can succinctly describe these aspects. From the perspective of enterprise management practice, the competency model serves as a decision-making tool. It is not a simple aggregation of different methods; rather, it is more concise than job analysis (targeted, making the competency model more aligned with organizational interests than individual goals, and more reliable than job analysis). According to comparison between the competency model and job analysis, elucidating the advantages of the competency model:

1) Focus Disparity: The competency model emphasizes the abilities and behaviors individuals need in their work, highlighting successful performance and its alignment with organizational goals. On the other hand, job analysis centers on the tasks, responsibilities, and requirements of specific positions, emphasizing the composition and nature of the work itself.

2) Differing Levels of Abstraction: Competency models are generally more abstract and generalized, describing universal competencies and behaviors applicable to multiple positions with a certain degree of flexibility. In contrast, job analysis is more specific, providing detailed descriptions of the tasks and requirements for a particular position.

3) Distinct Purposes: The purpose of the competency model is to identify and develop individual success factors applicable across various positions, aiding in talent management and development. Job analysis, however, is primarily focused on providing detailed information necessary for developing recruitment, assessment, and training plans.

4) Time and Dynamics: Competency models emphasize adaptability and adjustability, assisting in coping with organizational changes and evolving work environments. In comparison, job analysis places greater emphasis on static descriptions of specific positions.

First of all, constructing a competency model is a significant innovation as it enables organizations to prioritize job-related information and employee skills in the employee management process. In fact, a key distinction between job analysis and building a

competency model is that managers place greater emphasis on constructing competency models. In this sense, building a competency model is a way to integrate job analysis into employee management decisions.

Secondly, in terms of purpose, competency models often aim to differentiate employees with excellent job performance from those with average performance. They focus on competencies that contribute to understanding employee performance, disregarding or even neglecting those that do not assist in understanding job characteristics.

Thirdly, competency models often include descriptions of how competencies change or improve as employees progress to different levels (Rodriguez et al., 2002). Improvement here refers to either job levels or salary levels (e.g., entry-level, intermediate, senior) or the level of proficiency in the job (e.g., novice or expert).

Fourthly, competency models are often related to business goals or strategies (Green, 1999; Rodriguez et al., 2002). This means that the way KSAOs (knowledge, skills, abilities and other characteristics) (Campion et al., 2011) are described highlights their relationship with the job or goals. Sometimes, the KSAOs needed to achieve each goal are identified and classified together. Additionally, competency models typically define observable job behaviors. At times, this characteristic can even influence the construction method of competency models. Traditional job analysis is inductive (starting from job tasks and KSAOs, deriving conclusions about what matters to the job), while building competency models is more deductive (starting from results and working backward to the job and KSAOs).

Fifthly, from the initiator's perspective, the construction of competency models is top-down, unlike job analysis that starts from the bottom. Competency models not only collect information starting from the management level (unlike job analysis, which starts from lower-level employees doing the job) but also often describe competencies from a managerial perspective before progressing further.

Sixthly, from a forward-looking perspective, competency models may directly or indirectly address the requirements of future work (Parry, 1996; Rodriguez et al., 2002; Schippmann, 2010). Competency models do not just document the current state but attempt to predict the future and sometimes describe future scenarios.

Seventhly, in terms of expression, competency models may use an easily understandable format. An easy-to-use design often means adopting terms specific to a particular organization. The model can be presented in list form, but sometimes it may also be expressed in pictures or diagrams to aid understanding, memory, or "stickiness."

Eighthly, typically there is a limited number of competencies that need to be identified

and applied across multiple functions or different job types. The advantages of defining competency models in this way include simplifying the human resources system, aiding in the comparison of various functions with similarities (such as compensation systems), and facilitating mobility between jobs by uncovering commonalities.

Ninthly, the purpose of competency models is to actively align with human resources systems (Green, 1999; Lawler III, 1994; Lucia & Lepsinger, 1999; Schippmann, 2010). This may be the most significant aspect of competency models. In other words, using competency models to modify human resources systems allows organizations to recruit, assess, compensate, and motivate employees based on the same attributes. This approach avoids contradictions and ensures that different human resources systems reinforce each other for maximum positive impact. Job analysis often needs adjustments based on the human resources systems it involves. A specific job analysis may map to multiple human resources systems.

Finally, the construction of competency models is often a developmental initiative for an organization or institution, aiming to seek broad structural changes (such as human resources alignment), rather than a simple data collection activity. As a developmental measure for an organizational entity, the representation of competency model construction includes how to implement competency model construction projects (e.g., as an intervention) and how to engage management in these projects (as managers seek to bring about positive changes). Job analysis is rarely used to dramatically change the situation of an organization. To a large extent, its purpose is to improve, enhance, or maintain specific human resources systems or the actual work of an organizational entity.

2.1.4 Competency model research in China

Research on competency models in China started relatively late, and some of the key findings include:

K. Shi et al. (2002) studied the competency characteristics of executives in the communication industry using the behavior event method. Results indicated that there was no significant difference in interview text length between outstanding and ordinary groups. However, there was a significant positive correlation between the number of competency model codes and interview length. The study suggested that coding elements can be averaged if they exhibited good stability, and consensus among coders can be assessed using overviews with good results. Competency elements in communication industry executives included organizational commitment, leadership, and service awareness.

C. M. Wang and Chen (2002) analyzed the competency characteristics of main and deputy managers in organizations, identifying two main dimensions: managerial qualities and managerial skills. Managerial qualities included indicators such as integrity, power orientation, and responsibility, while managerial skills included indicators such as innovation, decision-making, and command. Decision-making ability was more critical for main managers, while responsibility was key for deputy managers, and main managers needed higher integrity, honesty, and innovation ability.

Zhong and Shi (2004) constructed a competency structure model for executives in family businesses using the critical behavioral event method. Results indicated 11 competency indicators, emphasizing that leadership and care were unique competency elements for executives in family businesses.

L. X. Zhang et al. (2007) undertook a study on large state-owned enterprise executives in the old industrial base of Northeast China using various methods such as critical behavioral events and statistical analysis. The study identified competency characteristics, including decision-making ability, macro thinking, leadership, and control ability, among nine key elements.

X. F. Liu et al. (2006) highlighted the importance of competency for successors in family businesses. Through exploratory factor analysis and confirmatory factor analysis, they built a competency structure model, revealing interpersonal relationships, communication learning, decision-making, organizational commitment, and integrity as key competency elements. The study concluded that these elements can be categorized into two higher-level factors: managerial qualities and managerial skills. Additionally, organizational commitment and integrity were significantly positively correlated with the performance of successors in family businesses.

Kong (2007) developed a competency feature model for outstanding research project managers. Using methods like behavioral event interviews, the study identified leadership, interpersonal skills, development ability, and adaptability as major competency features for the research project managers.

Zhou et al. (2009) focused on operators in small and medium-sized state-owned agricultural enterprises. Using the critical behavioral event method and structural equation modeling, the study identified a competency model comprising 18 elements, including traits, interpersonal skills, career orientation, and managerial skills.

Y. F. Shi (2010) constructed a competency model for industry professional managers, which includes seven dimensions: team leadership, organizational cognition and commitment,

customer service orientation, personal traits, achievement orientation, interpersonal relationships, and specialization orientation.

Jin et al. (2013) constructed a competency model for general practitioners, including six dimensions: basic public health service capabilities, comprehensive management capabilities, professional responsibility, basic medical service capabilities, good moral cultivation, and interpersonal communication capabilities.

Geng et al. (2016) constructed a competency model for public library librarians, including six dimensions: basic knowledge and business skills, relevant discipline knowledge, computer application ability, professional attitude and service spirit, emotional adaptability, and organizational communication ability.

Hu (2019) combined with new dynamics and requirements in international and domestic social development, Hu Min proposed a model for global competency in the 21st century. This model, developed through logical deduction, emphasizes the core competencies expected of individuals in the new era. The proposed global competency includes communication skills, critical thinking skills, collaboration skills, and creativity.

Gao (2022) conducted a study on the mid-level managers' competency in A Association of financial industry. He forms a competency model for mid-level managers in A Association, including five categories with 24 factors: judgment and decision-making ability, personal qualities and ethics, planning and execution ability, interpersonal skills, leadership, and management skills. His research on mid-level managers' competency model provides suggestions for further recruitment, training, manpower budget control, and career development of mid-level managers in "A association". Also, his study serves as a reference for future relevant research in financial industry.

Cui et al. (2023) undertook a competence research and analysis on nurses participating in medical treatment of severe COVID-19 cases in Shanghai, after the outbreak of the new coronavirus. A total of 234 nurses participated in the questionnaire survey. Through regression analysis, his research reveals that education background, length of service, and emergency response experience in infectious disease outbreaks are all positively correlated with the competence level of the nurses. In future medical emergency events, a rational allocation and combination of nurses with different competence levels can better improve the overall level of medical response and treatment.

These competency models cover various professional domains, reflecting the diverse skills and qualities required in different industries and roles.

2.1.5 Research methodology of competency

Research on competency has been relatively mature after involvement of a lot of research conducted by both domestic and foreign scholars. The most common competency research method is to enroll all competencies associated with a particular role, job or task into the competency profile (Kroon & Do Céu Alves, 2023). Cockerilk et al. (1995) proposed that three methods can be used to determine which competencies should be included in the competency profile: firstly, following traditional viewpoint, to observe the behavior of the most successful employees in the company to derive competencies; secondly, from the perspective of creative research, to focus on competencies essential for future and organizational change or realization of future goals; and finally, from the scientific perspective, to identify, measure and develop competencies that can lead to excellent performance (Kroon & Do Céu Alves, 2023).

There are many ways to build a competency model, including expert panel, questionnaire surveys and observation. However, the most effective method is the behavioral event interview (BEI), proposed through an integration of McClelland key event interview and the subject awareness test. Behavioral incident interviews use open-ended behavioral retrospective exploration techniques, by inviting interviewees to describe three most successful and least successful things of them, and later recall and report in detail what caused this situation? Who is involved? What do they think and feel under that situation? What do they want to accomplish and actual action then? What is the result? In the following part, conduct content analysis to determine the interviewee's competency. Finally, a competency model of the task role is determined by comparison between outstanding and average employees. The competency model built through behavioral event interview technology adopted by McClelland assisted two multinational companies to establish new standard for senior management and further selection process. This study successfully reduced the turnover rate of senior management to 6.3%. Further research revealed that 47% of senior managers who met the required competency criteria performed excellent after one year, while only 22% of those who did not meet the competency criteria performed excellent (K. Shi et al., 2002).

In addition to methods mentioned above, literature review, job analysis and observation are also widely used in competency research. Major research methods are as follows:

- 1) Behavioral event interview (BEI), proposed by McClelland (1998), is a structured approach for assessing competencies. Its specific steps involve initially selecting outstanding and average performers and categorizing them into excellent and average groups, keeping these assignments confidential at first. Participants are then asked to enumerate key events in their

work life, including their three most successful and unsuccessful or negative experiences. They are encouraged to describe these events in detail, including their thoughts and feelings at the time..

During the interview, it is crucial for the interviewer to meticulously record all relevant content and organize the details. The next step involves analyzing the data through the frequency of certain behaviors and other factors. This analysis includes a comparative examination of the elements from both the excellent and average groups. The aim is to identify the ten most representative events that exhibit significant differences in characteristics. Based on these findings, a competency model tailored to the needs of the organization or study can be established. This method is widely recognized as one of the most popular and effective approaches for competency assessment.

2) Job analysis. It is a method that emphasizes the actual work output, focusing more on the work itself rather than the individuals performing it. This approach aims to ascertain the requirements of a specific job through detailed analysis. The process begins by investigating various aspects of the job, including responsibilities, tasks, obligations, roles, and the working environment. This step involves extracting and analyzing the key responsibilities and roles associated with the position. The advantage of this method is that it is easy to construct a competency model, and with relatively lower cost, and easy to better understand the overall work situation. The disadvantage is that this method inclined to emphasize job position more and underestimate the ability of individuals.

3) Questionnaire survey. The questionnaire survey is recognized as a convenient and efficient method for data collection, particularly advantageous for obtaining a large number of data samples. In the context of competency modeling, this approach involves creating and distributing a questionnaire designed to gather relevant information from a target population.can. This method is most commonly used in research and consulting institutions. Its advantage lies in its wide application and easy access to a large amount of data in a short period, and then obtains more reliable results through modern software analysis. The specific process is to initially collect and understand the characteristics competencies of a specific position through interviews and comprehensive literature review, and to compile questionnaire options on this basis. The questionnaire will be distributed and recovered, while invalid feedback questionnaire will be eliminated, further the large sample will be analyzed by computer software so as to establish a competency model for the specific position.

4) Assessment center. This method is mainly to build a model through interviews with

middle and senior managers. The concrete steps are as follows: select middle and senior managers from the organization who are familiar with the culture, structure, strategy, and positions to conduct interviews, and request them to propose competency requirements for a specific position; collect and compile these interview records to establish a competency model. It is an easy access for modeling, but with shortcomings that the workers engaged in specific positions are actually not communicated, so the standards formulated may be relatively one-sided, and the competency model will more reflect the cognition of the management.

5) Expert panel. This method is based on the professional knowledge and past experience of authoritative experts in relevant research fields. The expert group conducts detailed analysis, comparison and judgment on each competency feature through investigation, research and discussion, and further carries on multi-round discussion to obtain the characteristic competency. The advantage of this method is to concentrate wisdom through the discussion of experts. However, due to the scarcity of experts, the number of available experts is relatively small. In addition, it is difficult to achieve consistency for experts with different opinions. All these factors will lead to some deviation in competency model approached. Tian et al. (2007) adopted expert panel method to construct a leadership competency model for military academies. They invited an expert group including military experts, military instructors, psychologists, and senior military officers. After four rounds of panel discussion, 11 characteristics competencies were selected to construct the competency model.

2.1.6 Development trend of competency model research

Early research on competency models focused more on the construction of industry-general models. For example, Boyatzis (1982) reanalyzed original data on managerial competencies, such as records from behavioral event interviews. He explored and summarized a set of competencies for identifying outstanding managerial talent, which can be applicable across different companies and functions. Spencer, through the study of over 200 jobs, established a general industry model encompassing five major categories of professionals, including technical personnel, salespeople, social service workers, managers, and entrepreneurs. Based on this, he developed a universal competency dictionary.

However, as the applicability of general models came under increasing scrutiny, later research on competency models gradually shifted towards specific industries and positions.

This involved constructing industry-specific competency models and position-specific competency models. Case studies were conducted to test and improve competency models in practice, validating their roles in human resource management, including recruitment, training, and performance improvement.

For example, Egbu (1999) surveyed 32 major refurbishment organizations in the United Kingdom to determine competencies for refurbishment work, identifying leadership, communication, motivation, health and safety, decision-making, foresight, and planning as the six most important management competencies. Olesen et al. (2007) used behavioral event interviews to establish the Microsoft Leadership Competency Model, including benchmark competencies, distinguishing competencies, and future-oriented competencies.

Muratbekova-Touron (2009) revised the Lemma multinational leadership competency model using a multi-focal theoretical perspective, drawing on methods such as personal experience, observation, and semi-structured interviews.

Koenigsfeld et al. (2012) developed a competency model for private club managers through a questionnaire survey. Patterson et al. (2013) conducted a competency model study on general practitioners in the United Kingdom, identifying 11 competencies for general practitioners and comparing them with previous research results, revealing some trends in competency model changes.

However, whether it is a general industry model or a specific industry or position model, more attention is given to the macro-level value of competency, such as differences between industries and positions. This provides a reference for more accurate talent selection for industries or positions, serving as a threshold distinction that is more suitable for the selection and assessment functions of human resources development and management. However, the value of competency for individuals already in a certain position is relatively low. Assuming that an organization selects individuals (or individuals expected to be competent for a certain position) more suitable for a position through competency assessment, does it mean that the work of human resources management is completed? According to the research of Sanchez and Levine (2009), competency modeling focuses on the development of individuals in both the present and the future.

The research by Batalden et al. (2002) also suggests that competency models can be used to reflect changing needs in careers. These perspectives emphasize the dynamic and developmental characteristics of competency models. Some researchers, such as Getha-Taylor (2008), explicitly point out that competency models should closely follow the changing needs of development.

Getha-Taylor and Morse (2013) further indicate that obstacles in the application of competency models include the difficulty of identifying competencies and accurately assessing development. It is suggested to focus on capturing emerging competencies. Therefore, general competency models and static position models do not meet the needs of position development changes.

In summary, in addition to continuing to construct competency models for specific organizations and positions, foreign research on competency has begun to focus on the developmental characteristics of competencies, pushing competency model research towards a more microscopic level.

2.1.7 Competency model research in finance sector

The current academic research on competency models in the finance sector has been ongoing and covers various aspects, including the skills, knowledge, and leadership qualities of professionals in different industries within the financial domain. However, the more common focus has been on traditional sectors such as banking, securities, and insurance. There has been relatively less research on competency models specifically tailored to the trust industry.

Brits and Veldsman (2014) acknowledge the absence of a comprehensive and integrated competency model for central bankers, a notable gap given the significant role of central banks in the global financial crisis context. Recognizing this gap, the study seeks to design and validate a pertinent model, driven by the global lack of consensus on what defines a "competent" central banker. A quantitatively validated global central banker competency model (GCBCM) promises to substantially enhance central banker effectiveness and provide a robust basis for effective personnel management.

The study employs a hybrid quantitative-qualitative research methodology. It tests two sets of hypotheses: one concerning the relationship between the GCBCM and the training offered by central banks, and the other examining the impact of such training on a central bank's global influence. In Figure 2.4, the GCBCM devised by the research team is presented. This model encapsulates four distinct competency clusters: Functional and Professional Specialization, Enabling Competency, Leadership or Management, and Ethical Competency. These clusters form the core of the model. Additionally, the model incorporates various levels of work, which represent the contextual complexity within which these critical competencies must be integrated and tailored to suit each organizational level. This structure ensures that the competencies are relevant and applicable across different tiers of the organization. The study contributes by developing a generic conceptual framework for crafting a competency model

with evaluation criteria and quantitatively validating a GCBCM.

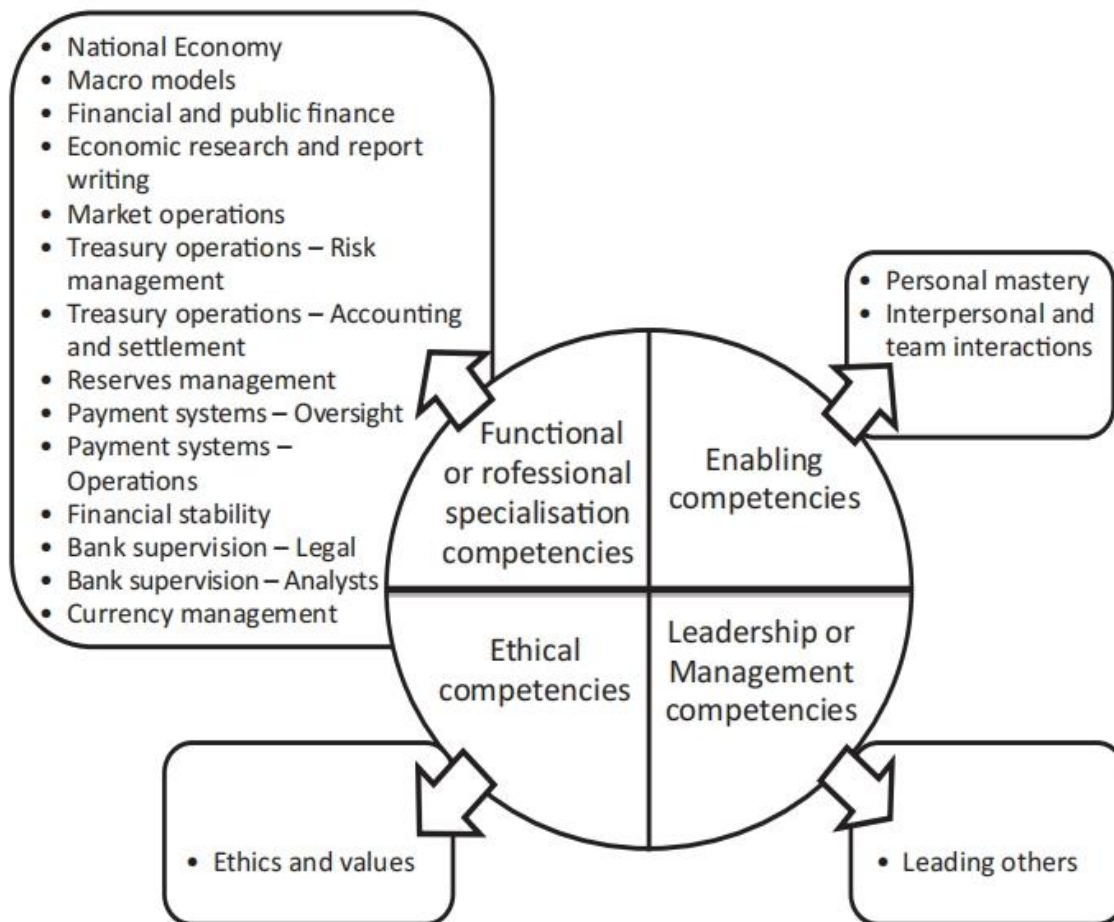


Figure 2.4 Overview of the quantitatively validated GCBCM as constructed

Source: Brits and Veldsman (2014)

Y. M. Li et al. (2019) took individual equity fund managers as the research objects and used the method of behavioral event interviews and thematic analysis to construct the competency model of stock fund managers. The research results indicate that solely relying on the past performance of fund managers is not enough to predict whether an equity fund manager can achieve outstanding performance in the future. The investment performance of fund managers is not only influenced by external market conditions but is more significantly a reflection of their own investment capabilities. The competency model of equity fund managers, constructed through open-ended behavioral retrospective interviews by an expert panel consisting of a finance professor, a psychology and management professor, an experienced stock market investor and senior practitioner in the fund industry, and a senior consultant from a well-known consulting company, includes nine primary competency features: self-recognition, behaviour control, learning ability, emotional management, gaming ability, knowledge and skills, apt personality, analytical prediction, and social skills; and twelve secondary competency features: correct attribution, independent decision-making, investment discipline, self-control,

experience summary, emotional composure, stress resistance, investment intuition, research ability, interest and enthusiasm, macro analysis, and information collection (see Figure 2.5).

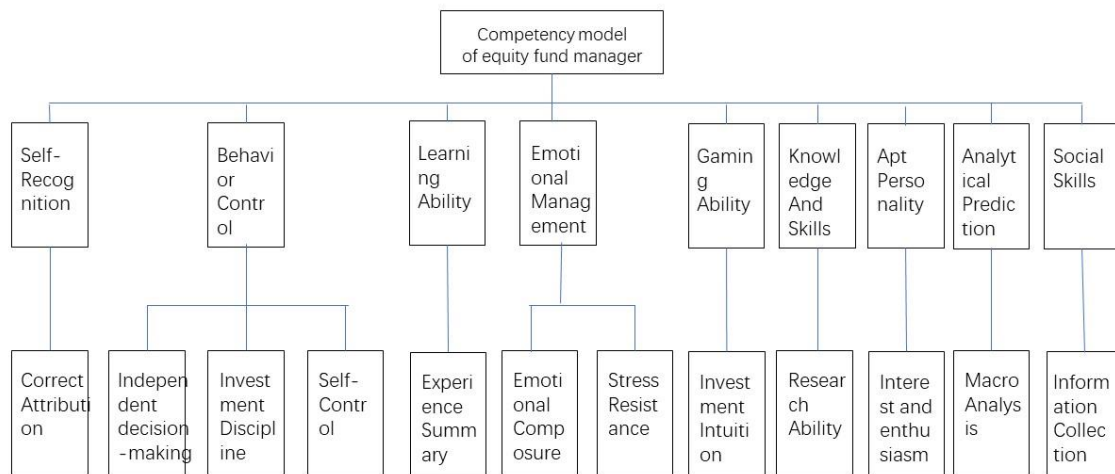


Figure 2.5 Competency model of equity fund manager

Source: Y. M. Li et al. (2019)

Aims to pinpoint the essential competencies for a Shari'ah auditor (SAR) within the Islamic banking sector, Mohd Ali et al. (2020) employed a qualitative methodology, utilizing a multi-case study design with semi-structured interviews. Participants included a representative from the Central Bank of Malaysia, and 30 other respondents comprising Heads of Shari'ah Audit and SARs from four banking institutions. A focus group discussion was subsequently conducted to confirm the proposed competency model. The study reveals varied practices in SAR recruitment, with a preference for converting existing internal auditors over hiring new graduates or experienced SARs from other financial institutions. It highlights the necessity of knowledge in Shari'ah, Islamic banking, and Fiqh Muamalat for SARs. Auditing skill emerged as a crucial competency for effective Shari'ah auditing. Additionally, personal skills such as adaptability and teamwork were identified as vital, complementing the knowledge and skill components for a proficient SAR.

This study contributes theoretically by enhancing existing Shari'ah audit literature, particularly in qualifications, and practically serves as a resource for regulatory bodies, academics, and professionals. It introduces the element of "time" into the effective job performance theory, acknowledging the importance of experience. Although limited to Islamic Financial Institutions, it offers insights into human resource management in Islamic organizations.

Mohammadi et al. (2021) delves into the structural interactions within the competency model of financial managers, an essential factor influencing organizational productivity in dynamic economic environments. The research is designed as a descriptive correlational study with an applied purpose, employing cross-sectional data collection methods. To test the formulated hypotheses, a survey was conducted among 368 participants, comprising academicians, senior managers in the capital market, and financial managers, using simple random sampling. Structural equation modeling, implemented via PLS software, was employed for hypothesis testing. Confirmatory factor analysis, executed through the least-squares method, was utilized to authenticate 18 core variables and competency items associated with financial managers.

The Competency Model of Financial Managers, particularly relevant in the context of developing countries like Iran, highlights the critical role of financial managers in shaping current and future organizational decisions (see Figure 2.6). This model underscores the increasing need for competent managers in the financial sector, especially in an era of rapid advancements in science and technology. The growth of information technology, exemplified by the evolution of increasingly comprehensive financial systems, emphasizes the necessity of having skilled financial managers. Without them, an organization risks stagnation and an inability to progress or fully utilize the capabilities of advanced financial systems. This model asserts that competent and insightful financial managers are not just passive recipients of financial system reports but actively adapt to these systems, playing a pivotal role in achieving organizational goals. These roles include contributing to crucial organizational decisions, both current and future, and providing strategic insights, which are especially vital in the current economic climate.

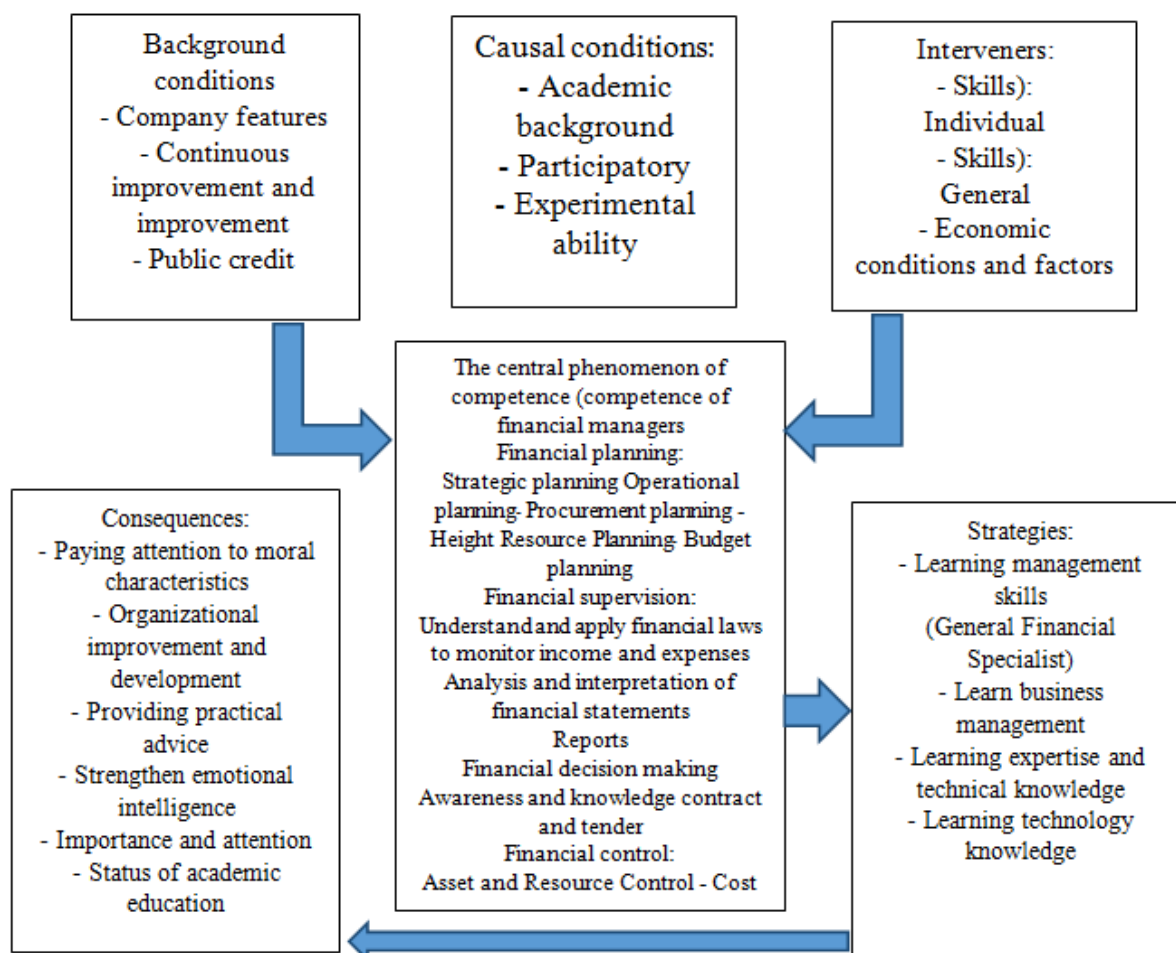


Figure 2.6 The competency model of financial managers

Source: Mohammadi et al. (2021)

The findings of the structural analysis are revealing. They indicate significant impacts of causal, contextual, and intervening variables on the central phenomenon of the competency model. Notably, the primary category profoundly influences the strategies adopted, and these strategies, in turn, have a substantial mediating effect on the relationship between the main categories and their consequent outcomes.

From a practical standpoint, the competency model for financial managers is highly implementable and serves as an effective tool for the selection of competent financial managers. This model's application is likely to enhance organizational decision-making and productivity. In terms of originality and value, the study enriches the understanding of financial managers' competence and efficiency. It highlights the importance of the dimensions within the model's categories, thereby improving organizational foresight and decision-making capabilities.

Mohammadi et al. (2021) focus on the necessity of competent financial managers and effective financial management for financial development in the country. It emphasizes that creating a comprehensive model to pinpoint financial managers' competencies is a critical initial step in setting goals to realize an organization's aspirations and targets. Employing a

qualitative grounded theory approach, the study aims to develop a competency model for financial managers.

In its methodology, theoretical sampling was utilized, incorporating non-probabilistic targeted and snowball methods. This approach led to conducting 20 interviews with experts and senior managers to gather data. Subsequent to the interviews, the collected information was meticulously analyzed through the systematic approach of Strauss and Corbin, employing the paradigm model. The analysis involved open, axial, and selective coding stages, ultimately leading to the formulation of the final model by the researcher.

This final model is an intricate composition of various elements: central categories, causal conditions, intervening conditions, strategies, and consequent outcomes. Each element within the model is defined by specific variables and categories. Attention to these components is crucial in developing a comprehensive and effective competency model for financial managers.

The Chinese academic community's research on competency models in the financial sector is primarily represented by scholars such as Wei and Zhang (2005, 2007a), and Huang and Zhang (2008), with a focus on the banking industry:

Wei and Zhang (2005) conducted empirical research analyzing the competency structure model of commercial bank relationship managers in China. Using the critical incident method and factor analysis, they identified competency features of relationship managers, including information control, expansion demonstration, self-motivation, information grasp, relationship management, coordination communication, and advisory consulting.

Wei and Zhang (2007a) constructed a competency structure model for risk managers in Chinese commercial banks. Through focused interviews and statistical analysis, they deeply analyzed the competency characteristics of risk managers in commercial banks. The results indicated that the competency structure features for risk managers include risk awareness, investigation and verification, communication internal control, and analytical judgment.

Huang and Zhang (2008) explored the structural characteristics of competency in modern commercial bank relationship managers in China. They derived a competency structure model for relationship managers and provided insights into its application in commercial banks and its guidance for human resource management.

Wei and Zhang (2007b) conducted a questionnaire survey of personal business relationship managers in commercial banks in provinces and cities. Through statistical analysis and a comprehensive competency feature evaluation method, they identified competency structure features for personal business relationship managers. These features included conflict management, service extension, risk control, efficiency improvement, and other competency

modules and characteristics.

Huang et al. (2007) studied the competency model for the president of commercial banks in China. They constructed a competency structure model for bank presidents, indicating that the model primarily consists of nine super-competency elements and thirteen benchmark competency characteristics. They provided methods for applying this model to human resource management modules such as recruitment, training, selection, evaluation, and career planning for bank presidents in Chinese commercial banks.

Huang and Zhang (2008), based on their study in 2007, employed a comparative dynamic tracking research method. They tracked and tested the performance of ten subjects for one year, providing an objective evaluation of the subjects' abilities and performance using the president's competency structure model evaluation method. The results showed that the competency model for bank presidents constructed by Huang et al. (2007) had high reliability and validity, effectively distinguishing and predicting performance differences. They suggested widespread adoption of this model.

Wei (2009) conducted a study to explore the structural characteristics of competency in commercial bank loan approval professionals. Using the focus interview method and key behavioral event technique, the study collected valid questionnaires. Findings revealed that the competency structure model for commercial bank loan approval professionals includes three major modules: corrective planning, analytical questioning, and identification judgment, totaling fifteen characteristic indicators.

Huang and Zhao (2010) researched the competency levels and characteristics of Chinese state-owned commercial bank presidents. Based on the competency structure model for bank presidents proposed by Huang et al. (2007), empirical analysis indicated that, the competency of Chinese commercial bank presidents was generally good. There were no significant differences in competency based on gender and years of work experience. However, there were significant differences in competency based on position and region. Additionally, presidents in different performance groups showed significant differences in certain measurement scales. Based on these conclusions, reasonable suggestions were provided to enhance the competency of commercial bank presidents. The study also emphasized the urgency and necessity for commercial banks to establish a competency management system.

In summary, there are few research results on competency models in the domestic financial sector, especially lacking theoretical research on the competency structure of professionals in the trust industry. This research helps fill the gap in theoretical studies on competency models in the Chinese trust industry and the financial sector, providing a theoretical foundation for

subsequent related research.

2.2 Work performance

2.2.1 The concept of work performance

Generally, the work performance of employees is utilized to gauge individual contributions within an organization and serves as the foundation for establishing a reasonable reward and discipline system. Work performance is considered a crucial aspect of management. The methods and standards for measuring work performance hold significant importance for any organization. Consequently, both domestic and international scholars, as well as entrepreneurs, place considerable emphasis on work performance.

The relevant theories of job performance mainly include:

1) Social exchange theory

The classic foundational theory in the study of employee performance is the Social Exchange Theory. According to the Social Exchange Theory, interactions between individuals (or organizations) are essentially based on reciprocal social exchanges, where both parties exchange goods or services, which can be material or immaterial. Both parties evaluate the inputs and outcomes of the exchange process and continuously assess and adjust their exchange relationships based on these judgments (Blau, 2017).

According to the Social Exchange Theory, when employees perceive that the rewards they receive in their exchanges with others (or organizations) exceed the costs they incur, they consciously increase their efforts and investments, improve their work behavior and performance, in order to reciprocate, thus effectively maintaining exchange equilibrium.

2) Impression Management theory

Impression Management, also known as self-presentation, originated from the "dramaturgical" perspective proposed by the psychologist Goffman (1959). According to the definition by Jones and Pittman (Jones & Pittman, 1982), individuals consciously or unconsciously shape others' perceptions of themselves, which is referred to as impression management. The theory of impression management suggests that individuals strive to maintain consistency between their self-image and the image they want others to perceive. They purposefully decide on their behavioral patterns to ensure that their actions align with others' perceptions of them. Impression management helps individuals obtain instrumental rewards and fulfill emotional needs.

The theory of impression management is primarily used to explain the formation of employees' organizational citizenship behavior. According to this theory, organizational citizenship behavior helps employees establish and maintain a favorable image of themselves, thereby enabling them to gain more benefits such as recognition and appreciation from leaders, excellent performance evaluation results, and promotion opportunities. For this reason, employees consciously exhibit high levels of organizational citizenship behavior to gain rewards (Bolino et al., 2006).

3) AMO theory Model

Vroom (1964) proposed the employee performance function, which states that employee ability and job motivation determine the level of employee job performance. Building upon this, Appelbaum (2000) further synthesized the Employee Performance AMO Model, which suggests that employee job performance is mainly influenced by three factors: Ability, Motivation, and Opportunity. Specifically, job performance is determined by the interaction of employee ability, motivation, and opportunity.

Ability (A) refers to the deep-level individual characteristics possessed by an individual, including competency, qualities, knowledge, skills. Motivation (M) refers to the degree to which an individual is willing to invest personal resources such as time, energy, and effort into work, manifested in the direction, intensity, and duration of personal resource expenditure. Opportunity (O) refers to all potential environmental factors that are not influenced or controlled by individual employees, which may contribute to or hinder the achievement and improvement of employee performance.

Performance is an indicator that measures the degree of achievement of a particular goal. Work performance refers to the value of an employee's contribution to his job. It can be the number of products at work, or product quality, or productivity. Work performance has always been an important evaluation or assessment metric for enterprises and organizations. It is not only a goal pursued by leaders but also serves as a key indicator for assessing employee performance. Work performance encompasses various factors such as productivity, revenue growth rate, and enhanced customer satisfaction, among others.. Within an organization, an individual's work performance is typically utilized to judge their contribution to the organization and forms the basis for determining appropriate rewards.

Jex (1998) and Edwards (1991) integrate viewpoints of different scholars, and think that individuals and work performance can be considered from two perspectives, one is demand and ability, and the other is demand and supply. Demand and ability perspective refers to the fit between individual abilities and work requirement. Demand and supply perspective refers to the

fit between individual demands and job attributes. The relationship between personality traits and work performance should be like demand and supply.

Campbell (1990) believes that work performance is behavior shown by employees or members of the organization when they complete the tasks assigned or specified by the enterprise or organization.

Borman and Motowidlo (1997) define work performance as measurable behavior related to organizational goals. The main manifestations are as follows:

- 1) Strive to achieve the target of the organization;
- 2) Volunteer to engage in work outside of their duty;
- 3) Willing to assist colleagues or customers;
- 4) Follow rules and operating procedures of the organization;
- 5) Fully support policies and objectives of the organization.

Based on definitions of work performances proposed by previous research, here we define work performance as the degree to which employees achieve organizational goals within a specific period, that is, to measure the working status of employees, so that managers can understand employees working performance, in order to achieve the overall goals of the organization.

2.2.2 Factors affecting work performance

The traditional perspective holds that intelligence factors are highly important for predicting individual job performance. However, as research has progressed, scholars have gradually questioned this viewpoint. Barren and Depinet found that the relationship between intelligence test scores and job performance is very weak. McClelland proposed measuring competency instead of traditional intelligence tests. Subsequently, scholars have conducted extensive research on the relationship between competency and job performance (Cowan, 1994). From the definition of competency, we can see that it includes individual characteristics such as knowledge, skills, social roles, self-concept, traits, motivation, attitudes. Theoretical and empirical studies on the relationship between these personal characteristic factors and job performance have provided support for the predictive role of competency in job performance.

Research on personality and job performance is one of the most important topics in industrial-organizational psychology in the 21st century. Researchers in this field have obtained a wealth of research results. Early research on the relationship between personality scales and job performance showed no significant correlation between personality traits and

job performance, suggesting that personality trait tests cannot be used as a scientific basis for personnel selection. Subsequently, scholars conducted research on the classification of personality traits and found that there are approximately five traits that can cover all aspects of personality description. They proposed the Big Five personality model, which includes the dimensions of Neuroticism, Extraversion, Openness, Agreeableness, and Conscientiousness. Meta-analyses have found that the Big Five personality traits have good predictive validity for job performance (Buss & Finn, 1987).

Hurtz and Donovan (2000) found through research that the predictive validity of each element of the Big Five personality traits for job performance varies with the type of work. Conscientiousness can effectively predict various types of work, while Agreeableness has better predictive validity for service-related jobs, and Extraversion has better predictive validity for managerial jobs. Research on the correlation between the Big Five personality traits and different dimensions of job performance has found that the Big Five personality traits have predictive effects on task performance and relational performance, but have higher predictive validity for relational performance.

Mohammed et al. (2002) found through research on the impact of abilities, experience, and personality on performance that Agreeableness in the Big Five personality traits can predict relational performance. LePine and Van Dyne (2001) found in their research that the dimensions of Conscientiousness, Extraversion, and Agreeableness in the Big Five personality traits are all related to relational performance. Coleman and Borman (2000) found in their study of insurance salespeople that Extraversion in the Big Five personality traits is related to task performance, while Conscientiousness, Neuroticism, Agreeableness, and Openness are related to relational performance.

In the field of research on the relationship between cognitive ability and job performance, research in differential psychology indicates that general cognitive ability is more important than any other trait. Hunter and Schmidt's (1996) causal model research shows that individuals with higher general cognitive ability learn job knowledge faster, acquire more job knowledge, and achieve higher levels of job performance. General cognitive ability influences job performance through the acquisition of job knowledge. At the same time, general cognitive ability has a direct impact on job performance.

Ferris et al. (2001) and others pointed out that besides general cognitive ability, other abilities such as social skills and physical fitness are also related to job performance. The interaction between social skills and general cognitive ability jointly influences job performance. Some studies support the direct impact of cognitive ability on job performance,

but more research has found that cognitive ability does not have a direct impact on job performance. It usually interacts with other factors to affect job performance.

Chinese scholars have also conducted a large amount of theoretical and empirical research on the relationship between competency and job performance. C. M. Wang (Wang, 2000) proposed a performance structure with job performance as the basic criterion of competency, focusing on work performance, functional performance, and organizational performance as benchmarks. The research results indicate a close relationship between managerial competency elements such as managerial qualities and managerial abilities and the three aspects of job performance.

Jin et al. (2004) explored the relationship between managerial competency and job performance based on situational assessments. The results showed that the predictive effects of managerial competency on dimensions of job performance varied. Relational competency was found to be an effective predictor of interpersonal facilitation and job dedication, problem-solving characteristics mainly predicted task performance and interpersonal facilitation, while integrity and responsibility characteristics had more impact on managers' job dedication.

Long (2010) found direct and indirect effects of competency on employee performance in the competency model. Some elements had high correlations with performance and served as key indicators in the competency model, directly affecting employee job performance. These indicators could predict the performance level of marketing managers to some extent. Some elements, although not significantly correlated with job performance, were related to key competency indicators in the competency model, thus indirectly influencing job performance through their correlation with key competency elements.

X. P. Wu et al. (2006) pointed out that employee job performance is not determined by a single factor, but is influenced and realized by the interaction of individual factors including employees' needs, personality, abilities, and attitudes, as well as organizational and job-related factors.

H. M. Ma and Li (2008) analyzed relevant domestic and foreign literature, studied the concept and structure of entrepreneurial team competency, identified the characteristic dimensions of entrepreneurial team competency, and explored the relationship between entrepreneurial team competency and entrepreneurial performance.

Domestic and foreign scholars have also found that different competency elements have different effects on different components of performance. Competency is not significantly related to all factors in job performance; it may have predictive power for both task

performance and relational performance dimensions, or it may only have predictive power for one of them.

Motowidlo and Van Scotter (1994) found that dimensions of competency such as knowledge and skills have a higher impact on task performance. Research by Coleman and Borman (2000) and others has shown that variables like attitude motivation and sense of responsibility not only influence relational performance but also have predictive power for task performance.

Scholar Xue and Hu (2010) studied the relationship between competency and job performance of university teachers. Through regression analysis of questionnaire survey results, it was found that three dimensions of teacher competency (including interpersonal interaction, moral characteristics, and knowledge and skills) have a significant predictive effect on job performance. Among them, interpersonal interaction and knowledge and skills have a significant predictive effect on task performance, while interpersonal interaction and moral characteristics have a significant predictive effect on job dedication and interpersonal facilitation.

2.2.3 Measurement of work performance

Although there are different definitions of job performance in the academic community, it is generally agreed that job performance includes two core components: task performance and citizenship performance (Borman & Motowidlo, 1993; Ng & Feldman, 2012; Rich et al., 2010). Task performance refers to activities that directly transform raw materials into products and services for the organization, such as selling goods in retail stores or operating production machines in manufacturing plants. Task performance also includes activities that support and maintain the technical core by replenishing raw material supplies, selling finished products, and providing immediate planning, coordination, and supervision to ensure efficient operation. Citizenship performance refers to extra-role behaviors that actively promote and enhance organizational effectiveness beyond the core task requirements (e.g., helping colleagues) (Organ, 1988).

Citizenship performance is important because it contributes to improving organizational effectiveness, shaping the organizational, social, and psychological environment, and acting as a catalyst for task activities and processes, including voluntary participation in tasks not part of the job description and assisting others within the organization to complete tasks (Borman & Motowidlo, 1997).

Both types of behaviors contribute to overall performance ratings, but the weight of job

performance tends to lean towards task performance because it is the evaluation of employees' most direct contributions to the organization; citizenship performance, due to its voluntary and non-mandatory nature, may be underestimated, but it also plays an important role in organizational development (Rotundo & Sackett, 2002; C. J. Yang et al., 2015). In summary, existing research, both theoretically and empirically, has well confirmed that task performance and citizenship performance are the two core components of overall job performance (Borman & Motowidlo, 1993; Rubin et al., 2013; Y. N. Liu et al., 2011).

It should be noted that research on citizenship performance originated from the study of organizational citizenship behavior, with a basic assumption that engaging in citizenship behavior can enhance the effectiveness of the environment in which work roles are situated (Rubin et al., 2013). Organizational citizenship behavior is defined as behavior that maintains and enhances the social and psychological environment of work performance (Borman & Motowidlo, 1993).

Scholars have proposed some concepts similar to citizenship performance, which can easily cause confusion, so it is necessary to distinguish their similarities and differences. Firstly, the difference between citizenship performance and extra-role behavior. Extra-role behavior refers to behavior that is not explicitly specified in the job role description, is not formally recognized by reward systems, and is not a source of punitive consequences, such as helping behavior and voice behavior (Van Dyne & LePine, 1998). Extra-role behavior is broader than citizenship performance, meaning that extra-role behavior does not necessarily constitute citizenship performance, but citizenship performance is often a type of extra-role behavior.

Secondly, the difference between citizenship performance and prosocial organizational behavior. Prosocial organizational behavior refers to actions that promote the welfare of the individual or group targeted by the behavior, but this behavior includes characteristics of both in-role and extra-role behavior, which is a direct distinction from citizenship performance. Therefore, from this perspective, citizenship performance and task performance constitute a more scientifically divided structure in the types of job performance.

The measurement of job performance has matured through extensive research.

J. R. Li (1999) reviewed relevant research of foreign professions and classified measurements indicators of employee work performance into three factors: efficiency, efficacy and quality. He took the white-collar class of Taiwan's electronics industry as research object to measure their work performance:

- 1) Efficiency indicators: efficiency of work output, degree of work task achievement within

time deadline.

2) Performance indicators: achievement rate of work goals, proposal and innovation performance.

3) Quality indicators: work quality, satisfaction and complaint rate (from customers, supervisors and colleagues).

Jiang (2004) discussed the interaction between employee personality traits, work values, and social capital on work performance, and conducted a research covering employees from Taiwan Uni-President Co., Ltd and Taiwan Semiconductor manufacturing Company. The research found that employees with high social capital will have better work performance; and employee social capital has a greater impact on work performance than employee's personality traits and work values; the combination of employee social capital and appropriate personality traits and work values can effectively promote the improvement of work performance.

Jiang (2004) designed a questionnaire referring to research findings of J. R. Li (1999), and with a Cronbach's α value greater than 0.7, indicating a high reliability of the questionnaire. There are many discussions about factors affecting work performance, such as personality characteristics, job characteristics, organization, culture, salary, and management style. His research mainly explored the relationship between management competencies and work performance within an organization encouraging self-learning. This research made reference to classification indicators of work performance from J. R. Li's (1999) research, and invited questionnaire respondents to carry self-evaluation for further analysis.

Considering the convenience of measurement, most of the research on work performance is based on the analysis of task performance or individual behavior (Campbell & Furrer, 1995). The definition of task performance is limited to whether individual work results meet the performance standard set by the organization, the number of problem solving, and the number of production and service.

Motowidlo and Van Scotter (1994) extended the definition according to Borman and Motowidlo's research, positioning task performance as an individual work result related to the completion degree of the work recognized by the organization.

Generally, there are four ways to measure work performance of individuals in an organization (He & Yang, 1993):

1) Absolute standards. Absolute standards in performance evaluation refer to a method where a predetermined standard is established, and individual employees are assessed based on whether they meet this standard. which refers to that firstly establish a standard, and then compare whether individual employees meet this standard. Unlike relative standards, which

involve comparing one individual's performance against another, absolute standards evaluate each individual against a consistent benchmark. The three commonly used absolute standards are: Trait-rating Scale, Behavioral-anchored Rating Scale, and Behavioral Observation Scale.

2) Relative Standards, which refers to arranging employees in order of superiority after synthesizing the contents of each measurement.

3) Objective-based approach, which refers to evaluating work performance of employees through measuring their success in completing specific goals and key work events. This method of performance evaluation is more based on work results, not on work behavior.

4) Direct indexes approach, which refers to evaluating work performance of employees according to certain important indicators such as production efficiency, absentee rate, and staff turnover rate.

Furthermore, Dessler (1982) proposed several commonly used performance evaluation methods:

1) Graphical measurement method: use an evaluation measurement table of five or seven levels to assess behavioral characteristics or factors affecting performance, and invite supervisors or managers for evaluation.

2) Alternate arrangement method: a technique used in performance evaluation where employees are arranged in order of their performance. This method typically involves selecting the best performer from the group first, then choosing the next best performer from the remaining group, and continuing in this manner until all employees have been ranked..

3) Pairwise comparison method: evaluate performance of employees in pairs, select the better one, and keep going to find the best one.

4) Forced distribution method: distribute employee performances according to the normal distribution or a certain proportion.

5) Key event method: conduct performance evaluation of employees on the basis of supervisors' record on employees' key performance events within a certain period.

6) Comprehensive method: use multiple methods listed above to evaluate employee performance.

In summary, there are various and diverse methods of performance evaluation, and each one has its own advantages and disadvantages. For example, due to limited variation of human resources related standard such as the absenteeism rate, the validity will be accordingly different. Therefore, when choosing a suitable performance measurement method, we need to make decision according to the overall goal and situations of the organization.

2.3 Research on competency and work performance

In 1909, Professor Frank Parson of Boston University proposed the Trait-Factor theory. In his work “Choosing a Vacation,” he mentioned that individuals have unique personality patterns, and each personality pattern corresponds to specific types of occupations. Parson believed that choosing a career should involve three steps: personal trait assessment, occupational factor analysis, and person-job matching.

As time progressed, the ability-job matching theory emerged in the early 20th century, focusing on the alignment of individual personality traits with job characteristics. The fundamental idea is that individual differences are universal, and each job, due to differences in nature, environment, conditions, and methods, imposes distinct requirements on workers’ abilities, knowledge, skills, personality, temperament, and psychological qualities. When making career decisions, it is essential to allocate job types that correspond to individual personality traits, thus ensuring ability-job matching. If there is a good ability-job match, the coordination between personality traits and job requirements is high, significantly improving work efficiency. Conversely, a poor match may reduce work efficiency.

Initially, this theory encompasses two aspects: demand-ability matching, where a job requires specific abilities that an individual must possess entirely, and need-supply matching, where the abilities an employee possesses are fully capable of meeting the job’s requirements. In this optimal state of matching, employees can unleash their full potential in the job, deriving job satisfaction, and the job can provide rewards in line with employee expectations, leading to optimal performance.

The Ability-Job Matching theory posits the following principles:

1) People have differences in ability levels, which encompass various factors such as knowledge, skills, experience, career orientation, willpower, and character. Individuals at different ability levels should assume different responsibilities, with varying expectations in terms of responsibilities, rights, and honors.

2) People have distinctions in expertise, and different professions and specialties cannot be accurately compared in terms of ability levels. If the distinctions in expertise are not considered, it becomes impossible to accurately assess ability level differences.

3) Positions within the same series at different levels have distinct requirements for the structure and magnitude of abilities. Due to differences in hierarchy, responsibilities, rights, and required ability structures significantly differ across positions at different levels.

4) Positions at the same level in different series have varying requirements for abilities.

Despite being at the same level, the structure and professional requirements of abilities differ significantly due to differences in job series.

5) Ability levels should align with the requirements of the position. If the ability level exceeds the position's requirements, high-quality talents cannot be retained, leading to rapid personnel turnover. If the ability level is below the position's requirements, productivity decreases, team building faces resistance, morale weakens, and a vicious cycle may ensue. The matching or basic matching of ability levels with position requirements is a sign of organizational maturity and the discovery of steady organizational development.

Ability-job matching is a primary method in human resource allocation, reflecting the mutual relationship between individuals and work. It also illustrates the relationship between an individual's internal drive, work motivation, and the work environment.

Performance is built upon competency, but will change under the influence of systematic factors and other situations. Performance is usually evaluated with quantitative results, while behavioral competency is usually assessed qualitatively. Competency is correlated with performance, but it is not the same concept. Competent persons may have low performance for various reasons, but it is often difficult to see those who work extremely hard to perform far beyond their competencies.

As mentioned above, competency refers to a state or trait that facilitates the tasks to be performed with sufficient or appropriate conditions. An individual gains competencies throughout his life cycle via education, training, experience and talent. Competencies are observable and measurable skills, knowledge, and abilities. Classical competency researches make comparisons between workers with outstanding performance and those with average performance. The main difference between classical task-based model and competency-based model is that they adopt different methods to determine the competencies required to achieve successful performance. Major performance management approach is to design the framework centering on work structure. While classical task-based model starts with job analysis in order to identify tasks related to work, so as to determine a range of attributes, skills, knowledge and competencies required to achieve work performance successfully (Davis, 2008). In addition, classical performance evaluation and management focus on criteria, completion, of task and quantitative results.

On the other hand, competency-based model relies on experts to draw a list of competencies related to effective and outstanding performance. Experts will observe and

research individuals with better performance, record the competencies they demonstrate, and use these competencies as a key metric measurement of successful performance. The success of an organization is greatly enhanced by recruiting individuals who are suitable for the organization rather than for the job. Corporate restructuring and reforming initiatives have brought changes to the environment. In order to cope with this rapidly changing environment, the matching between individuals and organizations provides core competencies necessary for organizations to maintain competitive advantages. Global Alliance for Project Performance Standards (GAPPS) has developed several frameworks for performance-based competency standards (Davis, 2008). According to GAPPS, competency can be evaluated through performance-based analysis.

Dreyfus (1980) defines competency as a criterion for the scope of performance improvement; and Dreyfus brothers developed a five stages model of skill acquisition for pilot training. In their model, trainees begin to acquire skills as novices at the initial stage, and gradually develop into advanced, competent, professional, and finally as an expert. In this model, “competitiveness” is a point in the middle stage, which is a critical stage that a person must go through before he becomes an expert and achieves performance standards (Khan & Ramachandran, 2012).

More specifically, Miller (1990) disposes his triangle model to explain the relationship between competency and performance, which consists of four phases, 1) cognition, 2) cognition of the realization method, 3) embodiment of the realization approach, and finally 4) behavior (performance). Miller explains the different development stages of the learning life cycle and places competency and performance at the top of this model. Based on Miller’s work, Rethans et al. (2002) propose a new model, the Cambridge model: it extends and perfects the Five-stage model (Dreyfus & Dreyfus, 1980), and adds two factors to the pyramid model (Miller, 1990).

On the other hand, Roe (2002) describes a classical approach of assessing competencies of psychologists during training, which is also applicable to other profession. Roe’s competency structure model provides guidance for incorporating defined competencies into curriculum design and evaluation.

Roe (2002) proposed the structural image of this model which is similar to a Greek temple. He believes that competency contains several important components, including personal attributes such as ability, and personality traits. The “Pillar of Skill Acquisition” refers to traditional knowledge, skills and attitudes, and all of these are combined to form the

temple's "roof". Roe further deduces that high level of competencies is a prerequisite for good performance, but it does not guarantee certain performance.

Recently Kolibáčová (2014) believes that company performance depends on the competence of employees and can be achieved with the help of effective technology and processes. He studied a large Czech healthcare company, and conducted in-depth interviews with many supervisors and senior managers in the human resources department in 2010 and 2011. She concluded that effective performance requires a combination of knowledge, skills and other personality traits. The competency model designed by the company is very useful for quantitatively measuring personal success and can be used as a criterion for talent selection, but gender discrimination should be avoided. Many scholars believe that competence is a critical factor influencing performance, but they also acknowledge that it is not the sole determinant. Evaluating individual performance is indeed a complex process that encompasses a variety of factors extending beyond personal competence. These factors include, but are not limited to: political, economic, social and technological development.

2.4 Chapter summary

In summary, the existing theoretical research on the relationship between competency and performance mainly focuses on industries with a large number of employees, such as healthcare, retail, and construction, while research on the trust industry in China is inadequate, let alone research on the relationship between business managers' competency and performance. The rapid development of the trust industry in China underscores the pivotal role of business managers, particularly due to their unique position in bridging the asset and fund sides and managing individual trust projects that involve substantial amounts of money. These practical characteristics of business managers in the trust industry make the exploration of their competency features highly relevant and significant. Based on this, this study focuses on the competency dimensions of business managers in the Chinese trust industry as the independent variable, with performance as the dependent variable. By exploring the relationship between competency and performance, this study ventures into a relatively new research field. The theoretical value of this study lies in its contribution to the existing body of knowledge regarding competencies in the trust industry – a sector that has not been extensively researched in this regard. Therefore, this study has certain theoretical value and practical significance. Additionally, it provides empirical insights that could guide the development of targeted training programs for managers in this rapidly growing sector. The

findings may also serve as a benchmark for other sectors in assessing the impact of managerial competencies on business outcomes, thus broadening the applicability of the study's conclusions.

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Chapter 3: Formation of Competency Model of Business Managers in Chinese Trust Industry

3.1 Development history of trust

The earliest concept of trust can be traced back to Roman law. Some studies suggest that trust techniques were present during the era of Roman law, and France, through its Civil Code, has effectively inherited and developed these methods. However, in Roman law, testamentary trusts or property trusts entailed the direct transfer of ownership of trust property or the subject matter to individuals or entities . This reflects a rudimentary trust concept based on the principle of entrusting due to trust. Nevertheless, it does not align with the contemporary understanding. In Roman law, heirs did not manage the property and transfer the resulting benefits to beneficiaries, a process predicated on acquiring ownership. Therefore, the term “trust” in Roman law is nominal and does not represent the origin of the modern trust system .

3.1.1 Trust is a product of the “equity” system in the Anglo-American legal tradition

The formation and development of the trust system cannot be simplistically equated with the emergence and development of equity law, although the two are closely intertwined. Initially,, chancellors or judges , primarily appointed from the ranks of bishops, played a significant role.Until the early seventeenth century, the concept of conscience in equity law was predominantly religious rather than legal.. The term “equity” is closely tied to the history of Britain. The surge in lawsuits petitioning the king directly led to the overwhelming of the king’s capacity to address them, prompting the establishment of the chancellor's position to hear petitions made directly to the king. The chancellor, authorized to issue writs on behalf of the monarchy, gradually gained the power to adjudicate cases directly. This increase in cases necessitated the establishment of equity courts inevitable, which then developed the principles of equity law.

The emergence and development of equity laware complex. seeking relief from the Lord Chancellor was multifaceted due to the imperfect legal system in fourteenth-century England, which lacked a definite scope of application without obvious flaws. When the common law system failed to resolve certain issues, seeking relief from the Lord Chancellor or other

remedies was a natural response.

Similarly, the appearance of equity law principles in China's history during the Han Dynasty is not unexpected.. Regardless of the ruler's motives in adjudication, the fundamental purpose of maintaining their ruling status remains constant. The impact of equity law courts enforcing equitable remedies in England significantly differed from the situation in China, where the ruler's intervention was rare.. Early English courts of equity, regarded by legal scholars as courts of conscience, saw the Lord Chancellor as the guardian of the monarch's conscience. The position of the Lord Chancellor was often referred to as "Lord Keeper," and sometimes as "Lord Keeper of the Great Seal." For example, during the reign of Queen Elizabeth I, Sir Christopher, in this position, was known as the "Guardian of the Queen's Conscience." In essence, throughout history, the rules of equity law represented the specific application of the monarch's personal power to achieve justice and ensure the enforcement of a good conscience.

3.1.2 Trust originated from the system of land usufruct system

The modern trust system originated in England , where it is commonly believed that the English usufruct system, with roots in Germanic law, served as the precursor to the trust system and was later formalized by England. In 1066, the Duke of Normandy conquered England and distributed the land of the defeated party among his loyal followers and relatives. Based on this system, vassals, akin to the king, distributed the land they acquired to their subordinates and peasants. In reality, each person's right to land was partial rather than total.

The early features of the usufruct system played a crucial role in achieving these objectives. Particularly from the 13th-century Crusades in England to the subsequent Wars of the Roses, war participants established usufruct arrangements to preserve their land. They transferred their land to relatives or entrusted it to individuals who were committed to peace, aiming to secure land inheritance and preservation. However, the system of uses carried the risk of breach of trust. Consequently, the moral obligation of the usufruct assignee was the sole remedy under common law, leaving the beneficiary without the option to seek legal relief.

3.1.3 The formation of trust

By the 18th century, terms such as "use" and "cestuis que use" in everyday legal affairs gradually gave way to "trust," "trustee," and "beneficiary." The usage of these terms, "trust" and "use", differs significantly. The former emphasizes formal ownership of property, while the

latter focuses on the right to enjoy the benefits. In practice, the courts of equity gradually shaped the trust into an effective tool for managing and disposing of property. In contrast, rules related to property rights in common law are also reflected in modern trust law. For example, the rights protected by equity for beneficiaries, such as residual rights or life estates, may not necessarily be full ownership.

Trust law necessitates the clear delineation and clarification of property rights of beneficiaries in equity under English common law, specifically outlining the nature of these rights. When a trustee breaches their fiduciary duties, resulting in litigation, beneficiaries naturally gain an in personam right. With this right, they can seek redress against the unfaithful trustee. Consequently, the rights of beneficiaries have the nature of a right in rem, not just a right in personam. In English law, there is a significant distinction in the way trust property is held between trustees and beneficiaries. To elucidate, beneficiaries are associated with equitable interests under equity, while legal estates are linked to trustees under the law. This dual structure presents complexities in distinguishing property rights within the trust relationship.

3.1.4 The modern development of trust

1. Trust in modern Anglo-American legal systems

The modern evolution of trust in the Anglo-American legal systems has undergone a transition from functions predominantly related to property holding and real estate transfer to today's financial functions, including stocks and securities. Trust law in the Anglo-American legal systems has adapted fiduciary duty principles to align with changing times. While common law rules may have become outdated, trusts progressively redefined and innovated the content and scope of fiduciary duties.

For example, in the 19th century, marital property laws raised issues concerning legal personality of wives. According to legal provisions, a wife's legal personality was subsumed by her husband upon marriage, implying that any post-marriage property acquisitions by the wife were considered to be for her husband. At that time, the law failed to protect the rights of wives within the marital household and attempt to reform such laws were deemed impractical and too radical, lacking societal approval. However, trusts were able to obscure the concept of ownership. Irrespective of how trust property was acquired, if the trustee adhered to the trust's purpose, such as securing property for the wife's trust, she was entitled to receive it, regardless of her legal capacity to acquire property..

In the United States across the Atlantic Ocean, the trust system thrived, overturning established rules and instituting new ones. Commercial trusts found a conducive environment

for growth. The principle of spendthrift trusts, which limits the transfer of beneficial interests, was created during this period. Trusts, a Pandora's box, exhibit remarkable diversity. Contracts are maximized in this context, and trusts have become a fundamental legal system with broad influence and shaping power in American law.

2. Trust in the Continental Legal system

As a legal system distinctly marked by characteristics of the Anglo-American legal tradition, the development of trusts has also attracted attention from countries (regions) within the Continental legal system. In Continental legal system countries (regions), trusts are primarily viewed as a practical and flexible asset management tool. Consequently, some countries and regions within the Continental legal system begun to utilize trusts to stabilize their financial foundations. Additionally, wealthy individuals in multiple legal jurisdictions with assets are increasingly inclined to use trusts as a mechanism for holding family wealth and devising tax-efficient inheritance plans.

In jurisdictions that adhere to the Continental legal system that enforce compulsory inheritance systems, settlors are attracted to the advantages of offshore trusts as a means to circumvent such inheritance systems. Even if countries and regions within the Continental legal system do not have the intention to transplant trusts, their legal systems still need to establish rules to ascertain the recognition and application of trusts.

Focusing on Germany, a representative country of the Continental legal system, there is no unified trust code due to the absence of a concept akin to equity law. Instead, the concept of trust is regulated within the Civil Code, categorizing trust relationships as a type of civil relationship. Moreover, the concept of dual ownership in trusts (use upon use) significantly differs from the traditional principle of "one thing, one right" in the Continental legal system.

In German law, trusts are not recognized as a separate, well-defined contract, nor is there an independent trust system. However, German law incorporates the fundamental characteristics of trusts functionally, embedding the core utility of trusts within various legal provisions to emulate trust effects. This is evident in specific provisions of the German Civil Code, such as Article 328 dealing with contract issues in the establishment of trusts, stating that "the general standards of the German Civil Code apply to effectiveness, revocation, and termination," Article 662 stating that "if the beneficiary and the settlor of the trust agreement are different, it may be characterized as a contract made for the benefit of a third party," and Article 675 addressing the handling of uncompensated trusts, where trusts without payment are dealt with according to the terms of the trust contract.

In Japan, the concept of civil trusts is fundamentally similar to the "family trust" concept in

Anglo-American countries. It has developed based on both civil and profit-oriented trusts. The primary function of trusts in Japan is to transfer property to trusted individuals for the purpose of wealth succession. The appointed trustee, in accordance with the trust's purpose, assumes the obligation to manage the trust property. Regarding property management trusts, Japan applies private trusts, but private trusts in Japan also include trusts with a profit-oriented purpose.

In 2006, Article 2, Paragraph 1 of the Japanese Trust Law defined trusts as follows: "Through a fixed method, a specific person must take necessary actions for the management or disposal of property and other purposes, based on specific objectives (excluding objectives solely for the benefit of that person)." Article 3 stipulates that trusts can be established in any of the following ways: first, by signing a "trust agreement" with the trustee; second, by establishing a will; third, by proving the intent to establish a trust and assume trustee responsibilities through a notarial deed, other documents, or electronic records. It's worth noting that, unlike earlier laws from 1922, the above two provisions in terms of establishing trusts do not specify the necessity for the settlor to transfer trust property to the trustee.

Moreover, in 2006, the Japanese Trust Law implicitly stated that ownership of trust property belongs to the trustee, differentiating it from agency or authorization. This is because Article 2, Paragraph 3, defines trust property as "any or all property that belongs to the trustee and must be managed or disposed of through the trust." The 2006 Trust Law only specifies that ownership of trust property belongs to the trustee without requiring the transfer of trust property to the trustee. This allows the settlor to declare themselves as the trustee (without transferring the trust property to themselves). This is a novel approach in Japan. In essence, the 2006 Trust Law makes Japan unique globally by not prohibiting (thus allowing) the sole settlor to declare themselves as the sole trustee and act as the sole beneficiary for the management of trust property for their own benefit.

Regarding the definition of the trust industry, in the first chapter of the Trust Industry Act in Taiwan in 2006, the trust industry is defined as institutions licensed by the regulatory authority to engage in trust business. Unfortunately, the Trust Industry Act does not incorporate the concept of business trusts.

In summary, the formation of the concept of "fiduciary" or "trust" in various countries or regions is influenced to some degree by occasional internal factors. The impact of these factors on the essence and functionality of trusts hinges on the extent to which they shape the legal and technical choices facilitating the practical application of trusts' core functions. In the traditional common law systems such as in England and the United States, there is almost no need to emphasize the importance of trusts. However, trusts or similar systems, accepted by countries

(regions) in the Continental legal system through transplantation, exhibit some differences in application.

The 20th century saw the flourishing development of business trusts, leading to an interaction between trusts and the Continental legal system, primarily facilitated through the recognition of common law trust systems via The Hague Trust Convention. Japan, an early adopter of trusts in Asia, incorporated them as early as 1922. During the period when Japan occupied Korea from 1910 to 1945, the “Japanese Trust Law” was considered part of Korean law. Later, in the 1960s, Korea passed its independent “Korean Trust Law.” Particularly noteworthy are the series of reforms in Japan and Korea in recent years, which have embraced some non-traditional trust concepts.

Furthermore, despite the lack of support from domestic foundational laws, countries and regions in Asia with a Continental legal system still tend to apply trusts in various complex business and financial securities fields. This may exert pressure on trusts and other related laws. Therefore, codifying trust relationships into written law and clearly establishing the rights and obligations of the parties in Continental legal systems pose certain difficulties. The Continental legal system, constrained by the traditional principles of “one thing, one right” and “separation of creditor’s rights and property rights,” faces challenges in directly adopting or universally applying the trust system from Anglo-American legal systems. Trusts must be integrated in a way that does not contravene the fundamental legal structure of the jurisdiction, ensuring alignment with the basic spirit of its own laws. In this context, the introduction of trust systems from Anglo-American legal systems exhibits significant deviations, lacking clarity in characteristics and positions.

The modern trust system is increasingly institutionalized, with trust companies playing a pivotal role. As the trust industry has expanded, institutions dedicated to trust management have emerged. The rise of trust companies emphasizes the demand for trust as a specialized service. These companies focus on the administration of trust assets, fulfilling the duties of trustees, and providing specialized knowledge in trust services. The origin of trust companies is closely linked to the demand within legal systems for more flexible and professional trust management services. The development of this system reflects the ongoing evolution of legal and societal requirements for property management and estate planning.

In the context of China, trust companies mainly refer to financial institutions established in accordance with the Company Law of the People’s Republic of China and the Regulations on the Administration of Trust Companies, engaging primarily in commercial trust business. According to these legal provisions, trust companies are defined as entities primarily engaged

in commercial trust activities. The Regulations differentiate trust businesses based on whether the trust companies utilize their own free assets, distinguishing between inherent business and trust business..

Trust business mainly covers the following aspects. Chinese trust companies are authorized to operate part or all of both domestic and foreign currency businesses. They are also permitted to conduct charitable trusts in accordance with the Trust Law. They can independently set the types of trust business. Except for repurchase, they can independently decide how to manage and use trust property according to the trust document. Inherent business includes external guarantee business, operating foreign exchange trust business. As per the latest data, there are 68 trust companies approved by the China Banking and Insurance Regulatory Commission.

3.2 Introduction of Chinese trust industry

3.2.1 History of Chinese trust industry

Since the resumption of formal operation in 1979, China's trust industry has experienced ups and downs and has been through a journey of 43 years. Overall, the development of China's trust industry can be divided into four stages:

(1) Savage growth period (1979-2000)

From the establishment of China International Trust and Investment Corporation in 1979 to the official release of the Trust Law in 2001. During this stage, trust companies mainly engaged in financing platform businesses, relying on government credit to finance loans to enterprises through various channels such as trust deposits, interbank borrowing, and overseas bonds issuance. At the same time, they also engaged in investment and operating activities such as import and export trade, real estate development, and leasing business. Due to the lack of laws and regulations and supervision systems, many trust institutions blindly expanded with chaotic management. From 1982 to 1999, the industry experienced five rounds of cleaning and rectification, with the fifth round commencing in 1999, being the most comprehensive and effective..

(2) Difficult exploration period (2001-2007)

The fifth comprehensive rectification of China's trust industry that began in 1999 led to the promulgation of the Trust Law in 2001, and Trust Investment Company Management Measures and the Interim Measures for the Management of Funds Trust of Trust Investment Companies in 2002. These reforms firmly established the separation of the trust industry from

the banking and securities sectors. China's trust industry was positioned as a financial institution primarily engaged in trust business, with deposit and loan businesses being significantly reduced and streamlined. Trust companies that could not sustain their operations underwent closure, reorganization, or license revocation, leading to the formation of the current structure of 68 trust companies. During this stage, trust companies began to diversify their trust business, successively launching infrastructure trusts, real estate trusts, and securities trusts. However, these ventures did not significantly contribute to the scale and revenue, with investment business revenue still comprising over 90% of the industry's total income.

(3) Quick bloom period (2008-2017)

From the “4 trillion RMB stimulus policy” in 2008 to the release of the new asset management regulations in 2018. In 2007, Regulations on the Administration of Trust Companies (2007a) and the Regulations on the Administration of Collective Trust Plans of Trust Companies (CBRC, 2007b) were issued. These two regulations changed the name of “Trust and Investment Company” to “Trust Company” and required trust companies to divest from real investment businesses and strengthen regulatory supervision of trust businesses. In 2008, in response to the impact of the international financial crisis, China launched a “4 trillion RMB economic stimulus plan” (Wikipedia, 2023b). In 2010, as the economy showed signs of overheating, government decided to tighten regulatory policies. The scale of bank and trust cooperation expanded rapidly to avoid regulatory restrictions, and financing trust business grew rapidly, particularly in the real estate and infrastructure sectors that were in an upswing. In the ten years from 2008 to 2017, the scale of trust assets expanded nearly 30 times, from 0.95 trillion yuan at the end of 2007 to 26.25 trillion yuan at the end of 2017 (Qu, 2023).

(4) Rectification and return period (2018-present)

From the release of the new asset management regulations in 2018. In April 2018, the Guidance on Standardizing Asset Management Operations of Financial Institutions (PBoC et al., 2018), hereinafter referred to as the New Asset Management Regulations, were issued, ushering in a new round of transformation for the asset management industry. The regulation clarifies unified supervision standards based on the type of asset management product, breaks the rigid redemption, cleans up shadow banking, and substantially promotes the return of financial institutions to their origins, thereby preventing and resolving major financial risks. In 2020, the trust industry began to implement strict policies of “two pressure and one reduction”, that is, to reduce the scale of trust channel and financing businesses, enhance the

disposal and management of risk assets. Several high-risk trust companies such as Anxin Trust, Sichuan Trust, New Era Trust, and Xinhua Trust were restructured or taken over. In 2022, the new business classification method was released, and the development of asset management trust, service trust, and charitable trust became new directions for the transformation of the trust industry.

3.2.2 Introduction of trust business

According to the Notice on Regulating the Classification of Trust Business of Trust Companies (CBIRC, 2023), trust business are divided into three main categories: asset management trust, asset service trust, and public welfare/charitable trust, with a total of 25 business varieties as follows:

(1) Asset Management Trust

1) Equity Trust

It refers to trust products whose primary form of assets is equity, invested in listed companies, unlisted companies, or other forms of equity investment projects. Through trust assets, it acquires, holds, and manages the equity of the invested enterprise, in order to obtain appreciation in equity value or share in returns.

2) Debt Trust

It refers to trust products with debt instruments as the main form of assets, which are invested in various debt projects, including but not limited to corporate bonds, financial bonds, government bonds, asset-backed securities. The trust property is used to purchase, hold, and manage the debt instruments to obtain appreciation in the value of debt instruments or share in income.

3) Mixed Trust

It refers to trust products that invest in multiple forms of assets such as equity and debt. Usually, different types of investment assets such as equity and debt are combined to form a diversified investment portfolio to achieve asset allocation, risk diversification, and investment return objectives.

4) Real Estate Trust

It refers to trust products that invest in real estate and related assets. Typically, it involves purchasing, holding, and managing real estate assets through trust assets to gain appreciation and profit sharing. Real estate trust can invest in various real estate projects, including but not limited to commercial real estate, residential real estate, and industrial real estate. Due to the unique nature of real estate, real estate trust usually has a longer investment cycle, higher risk,

and higher potential returns.

5) Infrastructure Trust

It refers to trust products that invest in infrastructure construction and operation projects. Typically, the trust property is used to purchase, hold, and manage equity or debt in various infrastructure projects to gain cash flow, asset appreciation, and profit sharing from infrastructure construction and operation. Infrastructure trusts typically include but are not limited to energy, transportation, water conservancy, environmental protection, and other fields. They have a longer investment cycle and higher capital requirements but generally have stable cash flows and higher safety.

6) Industrial Investment Trust: refers to trust products that invest in enterprises or projects of a specific industry. Usually, the trust assets are used to purchase, hold and manage the equity or debt of the industry, in order to obtain appreciation and profit sharing from the industry's development. Industrial investment trusts typically include projects in fields such as new energy, technology, cultural creativity, and medical health, and have a long investment cycle and high risk and return potential.

7) Financial Asset Management Trust: refers to trust products that invest in financial assets. It usually purchases, holds, and manages various financial assets such as bonds, stocks, bank deposits, and funds through trust property to achieve the purpose of asset management and allocation. Financial asset management trusts usually have high flexibility and diversity, and can adjust asset allocation according to market changes and investment needs. This type of trust usually also has high risk and return potential.

8) Other Asset Management Trust: refer to trust products that invest in other types of assets besides those mentioned above, such as art, collectibles, agriculture, forestry, fisheries, and animal husbandry. These asset management trusts usually carry higher risks and potential returns, but they also require specialized knowledge and skills for effective management and operation.

(2) Asset Service Trust

1) Financing trust: refers to a form of trust in which a trust plan is established to raise funds from investors, and the funds are used to provide financing tools such as loans and bonds to the trustee, with the aim of obtaining stable returns through financing activities, and distributing profits to investors according to the agreement.

2) Credit-enhancement trust: refers to a form of trust in which a trust plan is established to raise funds from investors, and to provide credit enhancement for companies issuing bonds, in order to improve their bond credit rating, reduce the risk of bond default, and distribute profits

to investors. Credit enhancement is usually achieved by using the funds raised by the trust plan to purchase higher-priority bonds or other securities, which provide guarantees and protection for the issuer's bonds, thus improving their bond credit rating.

3) Trust plan loan trust: refers to a form of trust in which a trust plan is established to raise funds from investors, and the funds are used to lend to borrowers, with profits distributed to investors according to the agreement. In this type of trust, the trust company acts as the trustee and is responsible for managing and supervising the borrower's repayment, ensuring that the borrower repays the loan in a timely manner according to the contract, and evaluating and controlling the borrower's credit and risk. The income of the trust plan loan trust usually comes from the interest and principal paid by the borrower, and investors can receive corresponding profit distributions according to the agreement.

4) Trust asset securitization trust: refers to a trust plan that securitizes a certain type of trust assets, raises funds from investors to purchase these securities, and makes investors the owners of the trust assets, distributing income to investors according to the agreement. In this type of trust, the assets of the trust plan usually come from a single or multiple types of trust assets managed by the trust company, such as real estate trust, infrastructure trust. These trust assets are packaged into asset-backed securities and other securities products through securitization. Through securitization, the trust company can obtain rapid capital turnover and more financing channels, while providing investors with more diversified investment options.

5) Asset leasing trust: refers to a trust plan that raises funds from investors, uses the funds to purchase or lease certain fixed assets, such as machinery, equipment, and transportation vehicles, and leases these assets to lessees, collecting rent as investment returns and distributing profits to investors according to the agreement. In this type of trust, the trust company acts as the trustee, responsible for managing and maintaining the leased assets and collecting rent from the lessees. At the same time, the trust company also conducts risk assessment and control to ensure the stability and profitability of asset leasing. Asset leasing trusts are commonly used in the field of leasing financing, providing flexible financing channels for enterprises and diversified investment choices for investors.

6) Consumer finance trust: refers to a trust plan that provides financial services such as loans to consumers. These loans are usually used for personal consumption or small business loans, such as credit card installment payments, personal consumer loans, and auto loans. As a trustee, the trust company is responsible for managing and maintaining these loans, collecting interest, fees, and distributing profits to investors. Consumer finance trusts typically have a higher potential for returns but also carry certain risks and require risk assessment and control.

7) Personal trust: refers to a type of trust product that invests in the property or assets of an individual or family. These trusts are usually established by individuals or families to manage and protect their property or assets, and to achieve the objectives of asset appreciation or inheritance. Personal trusts can include real estate trusts, equity trusts, estate trusts, and other types depending on the investor's needs and objectives. The beneficiaries of a personal trust can be individuals or family members, but usually require higher trust management fees and compliance with relevant laws, regulations, and trust agreements.

8) Other asset service trust: refers to a trust product that uses non-standard assets (such as debt, equity, intellectual property, trade secrets) or special assets (such as real estate, aircraft, large equipment) as investment targets. These trusts are usually issued and managed by professional institutions to meet specific asset service needs such as financing, leasing, management, transfer. The beneficiaries of other asset services trusts can be individuals, enterprises, or institutions. Investors can choose different trust products according to their own needs and risk tolerance. Due to the complexity of the investment targets, these trusts usually have higher risks and potential returns, and require professional risk assessment and management.

(3) Public welfare/charitable trust

1) Charitable donation trust: refer to individuals or organizations placing their assets or income into a trust fund to be used for charitable donations and public welfare. The trust company or trustee is responsible for managing and distributing these assets or income. Charitable donation trusts can be classified according to the type of donated assets and the purpose of the donation, such as cultural and educational charitable donation trusts, poverty relief charitable donation trusts, and medical and health charitable donation trusts. Donors can set the specific purpose and asset allocation of the charitable donation trust according to their wishes and needs and receive corresponding tax benefits and honorary awards. Charitable donation trusts aim to promote the development of social welfare and the long-term stable operation of charitable causes.

2) Education trust: refers to a trust product used in the education sector, primarily providing funding and resource support for various activities and projects in the education sector, including but not limited to school construction, student assistance, educational research, and training. Educational trusts are usually established by donors such as individuals, corporations, and organizations and are managed and operated by professional institutions. The beneficiaries of educational trusts can be students, schools, educational institutions. Educational trusts not only provide financial support for education but also promote the

optimization and utilization of educational resources, improve the quality and level of education, and are beneficial for promoting the development of social education.

3) Medical trust: refers to a trust product used in the medical field, aiming to provide financial and resource support for the healthcare industry, including but not limited to hospital construction, medical equipment procurement, medical personnel training, medical research, and other aspects. Medical trusts are typically established by individuals, companies, organizations, and other donors and are managed and operated by professional institutions. The beneficiaries of medical trusts can be hospitals, medical institutions, patients. Medical trusts not only provide financial support for the medical industry but also promote the optimal allocation and utilization of medical resources, improve the quality and level of medical care, and contribute to the development of the social healthcare industry.

4) Environmental protection trust: refers to trust products used in the environmental field, aimed at providing financial and resource support for environmental protection initiatives, including but not limited to ecological conservation, environmental governance, environmental education, and sustainable development. Environmental protection trusts are usually established by individuals, companies, organizations, and are managed and operated by professional institutions. The beneficiaries of environmental protection trusts can be environmental organizations, environmental projects, ecological protection areas. Environmental protection trusts can not only provide financial support for environmental protection initiatives, but also promote the optimal allocation and use of environmental resources, improve the level of environmental protection, and contribute to the promotion of social sustainable development.

5) Cultural heritage trust: refers to trust products used in the field of cultural heritage, which aim to provide financial and resource support for the protection of cultural heritage, including but not limited to restoration, preservation, inheritance, and research of cultural heritage. Cultural heritage trusts are usually established by individuals, enterprises, organizations, and other donors, and are managed and operated by professional institutions. The beneficiaries of cultural heritage trusts can be cultural heritage management institutions, cultural heritage restoration projects, and cultural heritage research institutions. Cultural heritage trusts can not only provide financial support for the protection of cultural heritage, but also promote the optimal allocation and utilization of cultural heritage resources, improve the level of cultural heritage protection, and contribute to the development of social and cultural undertakings.

6) Other public welfare/charitable trusts: refer to trust products used in other public

welfare and charity fields, aimed at providing financial and resource support for social welfare causes, including but not limited to education, poverty alleviation, disaster relief, cultural arts, health and medical care, among others. These trusts are typically established by individuals, companies, organizations, and are managed and operated by professional institutions. The beneficiaries can be public welfare organizations, charity projects, educational institutions, impoverished areas, among others. These trusts not only provide financial support for social welfare causes but also promote the optimal allocation and utilization of public welfare resources, improve the level of social welfare, and contribute to promoting a harmonious society.

3.2.3 Characteristics of Chinese trust industry

According to Article 2 of China's Trust Law, trust refers to the act in which the settlor entrusts his/her property rights to the trustee based on trust and the trustee manages or disposes of the property rights in his/her own name for the benefit of the beneficiary or for a specific purpose according to the will of the settlor. This definition includes four layers of meanings:

1. The trust is based on the trust of the settlor in the trustee.
2. The trust property is the core of the trust relationship.
3. The trustee manages or disposes of the trust property in his/her own name. The specific content of the trustee's management and disposal of the trust property should be determined based on the trust document. If the trust document does not name the trustee, it should be determined according to the general meaning of management and disposal under the Civil Law.
4. The trustee manages the trust affairs for the benefit of the settlor or for a specific purpose. The trustee, except for receiving appropriate remuneration in accordance with the trust document or legal provisions, shall not obtain any personal benefit from the trust property. This means that the trust property can be transferred to the trustee's name and controlled by the trustee, but the trustee cannot enjoy any benefits from the trust property.

The purpose of developing the trust industry in China is that trust companies have unique advantages compared to other financial institutions, mainly reflected in the breadth, safety, and flexibility of trust.

1. The broad applicability of trust refers to the unique advantages of trust companies compared to other financial institutions in China, mainly reflected in the breadth, safety, and flexibility of trust operations. Trust companies can cross capital markets, money markets, and the real economy, making the scope of trust asset utilization the widest among financial

institutions. In contrast, banks, securities firms, and insurance companies can usually only operate in one or two markets. Trust companies can adjust their investments flexibly based on market conditions, and lower risks and maximize profits by investing in different markets. In terms of industrial investment, trust companies can promote the integration of industry and finance, support industrial development and transformation by issuing trust plans. In China's "new normal" economic environment, the real economy needs to change the previous extensive economic growth pattern through industrial restructuring and upgrading. In the process of industrial transformation, a large amount of capital support is needed, and trusts can provide financing for this type of enterprise.

2. Safety means that after the establishment of a trust, the trust assets are effectively isolated, making them relatively safe. Trust assets are subject to dual isolation from the trustee and the settlor, which can avoid disputes between them. This function is particularly important in wealth management for property inheritance and transfer. At the same time, in the process of mergers and acquisitions of private enterprises encountering operational difficulties, trust is also one of the methods of asset preservation.

3. Flexibility refers to the ability of trusts to operate according to the wishes of the trustor, and to make different arrangements over time. Trustees can design products based on the trustor's actual situation and risk tolerance, making trusts uniquely advantageous in financial product innovation.

3.3 Business manager

3.3.1 Role and function of business manager

A business manager refers to the personnel who carry out trust business in the daily operation of a trust company, and are designated by the trust company to undertake the main management and operation responsibilities for trust projects in accordance with laws and regulations (CBRC, 2007a). The business manager is responsible for soliciting business for the trust company (including finding funds and asset resources through channel docking and project referral in the early stage of project establishment), undertaking business (including conducting due diligence, issuing project proposals, drafting contracts to ensure the smooth implementation of the business), assisting various departments of the company in completing risk reviews, and being responsible for project funding raising, post-investment management, and smooth exit, making business manager the core force of the trust company's business.

The main responsibilities of a business manager include:

- (1) collecting comprehensive information about the project, participating in due diligence, and preparing reports on the feasibility of the project;
 - (2) participating in the project negotiation process, and preparing project proposal based on the project situation;
 - (3) handling various procedures involved in the project approval;
 - (4) preparing project plans, designing transaction structures, and making trust documents;
 - (5) managing the daily affairs of the post-operation of the trust project.
- Business managers often face the working status of promoting multiple projects simultaneously: some projects are in the project establishment phase, some are in the approval phase, some are in the due diligence report writing phase, some are in the contract approval phase, and some are in the signing and issuance procedure phase. In order to ensure the progress of the project, multiple business managers may also work together to maintain a project. Due to the long time and complex processes involved in trust projects, there are often many reasons for a project to fail midway, such as cooperation issues with the partner or failure to pass legal compliance review. Therefore, the work of a business manager emphasizes teamwork, has a long process, and the process and results are not always consistent, which adds great difficulty to the work of business managers.

3.3.2 Characteristics of business manager

Based on the establishment background and operational characteristics of China's trust companies, business managers have following characteristics (S. C. Chen, 2013):

They possess professional expertise, high personal quality, and outstanding innovation ability. Most employees of trust companies have received systematic professional education, have higher education levels, and possess a certain amount of professional knowledge and skills. Therefore, they generally have high personal quality. The work of trust company employees mostly involves creative labor. They rely on their own professional knowledge, use creative thinking, and continuously form new knowledge achievements, which constantly upgrade and sustain trust wealth management products and services.

They are highly scarce and independent. In contrast to simple and repetitive physical labor, most employees of trust companies engage in creative labor. They rely on their own professional knowledge, use creative thinking, and continuously create new work achievements. They have rich professional skills, trust experience, and business resources, which are highly scarce. Therefore, trust company employees tend to prefer a relaxed and

highly autonomous work environment and organizational atmosphere. They need a certain range of activities, certain authority, pursue autonomy, individualization, and diversity, and emphasize self-guidance and self-management in their work. They emphasize self-guidance in their work, prefer the freedom and stimulation of working alone, and more tense work arrangements.

They have a strong desire for self-actualization. According to Maslow's hierarchy of needs, when people's needs from bottom to top are met, they often pursue higher-level needs for respect, development, and self-actualization. Compared with ordinary employees, employees of trust companies are more concerned about realizing their own value. They usually have higher levels of needs and pay more attention to the realization of their own value. They are eager to see the results of their work and expect their work to be more meaningful and contribute to the enterprise. They value the evaluation of others, organizations, and society and strongly hope to be recognized and respected by society. They are not satisfied with passively completing general tasks but strive to achieve perfect results. Therefore, these employees are more enthusiastic about challenging work, regard overcoming difficulties as a kind of pleasure and a way to express their own value, and obtain spiritual and material satisfaction through their work practice.

They advocate equality and do not blindly worship authority. Most employees of trust companies have strong personalities. They respect knowledge, possess rich knowledge and special skills, often have profound understanding and unique insights into things, so they cherish their independence, dislike bureaucratic style, and are averse to any ideas and practices imposed on them. Moreover, excellent performance in practical work often has an influence on superiors, peers, and subordinates, so the traditional hierarchical authority in organizations often does not have absolute control and restraint over them. In summary, an equal, fair, and just working environment is crucial for employees of trust companies.

With a strong willingness to move, the scarcity of trust company employees intensifies the competition among enterprises for trust company employees, thereby increasing the market value and possibility of mobility of trust company employees. Therefore, they have lower loyalty to the organization and are more loyal to their profession. Once the existing job is not attractive enough or lacks sufficient personal growth opportunities and development space, they will easily turn to other companies to seek broader development space. In addition, trust company employees have broad horizons, strong desire for knowledge, strong learning ability, and extensive knowledge, among other abilities. In order to constantly improve their own abilities and value, they need to constantly learn, communicate with others and share

knowledge, which also depends on the organization creating a good learning environment.

3.4 Competency formation method

The research methods for China's business managers' competency model mainly include the following:

(1) Inductive method: The inductive method involves identifying and summarizing the distinguishing competencies exhibited by high-performing and average-performing individuals in the target group through interviews and observations, and then constructing a competency model based on these identified competencies. The inductive method is an ancient method that was first used by Harvard University professor McClelland in the 1940s to select talent using behavioral event techniques. It has been popular for over half a century in academia and industry as the mainstream method for constructing competency models. Key tools used in this classic modeling method include the critical incident technique and behavioral event interviews, with the latter being the most critical tool. Spencer et al.'s research found that behavioral event interviews are highly effective in identifying competency elements. After obtaining a large amount of information through the critical incident technique and behavioral event interviews, the information is further screened, coded, graded, processed, and finally compiled into a competency model.

(2) In-depth interview

Combining literature review with industry experience, the in-depth interview method involves conducting detailed and open-ended discussions with business managers, human resource professions in trust industry, business leaders in trust industry, external headhunters to reach a deep understanding of the scenarios business managers face in their work, potential problems they may encounter, factors that affect performance, benchmark behavior cases, and other related topics. This method helps to better explore the deep and diverse information about business manager competency, and to review on research questions and directions during the construction and further study of the competency model (Denzin & Lincoln, 2011; Svend, 2013; Yin, 2015).

(3) Delphi Method

This study adopts Delphi method to collect expert opinions, establish consensus, and predict future trends, in order to establish a consensual competency model. The list of experts is composed of human resources directors/managers and business department directors from trust companies. Through open-ended and extensive survey questions, experts share their

industry knowledge and experience, and provide professional opinions and suggestions. In addition, through an initial survey questionnaire, they are invited to evaluate the most important competency options that have the greatest impact on the performance of business managers from a common competency dictionary, forming a preliminary competency model for subsequent formal questionnaire surveys and data collection (Crisp et al., 1997; Fish & Busby, 1996; Mahajan, 1976; Okoli & Pawlowski, 2004).

3.5 Research hypotheses and formation procedure

According to W. S. Chen's (2004) "Competency Model for Human Resource Managers in Chinese Enterprises" and J. H. Lin's (2015) "4D Model of Elite Talent Management - The Ultimate Solution to Enterprise Talent Shortage", J. H. Lin's (2015) team conducted a market survey of 1,500 business executives to select the 45 competencies with the highest demand from enterprises. These 45 competencies are divided into seven dimensions as described in Table 3.1.

Table 3.1 45 Competencies with the highest demand from enterprises

Dimension	Competency
Forward Thinking	Analytical Thinking
	Innovation
	Business Acuity
	Client Orientation
	Problem Solving
	Risk Control
	Crisis Management
Team Management	Team Building
	Performance Management
	Decision-Making
	Work Planning
	Cross-team Collaboration
	Cost Control
	Meeting Facilitating
Leadership	Effective authorization
	Coach
	Inspiration Others
	Building Trust
	Developing Others
	Managerial Courage
	Innovative Management
Result Orientation	Pursuit of Excellence
	Work Quality Orientation
	Work Procedure Management
	Conscientious and Responsible
	Work Vitality
	Work Proactiveness
	Teamwork

Interpersonal Skills	Execution
	Continuous Improvement
	Communication
	Networking
	Client Service
	Empathy
	Influence and Persuasiveness
	Conflict management
Self-Management	Selling Skill
	Negotiation
	Integrity
	Self-Development
	Change Management
Organizational Operation	Work under Pressure
	Positive Thinking
	Strategical Thinking
	Visionary Leadership

The above 45 competency mostly cover the competencies needed for talent selection at different levels and in different industries. Combining with the characteristics of the Chinese trust industry and the special qualities of business managers, as well as behavior observations and summaries of human resource management experience in this industry, the main questions for subsequent in-depth interviews were designed.

The in-depth interview invited 2 trust company presidents, 2 deputy general managers in charge of business, 3 human resources directors, 3 external headhunters and 5 trust managers. All interviewees were interviewed by the author in person face-to-face. The in-depth interviews were scheduled one week in advance, with the time, date, and location arranged to minimize disruption to the interviewees' work schedules. Each interview lasted approximately 60 minutes. The location for these interviews was carefully chosen to ensure a setting where the interviewee could speak freely, without interference, and feel at ease. The interview was focused on the impact of business manager competency on performance.

The in-depth interviews primarily focused on the following seven key questions:

1. How would you expect your trust managers are described and evaluated by clients or other companies?
2. What common traits (personality characteristics, abilities, competencies) do you think are most often found in outstanding trust managers or team leaders? What are their benchmark behaviors?
3. In your opinion, how many competencies should a competency model for trust managers generally cover?
4. What do you think are the key competencies that currently impact the performance of trust managers?

5. What kind of trust managers would you avoid promoting? Why?

6. Regarding your current team of trust managers, what areas do you think still need improvement or enhancement?

7. Compared to client managers in other financial sectors (e.g., banks, securities firms), what traits do you think distinguish trust managers in the trust industry or are unique to the industry?

Although the interviewees in this in-depth study came from different functions and levels within the trust industry, their responses revealed high consistency across most questions:

Overall, “Our company's trust managers should be described as strategic partners to clients, capable of accurately understanding client needs and providing practical trust solutions.” Additionally, “they should be seen as trusted professional advisors who not only excel in business but also maintain long-term client relationships.”

Regarding the qualities of outstanding trust managers, the most frequently mentioned characteristics were: strong risk management, excellent communication skills with clients, sharp market insights, and a certain level of resource integration ability. Their benchmark behaviors in the workplace mainly include: 1) proactively identifying client needs and providing customized service solutions; 2) working closely with the team, coordinating with internal risk control and funding departments to drive and ensure smooth project progress; and 3) demonstrating calm analysis and decision-making abilities in complex situations.

Regarding how many competencies should be included in a trust manager's competency model, interviewees from different levels gave varying responses. Trust managers tended to focus on 5-7 key competencies, while HR leaders and senior management preferred evaluating 10-15 competencies to fully assess a trust manager's capabilities.

For the primary competencies that influence trust managers' performance, the refined responses indicated that the mainstream view emphasized that market sensitivity and risk management are crucial factors in determining whether a trust manager can stand out in long-term competition. Sales skills and client relationship management were seen as key in determining client loyalty and the possibility of establishing long-term cooperation. The main competencies that affect a trust manager's performance may include: sales ability, client relationship management, market sensitivity, communication and negotiation skills, and risk management capability.

Interviewees expressed the most aversion to promoting trust managers who lack team spirit. The trust industry requires a high degree of collaboration, and working alone is not acceptable. Close cooperation with the team is essential. Additionally, trust managers who

lack a strong sense of responsibility are less likely to gain the trust of clients, and promoting such individuals could pose significant risks.

Compared to other financial industries (such as banking and securities), trust managers in China's trust industry need to possess a more long-term strategic vision, deeper knowledge of legal and tax matters, and a focus on maintaining trust and long-term relationships. Additionally, trust managers require a broader understanding of finance, law, and tax-related knowledge because the complexity of trust products is much higher than that of other financial products. Therefore, trust managers must undergo regular professional training, covering the expertise and marketing skills needed for business development, especially in the application of digital tools, to enhance the overall competitiveness of the team.

In summary, through in-depth interviews, respondents generally agreed that trust managers should excel in competencies such as sales ability, client relationship management, risk management, and market sensitivity. Based on the researcher's experience in human resources, it is recommended to consider designing a competency model for trust managers in China's trust industry that includes 15-20 competencies (a range slightly larger than the 10-15 competencies preferred by respondents, to allow for further research and analysis).

In addition, this research invited 8 human resources directors and 11 business directors from 8 trust companies to use the Likert five-point scale method to conduct research and scoring on the 45 competencies. The scale ranges from “1” to “5” and gives different meanings according to the degree of importance, with “1” indicating “strongly disagree”, “2” indicating “somewhat disagree”, “3” indicating “neutral”, “4” indicating “somewhat agree”, and “5” indicating “strongly agree”. They were requested to evaluate the relevant competency that closely correspond to their actual work and management situation, and give importance ratings honestly based on the Delphi method. After expert interviews and research, the assessment of the importance of these 45 competencies is as follows in Table 3.2.

Table 3.2 Competency evaluation for business managers in Chinese trust industry - Delphi method

Category	No.	Competency	Description	Average	Rank
Forward Thinking	1	Analytical thinking	Collecte.integrate.and efficiently apply the information from different resources, process the logical.systematic.and overall analysis in terms of an issue	4.53	6
	2	Innovation	Not limited by the existing work mode, capable of bringing up new suggestion or idea voluntarily and implement to the work setting.	3.95	32
	3	Business Acuity	Understand the change in the industry.market trend.and the competitors' movement, predicte the future trend of the market, discover potential business opportunities	4.05	27
	4	Client Orientation	Consider the effects of an action or a plan on customers, try to understand customers' needs and act accordingly, provide the information customers need, and assist the organization to develop long term relationship with customers.	4.42	11
	5	Problem solving	Analyze information precisely to make conclusion, seek for appropriate solutions, compare the pros and cons, and apply actual action to remove obstacles.	4.74	2
	6	Risk Control	Have a sense of risk awareness, able to predict any possible risks at work and associated effects, and take prior action to response.	4.63	4
	7	Crisis Management	Remain clam when dealing with sudden incidents and react accordingly by the degree of urgency and apply appropriate actions to limit impacts of the crisis.	4	30
	8	Team Building	Express team objective clearly, divide the work according to the characteristic of each member, provide the team with needed resources and information, and make sure of every method to encourage members to participate in the team and increase teamwork.	3.74	36
	9	Performance Management	Assist others to set up performance objective and assessment method, discuss on the ways to achieve performance objective, provide appropriate assistance and feedback, and monitor objective progressive status and outcome regularly.	3.84	35
Team Management	10	Decision Making	Collect the information needed for business decision making and propose every possible solution, choose and implement the effective solution based on decision criteria while considering the opinions of associated staffs.	4.05	27
	11	Work Planing	Prioritize departmental and project tasks in the order of importance and urgency, form the steps of execution, timeline and contingency plan, and coordinate and integrate the needed resources in advance to ensure a successful completion.	4.11	25
	12	Cross-team Collabortion	Make other people realize the meaning and value of work, appreciate other people's abilities and achievements, take other people's needs in consideration, and provide a good working environment to raise their morale and confidence of the work	4.11	25
	13	Cost Control	Master and interpret balance of payments, manage budget effectively, seek methods to lower cost continuously and increase benefit.	3.58	37

Leadership	14	Meeting Facilitating	Arrange meeting base on comprehensive work needs, plan meeting agenda, invite attendee and prepare materials, take control of discussed issue and allocate time, lead meeting effectively and ensure achieving conclusion and completion of meeting objective.	3.11	45
	15	Effective authorization	Empower others appropriately based on their abilities, state clearly the scale of empowerment and respect decisions made by others and provide needed guidance in order to ensure others to complete given tasks or missions.	3.47	40
	16	Coach	Demonstrate personally to others based on what they lack in work skills, offer opportunities for others to practice, follow up and provide feedback to ensure learning effectiveness.	3.26	44
	17	Inspiration Others	Make other people realize the meaning and value of work, appreciate other people's abilities and achievements, considere other people's needs and provide a good working environment to raise their morale and confidence of the work	3.37	43
	18	Building Trust	Accept different viewpoints and keep secrets of others, honest and being fair consistently in order to win trusts from others.	4.21	21
	19	Devloping Others	Assist others to understand their strengths and weaknesses, propose an appropriate developing need and objective, provide resources to assist other to improve work skills to fulfill their current or future work tasks.	3.42	42
	20	Managerial Courage	Endure uncertain environment, state own viewpoint or belief, and be confident and stay by own decisions.	3.53	39
	21	Innovative Management	Accept new work routine with an open-minded attitude, establish a creative work environment and encourage others to challenge the current status quo in order to improve overall organizational competitiveness.	3.47	40
Result Orientation	22	Pursuit Excellence of	Set the working goals that are challenging and devoted every effort to work on them, demanded one's working performance to achieve the high standard and constantly looked for improvement	4.32	15
	23	Work Quality Orientation	Follow work standards fully, consider work details, and utilize feedback system to find out quality problem and improve accordingly, and increase work quality continuously.	4.16	24
	24	Work Procedure Management	Prioritize work tasks in order of urgency, proper use of own time and resource, and manage work procedure and progress effectively.	4.26	19
	25	Conscientious and Responsible	Fulfill work duties and obligations completely, willing to admit own mistake or failure, and won't blame on others	4.53	6
	26	Work Vitality	Devote fully to work and remain needed work effectiveness even after long work	4.21	21
	27	Work	Take own initiative to do things without requesting of others, solve problem	4.53	6

Interpersonal Skills	28	Proactivness	immediately and willing to take on additional responsibilities in order to achieve target.		
	28	Teamwork	Value opinions of every team member, support the group decision, fulfill self duties, encourage participation of other team members to achieve the group objective.	4.42	11
	29	Execution	Able to follow the established procedure to effectively carry out the organization's strategy or working plan, so that the organization's goal would be accomplished	4.58	5
	30	Continuous Improvement	Make use of every suitable chance to seek for improvement and develop an action plan in taking initiative to improve the current work situation or procedure.	4.05	27
	31	Communication	Express idea clearly during communicating, not only ensure the full attention and understanding of the listener, but also interpret, response and understand what others say to reach the common consensus	4.79	1
	32	Networking	Search for the interpersonal relationship or social network that is beneficial to work voluntarily and establish and maintain long term partnership effectively.	4.53	6
	33	Client service	Show service commitment to customers, satisfy customer needs effectively, answer customer questions and improve customer satisfaction.	4.21	21
	34	Empathy	Think from the perspectives of others, show caring, be sensitive and understand emotions and viewpoints of others.	4	30
	35	Influence and Persuasiveness	Find the important and significant element during persuasion, build on its characteristics and show your interest for the issue, and have others to accept your idea by appropriate means.	4.32	15
	36	Conflict management	Ease the tension when facing conflicts, understand the status of conflict and its cause, and establish communicating channel to handle the oppositional relationships effectively.	3.95	32
Self-Management	37	Selling skill	Master customer needs during sales, utilize appropriate sales strategy and method to establish customer confidence and identification on products or services.	4.26	19
	38	Negotiation	Search for the mutual concern when facing people of different viewpoint, establish an open environment, and seek for a compromise or win-win solution that both party can agree upon to achieve the agreement and obtain the commitment.	4.42	11
	39	Integrity	Honest, complies with organizational requirements and social norms, keeps the promise and own word.	4.68	3
	40	Self-development	Find out own learning needs voluntarily, seek and make the best of every learning and developing opportunity to increase work ability.	4.32	15
	41	Change Management	Remaine calm when facing the change of the working content or environment, able to understand the reason of change and face it with an open attitude, effectively adjust behaviors and maintain a good working performance	4.32	15

Competency of Business Managers in Chinese Trust Industry

Organizational Operation	42	Work under pressure	Utilize proper means to release work stress, and maintain required work performance and interpersonal relationships.	4.47	10
	43	Positive thinking	Deal with setback with objective and positive attitude, avoid blaming others and maintain required work effectiveness.	4.37	14
	44	Strategical Thinking	Think over and determine problems facing by the company, analyze hidden influence and impact, and implement related response plans.	3.89	34
	45	Visionary Leadership	Capable of communicating organizational vision and its significance clearly, ensure strategy, objective, action plan and vision are all in agreement, and encourage others to achieve the vision.	3.58	37

This research aims to understand and construct the key competencies and skills required for successfully performing the duties of a trust manager by reviewing relevant competence theories, combining opinions from executives and experts in Chinese trust industry, and empirical research. These competencies are crucial for achieving success in Chinese trust industry. Given the significant impact of Chinese trust industry's specific environment, market demands, and regulatory policies on trust business operation, this study temporarily does not consider the influence of these factors on competency model for Chinese trust managers. Furthermore, the formation of the competency model assumes that competency model is multidimensional and may include various aspects such as marketing skills, interpersonal abilities, and professional knowledge. Competencies can be improved and enhanced through training and development. Therefore, the competency model will be used not only for recruitment but also for employee development and performance management. Building on the research conducted by the team led by Lin Junhong and in conjunction with the survey and interview results of executives and HR directors from representative companies in the Chinese trust industry, the following hypotheses, as shown in Table 3.3, and competency model is proposed for business managers in Chinese trust industry, as shown in Figure 3.1:

Table 3.3 Preliminary hypotheses

Hypothesis	Dimension	Competency
H1	Forward thinking has positive impacts on work performance.	Analytical thinking Client Orientation Problem Solving Risk Control
H2	Result orientation has positive impacts on work performance.	Pursuit of Excellence Work Procedure Management Conscientious and Responsible Work Proactiveness Teamwork Execution
H3	Interpersonal skills have positive impacts on work performance.	Communication Networking Influence and Persuasiveness Selling skill Negotiation
H4	Self-management has positive impacts on work performance.	Integrity Self-development Change Management Work under pressure Positive thinking

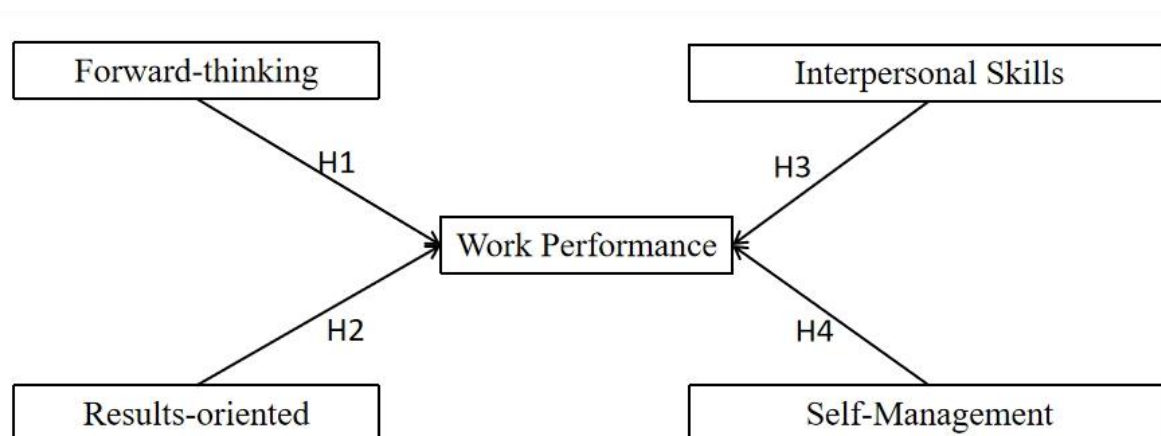


Figure 3.1 Preliminary competency model for business managers in Chinese trust industry

Abraham et al. (2001) suggest that managerial competency has an impact on organizational performance, and there is a positive correlation between competency and performance. Levenson et al. (2006) found a significant positive relationship between competency and individual-level performance. According to the research findings of X. Y. Yang (2007), business strategy, corporate culture, and competency significantly affect work performance. Schmidt-Wilk (2009) also believes that competency can enhance work performance. Based on domestic and foreign research on competency theory, S. M. Zhao and Du (2007) compiled a scale consisting of an 11-item competencies characteristics questionnaire and performance evaluation questionnaires for three different managerial levels. Samples were selected from locations such as Jiangsu, Fujian, Guangdong, and Shandong. The research confirmed the impact of competency characteristic differences on individual performance. These research literature provide a theoretical basis for the relationship between the competencies of business managers in the Chinese trust industry and work performance. In industry practice, the stronger a trust manager's competencies are, such as their communication, negotiation, customer service, and risk control abilities, the more they tend to increase the trust and depth of cooperation between clients and the trust company, which is beneficial for improving work performance. Accordingly, the following research hypothesis is proposed: The competency model for business managers in the Chinese trust industry has a significant positive impact on the work performance of trust managers.

In summary, on the basis of research methods above, the top 20 competencies with the highest average scores evaluated by experts were selected as the initial measurement items for the formal survey questionnaire on business manager competencies. Before finalizing the survey questionnaire, two professional human resources consultants from the well-known consulting company AON HEWITT were invited to review the content and other parts of the

business manager survey questionnaire, such as ambiguous sentences or questions that needed modification, and the feasibility and rationality of the questionnaire. Based on the reasonable suggestions provided by the two experts, the questionnaire was improved and finalized as the “Business manager Competency Survey Questionnaire for China’s Trust Industry,” which can be found in the appendix.

3.6 Chapter summary

This chapter introduces the relevant situation of the Chinese trust industry and business managers, and further studies the competence model of business managers in the Chinese trust industry. In the section on the overview of Chinese trust industry, the development status, specific business types, and characteristics of the Chinese trust industry are proposed based on the development history of the Chinese trust industry. In the section on business manager introduction, the specific job functions and responsibilities of business managers, as well as the characteristics of business managers under Chinese macro-economic environment are described, establishing the basis for compiling related surveys. In addition, this research analyzes and improves the rationality of the business manager competence questionnaire through the design of the business manager competence questionnaire, adopting induction, in-depth interviews, and Delphi method, and finally forms the “Chinese Trust Industry Business manager Competence Survey Questionnaire.”

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Chapter 4: Research Design

4.1 Research procedure

The research question of this thesis is what competency model business managers in Chinese trust industry need to possess and whether there is a correlation between the competency model and their performance, with the aim of identifying the competency factors that have the greatest impact on performance. This study is based on extensive reading of relevant research literature and has undergone the research process of questionnaire design, survey, data analysis, and conclusion drawing. The survey questionnaire is primarily designed based on literature research, in-depth interviews, and the Delphi method.

The research design consists of two phases. In the first phase, an initial competence quality list was obtained through literature research, covering 7 categories and 45 competence qualities. Although it has broad coverage matching the requirements of different industries and positions at different levels, it is considered too extensive. Both practical application in enterprises and expert opinions from in-depth interviews suggest focusing on 10-15 competencies qualities to construct a model to avoid losing focus. Therefore, through the Delphi method, opinions were gathered from business directors and human resources directors from Chinese trust companies, and experts selected the 20 most important competencies to establish the preliminary competency model for business managers in Chinese trust industry.

In the second phase, based on this preliminary model, a questionnaire and scale were designed following a strict procedure for the characteristics of the studied objects. The questionnaire was distributed to business managers from several Chinese trust companies. After data collection, SPSS 20.0 statistical software was used for reliability and validity tests. After reliability and validity tests, factor analysis, linear regression equation analysis were mainly applied. The survey data were subjected to hypothesis testing based on the model assumptions to determine the competence model of business managers. Subsequently, the relationship between the competence model of trust managers and performance was further explored.

4.1.1 Qualitative research

1. In-depth Interview

At the second place, in-depth interviews were conducted with executives and human resources directors from Chinese trust companies to gain practical insights into the role perception of business managers in Chinese trust industry. The interviews aimed to provide a comprehensive understanding of the internal and external environments that business managers face in their actual work, the challenges they may encounter in business development, the problems that need to be addressed, and the specific competencies required to achieve better performance.

2. Delphi Method

At the third place, the initial list of 45 competence attributes was derived from a compilation of previous research, with extensive coverage and the ability to match requirements across different industries and hierarchical positions. However, the initial list was considered too broad for further research and exploration. Therefore, a semi-structured questionnaire survey was conducted with 19 business directors and human resources directors from trust companies. Their opinions and suggestions were collected and integrated, resulting in the selection of 20 competence attributes that were deemed to have the highest correlation with performance by the experts. Additionally, professional consultants from a human resources consulting firm were engaged to further revise and refine the selected attributes.

4.1.2 Quantitative research

Questionnaire survey is the main quantitative research method used in this study. The questionnaire was designed on the basis of the findings from literature review, in-depth interviews, and the Delphi method, as well as job description and requirements for business managers. A Likert 7-point scale was used for evaluation, with ratings ranging from 1 to 7, indicating increasing importance from low to high. A rating of 1 represents the lowest level of agreement, while a rating of 7 represents the highest level of agreement. Based on the ratings given by the respondents for each item, the relative importance and ranking of competence attributes that business managers should possess can be analyzed. The competence model for business managers consists of four dimensions: forward thinking, result orientation, interpersonal skills, and self-management, with a total of 20 competency attributes, as shown in Table 4.1.

Table 4.1 Competency attributes of business managers

Category	No.	Competency	Description
Forward Thinking	1	Analytical Thinking	collect, integrate, and efficiently apply the information from different resources, process the logical, systematic, and overall analysis in terms of an issue
	2	Client Orientation	Consider the effects of an action or a plan on customers, try to understand customers' needs and act accordingly, provide the information customers need, and assist the organization to develop long term relationship with customers.
	3	Problem Solving	analyze information precisely to make conclusion, seek for appropriate solutions, compare the pros and cons, and apply actual action to remove obstacles.
	4	Risk Control	Have a sense of risk awareness, able to predict any possible risks at work and associated effects, and take prior action to response.
	5	Pursuit of Excellence	set the working goals that are challenging and devoted every effort to work on them, demanded one's working performance to achieve the high standard and constantly looked for improvement
	6	Work Procedure Management	Prioritize work tasks in order of urgency, proper use of own time and resource, and manage work procedure and progress effectively.
Result Orientation	7	Conscientious and Responsible	Fulfill work duties and obligations completely, willing to admit own mistake or failure, and won't blame on others
	8	Work Proactiveness	Take own initiative to do things without requesting of others, solve problem immediately and willing to take on additional responsibilities in order to achieve target.
	9	Teamwork	Value opinions of every team member, support the group decision, fulfill self duties, encourage participation of other team members to achieve the group objective.
	10	Execution	Able to follow the established procedure to effectively carry out the organization's strategy or working plan, so that the organization's goal would be accomplished
Interpersonal Skills	11	Communication	Express idea clearly during communicating, not only ensure the full attention and understanding of the listener, but also interpret, response and understand what others say to reach the common consensus
	12	Networking	Search for the interpersonal relationship or social network that is beneficial to work voluntarily and establish and maintain long term partnership effectively.
	13	Influence and Persuasiveness	Find the important and significant element during persuasion, build on its characteristics and show your interest for the issue, and have others to accept your idea by appropriate means.
	14	Selling skill	Master customer needs during sales, utilize

				appropriate sales strategy and method to establish customer confidence and identification on products or services.
	15	Negotiation		Search for the mutual concern when facing people of different viewpoint, establish an open environment, and seek for a compromise or win-win solution that both party can agree upon to achieve the agreement and obtain the commitment.
	16	Integrity		Honest, complies with organizational requirements and social norms, keeps the promise and own word.
	17	Self-development		Find out own learning needs voluntarily, seek and make the best of every learning and developing opportunity to increase work ability.
Self-Management	18	Change Management		remain calm when facing the change of the working content or environment, able to understand the reason of change and face it with an open attitude, effectively adjust behaviors and maintain a good working performance
	19	Work Pressure	under	Utilize proper means to release work stress, and maintain required work performance and interpersonal relationships.
	20	Positive Thinking		Deal with setback with objective and positive attitude, avoid blaming others and maintain required work effectiveness.

4.2 Data collection

4.2.1 Research sample and data collection

This study focuses on business managers in the Chinese trust industry. According to the 2021-2022 China Trust Industry Corporate Social Responsibility Report (CTA, 2022), till the end of 2021, there were a total of 68 trust companies in China with a combined workforce of 22,387 employees. While the number of business managers engaged in trust business is around 10,000. The evaluation of business manager competency attributes is conducted at both the individual and organizational levels. At the individual level, 280 business managers were invited to participate in a competency-related questionnaire survey. 236 questionnaires were returned and 217 of them were valid were. At the organizational level, human resources professions from trust companies are selected to participate in this research. The questionnaire survey was conducted from May 2023 to June 2023, involving a total of 12 trust companies in China, including China Construction Bank Trust, Bank of Communication International Trust, Everbright Trust, Ping An Trust, LuJiaZui International Trust, China Industrial International Trust, Shandong Trust, Suzhou Trust, Ai Jian Trust, CITIC Trust, Xiamen Trust, and Hua Ao Trust. The questionnaire survey targets over human resources professionals, trust business

directors, and trust business managers within these companies.

4.2.2 Data process

Through questionnaire survey, this research gains access to primary data, which will be used as for data analysis, including the establishment of factor analysis and structural equation models. Exploratory factor analysis will be conducted using SPSS software.

Factor analysis is a statistical method used to uncover underlying factors or dimensions within a set of observed variables. It aims to identify patterns of covariation among variables and explain the variance in the data by reducing the dimensionality. Factor analysis includes both exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). Exploratory factor analysis is used to explore and determine the underlying factor structure and relationships between variables. It helps uncover the latent factors and their relationships based on the patterns of covariance among observed variables.

Exploratory factor analysis (EFA) allows for an exploratory and data-driven approach to identify the underlying factors, while confirmatory factor analysis involves testing pre-specified hypotheses and evaluating the fit of the proposed factor structure. Both methods are widely used in research to understand the latent structure and relationships among variables.

On the other hand, confirmatory factor analysis (CFA) is conducted when researchers have specific hypotheses or prior knowledge about the number of factors or the factor structure. In CFA, researchers test the hypothesized factor structure and examine the fit between the observed data and the proposed model using factor analysis.

Both exploratory factor analysis and confirmatory factor analysis are conducted to examine the correlation coefficients, variances, and covariances among observed variables. Highly correlated observed variables are likely influenced by the same underlying factor, while variables with lower correlation are likely influenced by different factors. Factors should aim to explain as much variance in the variables as possible. Each variable has factor loadings on each factor, and the meaning of the factors is determined by comparing which variables load most heavily on which factors.

By identifying latent common factors and providing meaningful interpretations for the factors, we can better understand the relationships between the data and variables. This enables us to extract analytical results, interpret and discuss them, and provide guidance for business management decisions and talent development planning.

4.2.3 Primary analysis

A total of 280 questionnaires were distributed in this survey, 236 were collected, and 217 valid questionnaires were obtained, resulting in an effective response rate of 76.14%. The background factors of the surveyed subjects include gender, age, educational background, length of working period on current post, length of working period at trust industry, company size, and other factors. The distribution of the sample background factors is presented in Table 4.2.

Table 4.2 Sample distribution

Variable	Category	Sample	Percentage
Gender	Male	148	68.2%
	Female	69	31.8%
Age	Under 29	19	8.76%
	30-39	154	70.97%
	40 and above	44	20.28%
Education Background	College or under	2	0.92%
	Bachelor	53	24.42%
	Master	156	71.89%
	Doctor	6	2.76%
Length of Working Period on Current post	<1 year	7	3.23%
	1 - 3 years	28	12.9%
	3 – 5 years	38	17.51%
	5- 8 years	39	17.97%
	≥8 years	105	48.39%
Length of Working Period at Trust industry	<2 years	5	2.3%
	2-5 years	49	22.58%
	5 – 8 years	58	26.73%
	≥ 8 years	105	48.39%
	< 99	4	1.84%
Enterprise Scale	100 -199	21	9.68%
	200 -399	79	36.41%
	≥400	113	52.07%

A total of 217 valid questionnaires were collected in this survey (excluding questionnaires with a high number of missing items). For questionnaires with missing values in individual items, the sample average value will be used as a substitute. The data analysis in this study was conducted using the data with missing values replaced by the average value.

According to the statistical results, male business managers still dominate the Chinese trust industry, accounting for 68.2% of the total respondents in the questionnaire survey. In terms of age, it is noteworthy that the majority of the sample population falls within the age range of 30-39, while individuals aged 29 and below only account for 8.76%. The reason underlines the organization size of Chinese trust companies, which is usually around 200 to 400 people, which led to difficulties in launching fresh graduate recruitment and training program. In practical operations, trust companies often prefer hiring experienced

professionals from other financial sectors. Consequently, numerous business managers in the trust industry have previously worked in banks, securities firms, and financial leasing companies. Additionally, there is a relatively small proportion of individuals above the age of 40. This is due to the fact that at the level of business managers, most of them work independently or only engage in specific types of trust transactions. Furthermore, business managers above a certain age may experience a decrease in response speed, understanding and learning ability of new emerging businesses. It is common for business managers aged around 35 to 40 eager to seek career opportunities of management positions, while very few individuals continue to work as business managers until retirement.

In terms of educational background, over 99.08% of the sample population holds a bachelor's degree, 71.89% hold a master's degree, and 2.76% hold a doctoral degree. Trust companies have higher educational requirements for business managers, particularly in the field of accounting, finance, or related disciplines. Firstly, the trust business encompasses various professional domains, including asset management, investment risk control, and financial analysis. These areas necessitate employees to have robust professional knowledge and skills. Higher education and specialized backgrounds contribute significantly to enhancing the expertise and competence of employees. Secondly, trust companies need to effectively manage and control the assets of clients. For high-risk investment projects, employees must have a high level of professional knowledge and skills, as well as exceptional analytical abilities to maximize client interests. Furthermore, employees with higher education and professional backgrounds can enhance the corporate image, increase client trust and satisfaction, and consequently improve the company's market share and competitiveness.

4.3 Reliability and validity analysis

After data collection, reliability and validity analysis were performed on all the relevant scale data collected in the questionnaire survey. The main purpose of reliability testing is to examine the internal consistency of all items in the scale. Internal consistency testing of the scale is performed by calculating the values of Cronbach's Alpha coefficient (α) for each dimension. On the other hand, validity analysis involves assessing the effectiveness of each individual item and whether each item plays its significant role within the scale.

4.3.1 Reliability analysis

Reliability, also known as consistency, refers to the extent to which repeated measurements of

the same object using the same method yield consistent results. In this competency related research, a total of 20 items were included in the overall scale. To ensure internal consistency of the scale, a reliability analysis was conducted on a sample of 217 responses before performing exploratory factor analysis. Reliability coefficient is an important indicator for assessing the effectiveness of a scale. The range of this indicator is between 0 and 1. A value closer to 1 indicates higher reliability, implying greater consistency, stability, and reliability of the scale's measurement results. Typically, coefficients above 0.9 indicate very good reliability.

The most commonly used method for reliability analysis is the Cronbach's Alpha coefficient method. In this study, the internal consistency of the scale will be examined using Cronbach's Alpha coefficient calculated through SPSS. The criteria for evaluation are as follows: generally, if the value of Cronbach's Alpha is 0.9 or higher, it indicates a very high level of internal consistency within the scale. If the value of Cronbach's Alpha falls between 0.7 and 0.9, it suggests good internal consistency of the scale. If the Cronbach's Alpha coefficient is less than 0.7, it indicates a higher degree of inconsistency among the various items in the scale, which may necessitate revising the scale.

The test results are shown in Table 4.3. The Cronbach's Alpha coefficient of the Competency Scale for Business Managers in the Chinese trust industry is 0.970, which is higher than 0.9. This indicates that the internal consistency of the scale is very high, and the questionnaire's reliability is very strong, sufficiently meeting the requirements of the survey. The Corrected Item-Total Correlation (CITC) values for all 20 items in this measurement are higher than 0.4, signifying a strong positive correlation among the analyzed items. Additionally, the Cronbach's Alpha coefficients (if items are deleted) for each item are all greater than 0.9, indicating that removing any individual item would not significantly increase the reliability coefficient. Therefore, this suggests that no item can be eliminated. Overall, this demonstrates a high level of internal consistency for both the entire scale and individual items.

Table 4.3 Cronbach's Alpha coefficient

Item	Corrected Item-Total Correlation (CITC)	Cronbach's α after item deleted	Cronbach's α
1. Analytical thinking	0.796	0.968	0.970
2. Client Orientation	0.770	0.968	
3. Problem Solving	0.818	0.968	
4. Risk Control	0.753	0.968	
5. Pursuit of Excellence	0.811	0.968	
6. Work Procedure Management	0.822	0.968	

7. Conscientious and Responsible	0.786	0.968
8. Work Proactiveness	0.787	0.968
9. Teamwork	0.831	0.967
10. Execution	0.835	0.967
11. Communication	0.798	0.968
12. Networking	0.691	0.969
13. Influence and Persuasiveness	0.725	0.969
14. Selling skill	0.660	0.969
15. Negotiation	0.757	0.968
16. Integrity	0.675	0.969
17. Self-development	0.734	0.969
18. Change Management	0.807	0.968
19. Work under pressure	0.781	0.968
20. Positive thinking	0.827	0.968

4.3.2 Validity analysis

Reliability analysis assesses the internal consistency of all items within a scale, while validity examines the specific effectiveness of each individual item, i.e., whether each item plays a significant role within the scale. The dimensions and elements involved in the preliminary construction of the competency model were derived through comprehensive analysis and refinement of the research findings of numerous scholars, as well as through interview records with participants, and were further refined using the Delphi method. Therefore, validity testing will be performed on the scale.

In this research, validity examination is primarily conducted through factor analysis, including exploratory factor analysis and confirmatory factor analysis. Exploratory factor analysis utilizes principal component analysis and varimax rotation to achieve orthogonal rotation, which clarifies the relationships between variables. Generally, the correlation analysis between different variables is conducted using Bartlett's sphericity test and the Kaiser-Meyer-Olkin (KMO) sampling adequacy test. According to the KMO metric, a KMO value above 0.8 indicates the suitability of the scale for factor analysis.

The validation results, as shown in Table 4.4, indicate a KMO value of 0.946, which is higher than 0.9. This demonstrates a high degree of interrelatedness among the questionnaire items and indicates excellent reliability. The Bartlett's sphericity test chi-square value is 4498.155, with a significance level of 0.000, significantly lower than 0.05. With a significance level less than 0.05, the data passes the Bartlett's sphericity test, indicating that the variables are not independent of each other and thus suitable for factor analysis.

Table 4.4 KMO and Bartlett test

	KMO	0.946
	Approx. Chi-Square	4498.155
Bartlett test	<i>df</i>	190
	<i>p</i> value	0.000

Chapter 5: Research Results

5.1 Model analysis

Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) were conducted on the 20 competencies scale in the formal survey questionnaire. Both the FEA and the CFA were carried out with SPSS. Furthermore, an attempt was made to construct a Structural Equation Model (SEM) through AMOS.

5.1.1 Exploratory factor analysis

On the basis of Exploratory Factor Analysis (EFA) result on the competency indicators of the survey sample through SPSS, we launched orthogonal rotation to extract common factors and determined the number of principal components based on the variance of the initial eigen values, variance contribution rate, and cumulative variance contribution rate computed by the statistical software. Finally, this study extracted four common factors. The variance contribution rates of these four rotated factors are as follows: 33.756%, 21.879%, 17.931%, and 6.304%. The cumulative variance explanation rate after rotation is 79.870%.

Table 5.1 Eigen values and total variance explained

Component	Eigen value			% of variance (Rotated)		
	Eigen	% of Variance	Cum. % of Variance	Eigen	% of Variance	Cum. % of Variance
1	12.769	63.846	63.846	6.751	33.756	33.756
2	1.648	8.241	72.087	4.376	21.879	55.635
3	0.965	4.827	76.914	3.586	17.931	73.566
4	0.591	2.956	79.87	1.261	6.304	79.87
5	0.48	2.4	82.269	-	-	-
6	0.472	2.361	84.63	-	-	-
7	0.39	1.95	86.58	-	-	-
8	0.368	1.841	88.421	-	-	-
9	0.314	1.569	89.989	-	-	-
10	0.304	1.518	91.507	-	-	-
11	0.284	1.418	92.925	-	-	-
12	0.242	1.211	94.136	-	-	-
13	0.203	1.016	95.152	-	-	-
14	0.182	0.908	96.06	-	-	-
15	0.16	0.8	96.86	-	-	-
16	0.154	0.769	97.63	-	-	-
17	0.142	0.712	98.342	-	-	-

18	0.126	0.63	98.971	-	-	-
19	0.121	0.605	99.576	-	-	-
20	0.085	0.424	100	-	-	-

According to detail analysis content in Table 5.1, following the criterion of rotated eigenvalues greater than 1, therefore, four common factors are identified in this research. The cumulative contribution rate of the extracted four common factors reaches 79.870%, which indicates that these four common factors explain nearly 80% of the information, surpassing the 60% threshold (Hair Jnr et al., 2010). Therefore, four common factors are identified finally in this research.

Among these factors, the characteristics of the first common factor have an eigenvalue of 6.751, explaining 33.756% of the variance. The second common factor has an eigenvalue of 4.376, explaining 21.879% of the variance. The third common factor has an eigenvalue of 3.586, explaining 17.931% of the variance. The fourth common factor has an eigenvalue of 1.261, explaining 6.304% of the variance.

Eigenvalues can be viewed as indicators of the impact of principal component analysis, representing how much of the original variables can be explained after introducing the respective principal component. Therefore, based on the explained total variance in Table 5.1, it reveals that the first common factor holds the highest eigenvalue among the four common factors at 33.756%. This indicates that the first common factor explains the most information from the original variables, accounting for 33.756% of the variance.

In order to clarify the specific meaning of the four extracted factors, usually it is necessary to rotate the initial component matrix to facilitate the analysis of actual problems and explore a reasonable explanation. According to the factor loading matrix (rotated), it can be observed that each factor has different loadings for each observed variable. After sorting the factor loadings for each factor, the competency quality components represented by the four common factors are shown in Table 5.2.

Table 5.2 Factor loading matrix (rotated)

Items	Factor loading				Communalities
	Factor 1	Factor 2	Factor 3	Factor 4	
V7 Conscientious and Responsible	.798				.819
V3 Problem Solving	.767				.796
V9 Teamwork	.762				.788
V10 Execution	.762				.801
V1 Analytical thinking	.759				.75
V8 Work Proactiveness	.747				.816
V4 Risk Control	.739				.748
V5 Pursuit of Excellence	.738				.802
V6 Work Procedure Management	.734				.787

V2 Client Orientation	.699		.752
V14 Selling skill		.834	.796
V13 Influence and Persuasiveness		.805	.82
V12 Networking		.797	.782
V15 Negotiation		.794	.824
V11 Communication	.532	.449	.731
V17 Self-development		.778	.809
V18 Change Management		.7	.845
V19 Work under pressure		.7	.794
V20 Positive thinking		.643	.832
V16 Integrity		.726	.882

The first factor primarily loads heavily on variables such as Conscientious and Responsible, Problem Solving, Teamwork, Execution, Analytical thinking, Work Proactiveness, Risk Control, Pursuit of Excellence, Work Procedure Management, and Client Orientation. These variables fall into the category of basic personal characteristics, reflecting the need for business managers in trust industry to possess excellent personal attributes. These attributes focus on customer-centric service delivery, specialized financial expertise, and effective risk control management.

The second factor loads significantly on variables including Selling skill, Influence and Persuasiveness, Networking, Negotiation, and Communication. These variables pertain to communication and influencing abilities. Given the characteristics of trust business, professionals are required to stay attuned to market dynamics and funding needs, identify key decision-makers, and establish effective marketing relationships. Trust managers, therefore, need to excel in network building, communication, coordination, and sales skills. However, variable V11 Communication exhibits some ambiguity between Factor 2 and Factor 3, which should be given attention. The reasons for this may be due to the fact that the competency options "Influence and Persuasiveness" and "Negotiation" contain elements that overlap to some extent with communication itself. It can also be attributed to errors and influences introduced by the sampling survey.

The third factor loads prominently on variables such as Self-development, Change Management, Work under Pressure, and Positive Thinking, indicating a focus on self-management abilities. These competencies focus on the ability of trust managers to maintain a positive outlook and motivation in the face of complex and ever-changing business environments.

The fourth factor can be categorized as Integrity, pertaining to moral qualities. This factor was always emphasized during in-depth expert interviews and, in some cases, was considered a "One-vote veto" option by many HR professions and business managers.

Furthermore, based on the descriptions of competencies and human resource management practices, "Conscientious and Responsible" is also considered a relatively unique competency. In comparison to the "Personal Characteristics" category, it is suggested to be reclassified under the category of moral quality.

Regarding the "V11 Communication" competency, a situation of "ambiguity" has arisen between Factor2 and Factor3. It is recommended to conduct confirmatory factor analysis to examine the overall fit before making further adjustments.

Based on the exploratory factor analysis, the 20 competencies refined through the Delphi method have been summarized to four dimensions, thus establishing the competence model for business managers in China's trust industry.

5.1.2 Confirmatory factor analysis

The 20 competency variables were grouped into four dimensions. To test the fit of the model and determine if it meets the standards, confirmatory factor analysis was conducted on the competency model for business managers in the Chinese trust industry. In this analysis, four factors and 20 items were examined using AMOS software. The analysis included a sample of 217, which is more than ten times the number of items being analyzed, indicating a moderate sample size. The coefficient correlation matrix between the four factors is shown in Table 5.3.

Table 5.3 Coefficient correlation matrix

	Factor1	Factor2	Factor3	Factor4
Factor1	.838			
Factor2	.813	.844		
Factor3	.569	.716	.845	
Factor4	.711	.770	.768	.877

For Factor1, the AVE square root value is 0.838, greater than the maximum absolute value of inter-factor correlation coefficient, 0.813, indicating a good discriminant validity. About Factor2, the AVE square root value is 0.844, greater than the maximum absolute value of inter-factor correlation coefficient, 0.813, indicating a good discriminant validity. For Factor3, the AVE square root value is 0.864, greater than the maximum absolute value of inter-factor correlation coefficient, 0.727, indicating a good discriminant validity. About Factor4, the AVE square root value is 0.877, greater than the maximum absolute value of inter-factor correlation coefficient, 0.770, indicating a good discriminant validity.

Table 5.4 reveals the verification index obtained through confirmatory factor analysis on the competency model of business managers in Chinese trust industry.

Table 5.4 Confirmatory factor analysis results

Index	χ^2	df	χ^2/df	IFI	TLI	GFI	NFI	CFI	RMSEA
Ideal value	-	-	<3	>0.9	>0.9	>0.9	>0.9	>0.9	<0.10
result	566.5	164	3.454	0.911	0.896	0.809	0.879	0.91	0.107

According to the model fit indicators, IFI, CFI are above the ideal value of 0.9, χ^2/df is less than 5, and GFI, NFI, TLI are all within an acceptable range [0.7, 0.9), close to the ideal value of 0.9. However, the RMSEA indicator is greater than 0.1, indicating that the model fit is not ideal. This could be due to improper variable selection, insufficient sample information, or unreasonable model assumptions. Combining the results of exploratory factor analysis and confirmatory factor analysis, it is considered to modify the original competency model.

5.2 Model modification

Considering V11 Communication revealed ambiguity in exploratory factor analysis, the original 20-item competency model is suggested to remove V11 communication and thus modified to 19 items. Exploratory factor analysis and confirmatory factor analysis will be conducted again to examine the modified model.

5.2.1 Reliability and validity analysis

At first, reliability and validity analysis were conducted on the modified competency model, as shown in Table 5.5 and 5.6.

Table 5.5 Cronbach's Alpha coefficient – modified model

Item	Corrected Item-Total Correlation (CITC)	Cronbach's α after item deleted	Cronbach's α
1. Analytical thinking	0.800	0.966	0.968
2. Client Orientation	0.769	0.966	
3. Problem Solving	0.820	0.966	
4. Risk Control	0.757	0.966	
5. Pursuit of Excellence	0.813	0.966	
6. Work Procedure Management	0.826	0.966	
7. Conscientious and Responsible	0.789	0.966	
8. Work Proactiveness	0.789	0.966	
9. Teamwork	0.834	0.965	
10. Execution	0.832	0.965	
12. Networking	0.681	0.967	
13. Influence and Persuasiveness	0.719	0.967	
14. Selling skill	0.659	0.968	
15. Negotiation	0.754	0.966	
16. Integrity	0.673	0.967	
17. Self-development	0.732	0.967	

18. Change Management	0.803	0.966
19. Work under pressure	0.779	0.966
20. Positive thinking	0.821	0.966

Table 5.6 KMO and Bartlett test – modified model

	KMO	0.945
	Approx. Chi-Square	4208.886
Bartlett test	<i>df</i>	171
	<i>p</i> value	0.000

According to Table 5.5 and Table 5.6, The Cronbach's Alpha coefficient is 0.968, which is greater than 0.9, and the KMO value is 0.945, exceeding 0.8. This indicates high reliability and validity.

5.2.2 Exploratory factor analysis

The results of the second exploratory factor analysis are shown in Table 5.7: Four common factors were ultimately extracted, with variance explained after rotation of 34.981%, 21.371%, 17.960%, and 6.093%, respectively. The cumulative variance explained after rotation is 80.405%.

Table 5.7 Eigen values and total variance explained – modified model

Component	Eigen value			% of variance (Rotated)		
	Eigen	% of Variance	Cum. % of Variance	Eigen	% of Variance	Cum. % of Variance
1	12.112	63.749	63.749	6.646	34.981	34.981
2	1.618	8.517	72.267	4.060	21.371	56.351
3	0.960	5.052	77.319	3.412	17.960	74.312
4	0.586	3.086	80.405	1.158	6.093	80.405
5	0.477	2.511	82.916	-	-	-
6	0.419	2.205	85.121	-	-	-
7	0.368	1.938	87.059	-	-	-
8	0.3331	1.742	88.801	-	-	-
9	0.307	1.617	90.418	-	-	-
10	0.289	1.520	91.938	-	-	-
12	0.273	1.439	93.377	-	-	-
13	0.235	1.236	94.613	-	-	-
14	0.203	1.069	95.682	-	-	-
15	0.174	0.914	96.596	-	-	-
16	0.155	0.815	97.411	-	-	-
17	0.149	0.784	98.195	-	-	-
18	0.131	0.691	98.886	-	-	-
19	0.126	0.663	99.548	-	-	-
20	0.086	0.452	100	-	-	-

According to detail analysis content in Table 5.7, following the criterion of rotated eigenvalues greater than 1, therefore, four common factors are identified in this research. The cumulative contribution rate of the extracted four common factors reaches 80.405%, which indicates that these four common factors explain over 80% of the information, surpassing the

60% threshold (Hair Jnr et al., 2010), effectively revealing the 19 competency indicators. The adjusted factor loading matrix is shown in Table 5.8:

Table 5.8 Factor loading matrix (rotated) – modified model

Items	Factor loading				Communalities
	Factor 1	Factor 2	Factor 3	Factor 4	
V7 Conscientious and Responsible	0.802				0.819
V10 Execution	0.776				0.803
V3 Problem Solving	0.768				0.797
V9 Teamwork	0.762				0.788
V1 Analytical thinking	0.755				0.752
V8 Work Proactiveness	0.753				0.82
V5 Pursuit of Excellence	0.741				0.798
V6 Work Procedure Management	0.736				0.788
V4 Risk Control	0.733				0.754
V2 Client Orientation	0.704				0.749
V14 Selling skill		0.841			0.808
V13 Influence and Persuasiveness		0.803			0.821
V15 Negotiation		0.796			0.833
V12 Networking		0.786			0.768
V17 Self-development			0.78		0.814
V18 Change Management			0.705		0.851
V19 Work under pressure			0.703		0.799
V20 Positive thinking			0.649		0.823
V16 Integrity				0.726	0.894

Based on the exploratory factor analysis, the 20 competencies refined through the Delphi method have been adjusted to 19 and summarized to four dimensions, thus establishing the modified competence model for business managers in China's trust industry, as shown in Figure 5.1.

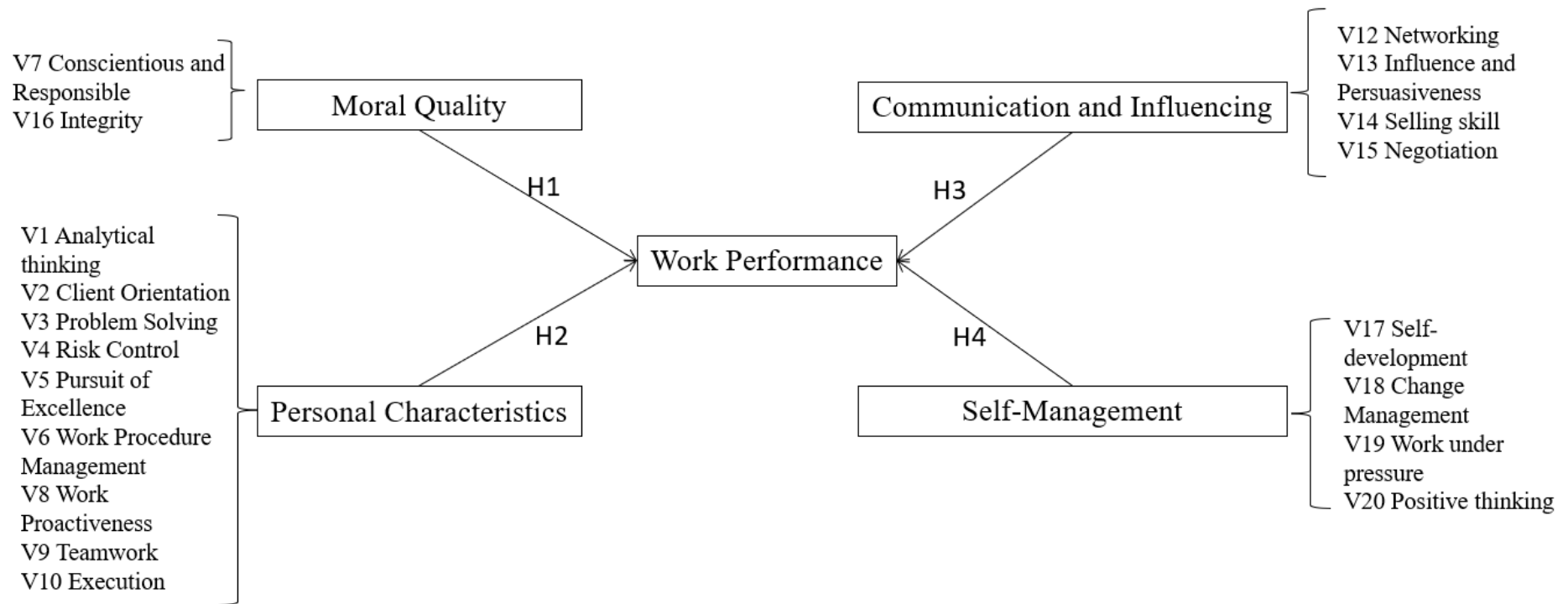


Figure 5.1 The revised competence model and hypotheses for business managers in China's trust industry

5.2.3 Confirmatory factor analysis

Based on the previous exploratory factor analysis and experts interviews, the 19 competence variables have been grouped and summarized into four dimensions for business managers in China's trust industry. In order to examine the stability between items and factors, a confirmatory factor analysis was conducted on the competence model for business managers in China's trust industry. In this analysis, it was conducted on a total of 4 factors and 19 analysis items, through AMOS software. The effective sample size for this analysis is 217, which is more than 10 times the number of analysis items, indicating a suitable sample size. The coefficient correlation matrix between the 4 factors is shown in Table 5.9.

Table 5.9 Coefficient correlation matrix – modified model

	Factor1	Factor2	Factor3	Factor4
Factor1	.838			
Factor2	.813	.844		
Factor3	.516	.675	.864	
Factor4	.711	.770	.727	.877

For Factor1, the AVE square root value is 0.838, greater than the maximum absolute value of inter-factor correlation coefficient, 0.813, indicating a good discriminant validity. About Factor 2, the AVE square root value is 0.844, greater than the maximum absolute value of inter-factor correlation coefficient, 0.813, indicating a good discriminant validity. For Factor3, the AVE square root value is 0.864, greater than the maximum absolute value of inter-factor correlation coefficient, 0.727, indicating a good discriminant validity. About Factor4, the AVE square root value is 0.877, greater than the maximum absolute value of inter-factor correlation coefficient, 0.770, indicating a good discriminant validity.

Table 5.10 reveals the verification index obtained through confirmatory factor analysis on the competency model of trust managers China's trust industry. The IFI, TLI, and CFI values are all above the ideal threshold of 0.9. The χ^2/df ratio is less than 5. The GFI and NFI values are within an acceptable range [0.7, 0.9), and they are very close to the ideal value of 0.9. The RMSEA value is less than 0.1, which falls into an acceptable category. For the modified model with 19 measurement items, it can be concluded that the structural validity of the Competence Model for business managers in the Chinese trust industry is good.

Table 5.10 Confirmatory factor analysis results – modified model

Index	χ^2	df	χ^2/df	IFI	TLI	GFI	NFI	CFI	RMSEA
Ideal value	-	-	<3	>0.9	>0.9	>0.9	>0.9	>0.9	<0.10
result	445.5	146	3.051	0.929	0.917	0.840	0.898	0.929	0.097

Furthermore, according to the results of the analysis of overall fit for this competence

model (Table 5.11), all non-standardized factor loadings are positive and have significance levels below 0.001, indicating that the dimensions have a significant explanatory power over the observed variables. Standardized factor loadings are positive and range between 0.7 and 0.95, indicating that the dimensions meet the requirements for explaining observed variables. The item reliability (SMC) is a measure of the extent to which dimensions explain the items. If SMC falls between 0.19 and 0.33, it indicates low relatedness; if SMC falls between 0.33 and 0.67, it indicates moderate relatedness; if SMC is greater than 0.67, it indicates high relatedness. For most competence items in the trust manager competence model, SMC values are greater than 0.67, and for a few competence items, SMC values are greater than 0.5, indicating that the dimensions have good explanatory power over the observed variables. Additionally, the AVE values for each dimension are greater than 0.5, and the composite reliabilities are all greater than 0.7, indicating that each dimension has good convergent validity.

Table 5.11 Overall fit analysis for competency model of business managers

Factor	Competency	Unstd.	S.E.	z (CR)	p	Std.	SMC	CR	AVE
F1	V7	1	-	-	-	0.946	0.895	0.822	0.702
	V16	0.7	0.055	12.777	***	0.713	0.508		
	V1	1	-	-	-	0.845	0.714		
	V2	0.999	0.069	14.526	***	0.793	0.629		
	V3	1.04	0.062	16.818	***	0.865	0.748		
F2	V4	0.985	0.067	14.779	***	0.802	0.643	0.957	0.712
	V5	1.044	0.065	16.054	***	0.843	0.711		
	V6	1.035	0.063	16.455	***	0.855	0.731		
	V8	1.052	0.067	15.729	***	0.833	0.694		
	V9	1.055	0.061	17.229	***	0.877	0.769		
	V10	1.043	0.06	17.352	***	0.88	0.774		
	V12	1	-	-	-	0.83	0.689		
F3	V13	0.97	0.059	16.35	***	0.886	0.785	0.922	0.746
	V14	0.978	0.065	15.005	***	0.839	0.704		
	V15	0.972	0.058	16.729	***	0.899	0.808		
F4	V17	1	-	-	-	0.82	0.672	0.93	0.77
	V18	1.136	0.066	17.303	***	0.922	0.85		
	V19	1.064	0.066	16.037	***	0.879	0.773		
	V20	1.073	0.066	16.181	***	0.884	0.781		

In conclusion, the competency model for trust managers in China's trust industry developed in this study, based on knowledge management, in-depth interviews, and the Delphi method, is effective. The standardized path coefficients are shown in Figure 5.2.

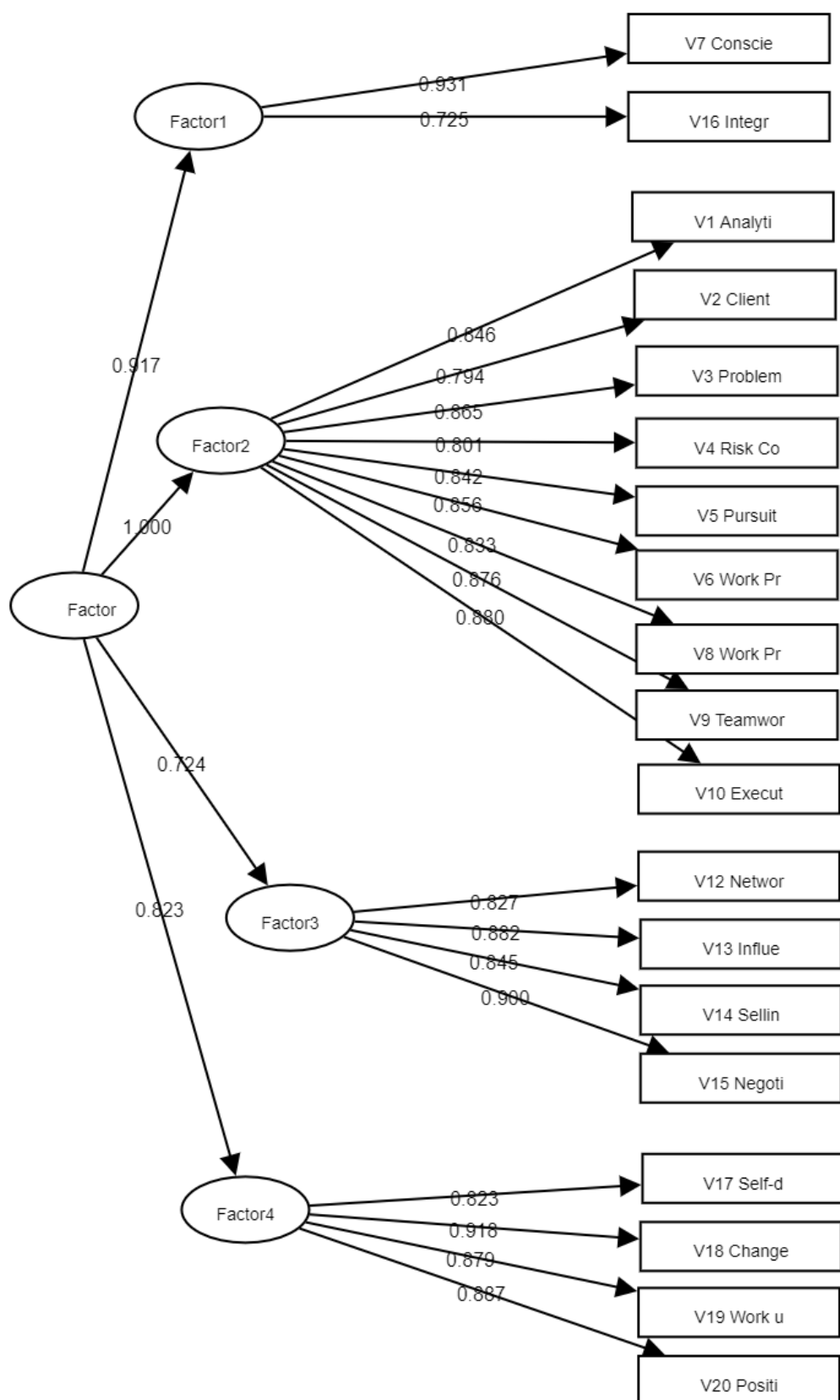


Figure 5.2 Competency factor model for business managers in China's trust industry

5.3 Empirical analysis

In previous analysis chapter, the 19 observed variables represent the competencies that business managers in China's trust industry should possess. Through the analysis of 217 sample data, the evaluation of competencies by trust managers is shown in the following Figure 5.3, which reveals that trust managers rate V16 Integrity and V7 Conscientious and Responsible the highest, followed by V10 Execution and V1 Analytical thinking. Meanwhile, the scores for variables related to communication and influencing, such as V13 Influence and Persuasiveness and V14 Selling Skill, are relatively lower.

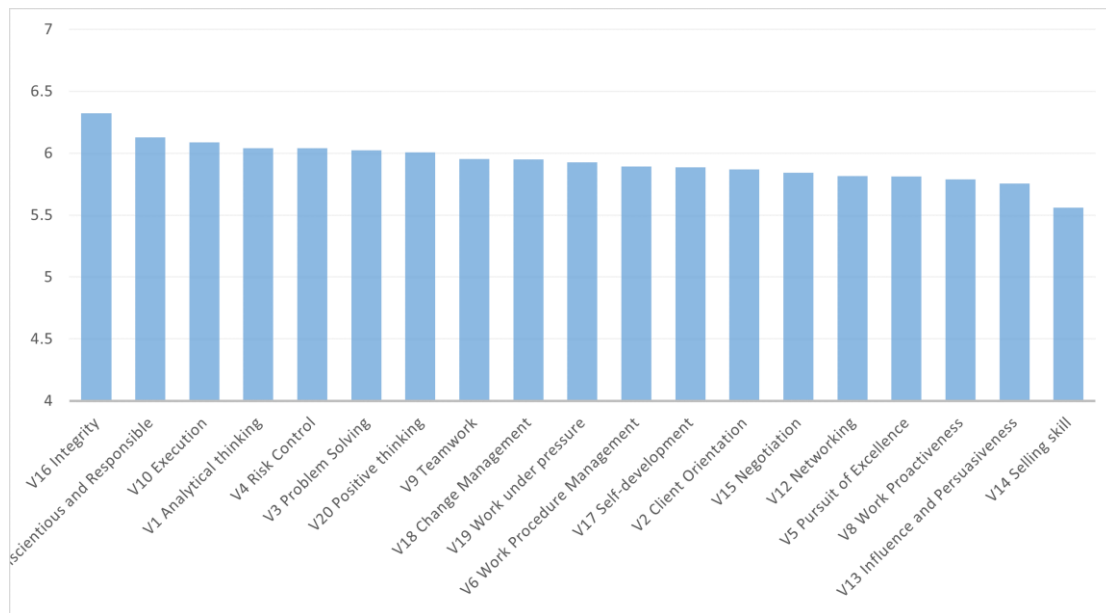


Figure 5.3 Empirical analysis on competencies for trust manager

According to analysis of the latent variable assessment in competency model for business manager in China's trust industry in Figure 5.4, it is evident that Moral Quality is still rated the highest among trust managers. It is followed by Personal Characteristics and Self-Management. In contrast, Communication and Influencing skills receive relatively lower ratings. This suggests that in business practices, trust managers place a high emphasis on moral qualities, particularly integrity, which they consider a foundational quality for working in the trust industry. On the other hand, competencies related to sales and the ability to establish connections and influence others are perceived as relatively more challenging to develop and improve. This indicates that business managers in China's trust industry must prioritize integrity and professional ethics, possess strong analytical thinking and risk management skills, and maintain effective self-management abilities in response to changes in the market, regulatory policies, and customer needs. Interestingly, traditional competencies

such as sales skills and influence, which are often considered highly relevant to performance, receive lower overall ratings. This suggests that while clients value the moral qualities of trust managers and focus on the underlying design of trust products and risk control strategies, the industry itself already imposes high entry requirements in terms of moral qualities and personal characteristics. Therefore, the key to achieving high performance for trust managers might lie in their ability to build long-term trust and cooperative relationships with clients through marketing and influence skills, reflecting a market-driven approach and risk mitigation strategy.

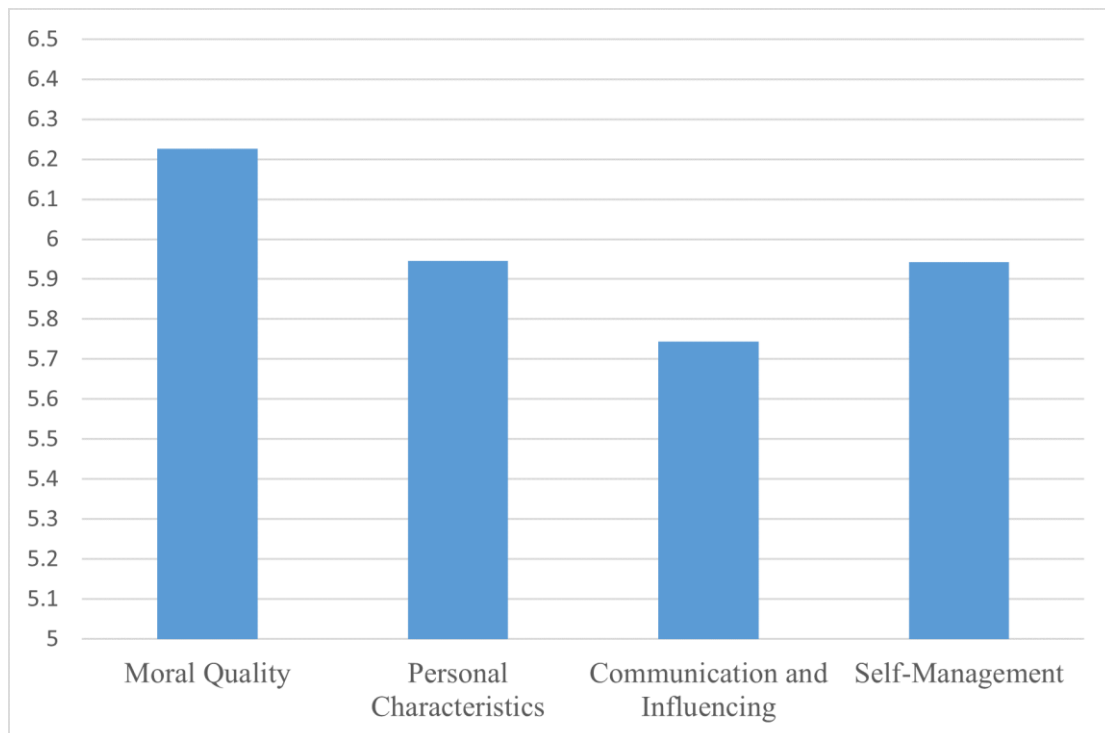


Figure 5.4 Empirical analysis on latent variables

5.4 Analysis of the relationship between competency and work performance

In order to further explore the relationship between the competency model and work performance of business managers in China's trust industry, this research incorporates the four competency dimensions of trust managers, Moral Quality, Personal Characteristics, Communication and Influencing, and Self-Management and Work Performance of trust managers into an overall structure. It examines whether the directions of the relationships between latent variables are consistent with the paths constructed in the previous structural model, based on the collected research data. This study used SPSS to analyze the Pearson correlation matrix between various latent variables, as shown in Table 5.12, indicating that the

four dimensions of competency model for business managers in China's trust industry are significantly positively correlated with work performance.

Table 5.12 Pearson correlations coefficient

Variable	Moral Quality	Personal Characteristics	Communication and Influencing	Self-Management	Work Performance
Moral Quality	1				
Personal Characteristics	.825**	1			
Communication and Influencing	.517**	.675**	1		
Self-Management	.706**	.771**	.729**	1	
Work Performance	.415**	.521**	.538**	.502**	1

Note: * $p < 0.05$ ** $p < 0.01$

The calculation formula for the Pearson correlation coefficient (r) is as follows: $r = \text{Cov}(X, Y) / (\sigma X * \sigma Y)$, where $\text{Cov}(X, Y)$ represents the covariance between X and Y , and σX and σY represent the standard deviations of X and Y , respectively. The correlation coefficient has a range of values between -1 and 1. When $r > 0$, it indicates a positive correlation, when $r < 0$, it indicates a negative correlation, and when $r = 0$, it indicates no correlation. The strength of the relationship can be determined based on the absolute value of the correlation coefficient. Generally, a correlation coefficient greater than 0.7 or less than -0.7 is considered a very strong relationship, between 0.4 and 0.7 or between -0.4 and -0.7 is considered a strong relationship, and between 0 and 0.4 or -0 and -0.4 is considered a moderate correlation.

According to the Pearson Correlations Coefficient (see Table 5.14):

There is a significant positive correlation between Moral Quality and Work Performance, with a Pearson Correlations value of 0.415, and $p < 0.01$, indicating a statistically significant positive relationship between Moral Quality and Work Performance.

There is a significant positive correlation between Personal Characteristics and Work Performance, with a Pearson Correlations value of 0.521, and $p < 0.01$, indicating a statistically significant positive relationship between Personal Characteristics and Work Performance.

There is a significant positive correlation between Communication and Influencing and Work Performance, with a Pearson Correlations value of 0.538, and $p < 0.01$, indicating a statistically significant positive relationship between Communication and Influencing and Work Performance.

There is a significant positive correlation between Self-Management and Work Performance, with a Pearson Correlations value of 0.502, and $p < 0.01$, indicating a

statistically significant positive relationship between Self-Management and Work Performance.

In summary, based on the Pearson Correlations analysis result, it is suitable to proceed with further linear regression analysis. The Competency model for business manager in China's trust industry, including Moral Quality, Personal Characteristics, Communication and Influencing, and Self-Management, is considered as independent variables, while Work Performance is taken as the dependent variable in the linear regression analysis. The analysis results are as follows:

Table 5.13 Parameter estimates (n=217)

	Unst. Coefficients		Std. Coefficients	t	p	VIF
	B	Std. Error	Beta			
Constant	8.923	1.425	-	6.263	0.000**	-
Moral Quality	-0.061	0.217	-0.029	-0.282	0.778	3.407
Personal Characteristics	0.128	0.057	0.265	2.234	0.027*	4.515
Communication and Influencing	0.328	0.094	0.302	3.493	0.001**	2.391
Self-Management	0.109	0.113	0.098	0.97	0.333	3.298
R^2			0.338			
Adj R^2			0.325			
F			F (4,212)=27.046,p=0.000			
D-W			2.046			
Dependent Variable: Work Performance						

Note: * $p < 0.05$ ** $p < 0.01$

According to the Parameter Estimates in Table 5.13, the linear regression model can be represented as follows: Work Performance = 8.923 - 0.061 * MQ + 0.128 * PC + 0.328 * CI + 0.109 * S-M. The model's R-squared value is 0.338, indicating that the competency model for business managers in China's trust industry, which includes Moral Quality, Personal Characteristics, Communication and Influencing, and Self-Management, can explain 33.8% of the variance in Work Performance.

Furthermore, an examination for multicollinearity in the model revealed that all VIF values are below 5, indicating the absence of multicollinearity issues. Additionally, the Durbin-Watson (D-W) statistic is around 2, suggesting no autocorrelation in the China trust industry business managers competency model. This indicates that there is no correlation between the sample data points, and the model has been constructed effectively. In conclusion, the specific analysis reveals that:

The regression coefficient for Moral Quality is -0.061 ($t = -0.282$, $p = 0.778 > 0.05$), indicating that Moral Quality does not have a significant impact on Work Performance. Therefore, H1 is rejected.

The regression coefficient for Personal Characteristics is 0.128 ($t = 2.234$, $p = 0.027 < 0.05$), meaning that Personal Characteristics have a significant positive effect on Work Performance. Therefore, H2 is supported.

The regression coefficient for Communication and Influencing is 0.328 ($t = 3.493$, $p = 0.001 < 0.01$), suggesting that Communication and Influencing have a significant positive influence on Work Performance. Therefore, H3 is supported.

The regression coefficient for Self-Management is 0.109 ($t = 0.970$, $p = 0.333 > 0.05$), implying that Self-Management does not have a significant impact on Work Performance. Therefore, H2 is rejected.

Results of hypotheses testing are summarised in Table 5.14.

Table 5.14 Hypotheses testing result of this study

No.	Hypothesis	Testing Results
H1	Moral quality has positive impacts on work performance.	Rejected
H2	Personal characteristics has positive impacts on work performance.	Supported
H3	Communication and influencing have positive impacts on work performance.	Supported
H4	Self-management has positive impacts on work performance.	Rejected

Furthermore, when conducting an F-test on the model, it was found that the model passes the F-test ($F = 27.046$, $p = 0.000 < 0.05$), indicating that the construction of the competency model for business managers in China's trust industry is meaningful.

5.5 Chapter summary

At the first place, the initial purpose of this study is to construct a competency model for business managers in China's trust industry, combining strategic human resource management and competency models. This can comprehensively represent the human resource management best practice in China's trust industry and better reflect the industry's requirements for the competency and qualities of business managers.

At the second place, this study adopted exploratory factor analysis, confirmatory factor analysis, and structural equation modeling to explore the competency model for business managers in China's trust industry, which includes four dimensions: Moral Quality, Personal Characteristics, Communication and Influencing, and Self-Management. Combining data analysis with human resource management practices, it elucidates the significance of these four dimensions for business managers in China's trust industry, emphasizing their indispensability. The competency model from the perspective of trust managers reflects the industry-specific characteristics and the roles that business managers play in trust business,

with a strong emphasis on the importance of ethical qualities and the management bottom line as a veto factor.

At the third place, at present, academic research on the competency model of business managers in China's trust industry remains in infancy. The competency model derived in this chapter shares some similarities with and notable differences from competency models in other mainstream financial sectors in China. For instance, research by Wei and Zhang (2005) and by Zheng (2008) in their study 'Competency Characteristics of Account Managers in State-Owned Commercial Banks and Their Relationship with Work Attitudes' have identified certain commonalities as well as significant differences.

Wei and Zhang (2005), through surveys of account managers in three domestic commercial banks, conducted exploratory factor analysis and confirmatory factor analysis on their questionnaire data to establish a competency structure model for commercial bank account managers. This model consists of 24 competency traits organized into six competency dimensions: Information Management, Expansion and Demonstration, Relationship Management, Self-Motivation, Advisory Consultation, and Coordination and Communication.

Zheng et al. (2008) conducted a case study from a municipality-level state-owned commercial bank, with account managers conducting self-assessments and received evaluations from their superiors, peers, subordinates, and clients. They assessed the importance of each key behavior in achieving work success and developed and validated a competency trait model for account managers in state-owned commercial banks. This model comprises 11 dimensions organized into three categories: Customer Service, Social Skills, Individual Cognition, and Personality.

While these three research achievements have different names for their competency trait models, they all emphasize customer-centric and market-oriented competency requirements, such as customer service, self-management, and marketing skills. These models reflect some common traits expected of professionals in the financial industry.

At the fourth place, in terms of research approach, this study was based on the assessment and survey from executives in the Chinese trust industry, human resource experts, and business managers. It was closely integrated with industry development and management practices. In terms of research methods, the study employed a competency checklist based on a compilation of competency requirements from literature research. The study first conducted expert discussions and in-depth interviews to develop a formal competency assessment questionnaire using the Delphi method. This questionnaire was then administered to trust managers in multiple trust companies in China. Subsequent analysis involved the use of factor

analysis, structural equation modeling, linear regression analysis, and other methods, combined with expert knowledge, to explore the relationship between the competency model and the work performance of trust managers.

At the fifth place, in terms of research results, “Communication and Influencing” and “Personal Characteristics” have a significant positive impact on the ‘Work Performance’ of trust managers. It is evident that in an increasingly competitive environment, how trust managers establish long-term, trustworthy relationships with clients through excellent personal competencies, communication, and influencing skills is crucial for achieving client recognition. However, both the management and trust managers themselves place significant importance on the moral quality and self-management. Due to the high moral standards required in the trust industry and the unique characteristics of trust managers themselves based on moral quality, survey respondents tend to give high ratings to these aspects in their self-assessment. This may have led to the less pronounced impact on ‘Work Performance’ in the regression analysis conducted in this study. In my opinion, the deep-seated moral quality and self-management of trust managers remain essential for providing high-quality service to clients. In future research and analysis, it may be worthwhile to consider expanding the sample size or exploring potential mediating variables to delve deeper into the relationship between trust manager competency and work performance.

Chapter 6: Research Conclusion and Management Implication

6.1 Research conclusion

The literature review section of this research revealed that in academic field, consensus has been reached regarding the multi-dimensional structure of competency.. Some scholars have also conducted research on the impact of competency on work performance. However, there is a notable gap in theoretical contributions exploring the various dimensions of business manager competencies and the relationship between these competencies and work performance in the Chinese trust industry. Considering the significant role of the trust industry in promoting China's economic development, local economies, and financing for other industries, and given the lack of a well-structured competency system for business managers in Chinese trust industry, this research leveraged its human resources expertise in the trust industry and the feasibility for related research. Consequently, it embarked on an in-depth study of this topic.

The empirical research results of this research provide a theoretical basis for constructing a competency system for business managers in Chinese trust industry, and valuable insights into improving work performance from the perspective of competency for trust managers, thus enriching the human resources management theory of the Chinese trust industry. In management practice, this thesis provides a fresh perspective, approach, and method for enhancing the mindset, beliefs, and competency of trust managers. This, in turn, offers guidance for further improving performance and achieving the strategic objectives of trust companies.

This study innovatively incorporates the latent variables of Moral Quality, Personal Characteristics, Communication and Influencing, and Self-Management of business managers in Chinese trust industry into a structural model. Through in-depth interviews with executives and human resource directors from several Chinese trust companies, as well as a questionnaire survey of trust managers with a total of 217 valid responses, data analysis was conducted through SPSS software. The data analysis results reveals good internal consistency and structural validity of the measurement scales for each latent variable, and various indices of the competency model meets the standard requirements. In summary, this study arrives at

following main conclusions:

Firstly, the research developed a formal "Survey Questionnaire for Competencies of Business Managers in the Chinese Trust Industry." This questionnaire was formulated by integrating insights from in-depth interviews with executives and human resources directors of trust companies, as well as employing the Delphi method. It took into consideration the characteristics of the Chinese trust industry, including its broad applicability, safety, and flexibility. Additionally, it accounted for the group characteristics of business managers in the Chinese trust industry, such as their exceptional innovation ability, high scarcity and independence, strong desire for self-actualization, advocacy for equality, and a robust will to succeed. Additionally, this questionnaire has been tailored for business managers in Chinese trust industry and serves as a valuable tool for improving the competency structure of business managers and guiding future research in Chinese trust industry, thereby enriching the theory of human resource management in trust industry.

Secondly, this study revealed that the competency model of business managers in Chinese trust industry can be categorized into four dimensions: Moral Quality, Personal Characteristics, Communication and Influencing, and Self-Management. These four dimensions include specific elements.

Moral Quality comprises Conscientiousness and Responsibility, as well as Integrity.

Personal Characteristics encompass Analytical Thinking, Client Orientation, Problem Solving, Risk Control, Pursuit of Excellence, Work Procedure Management, Work Proactiveness, Teamwork, and Execution.

Communication and Influencing include Networking, Influence and Persuasiveness, Selling Skill, and Negotiation.

Self-Management involves Self-Development, Change Management, Working under Pressure, and Positive Thinking.

Therefore, the results of this study can serve as a stepping stone and provide valuable insights for Chinese trust companies to establish practical management system for hiring, education and training, and performance evaluation of trust managers. These insights also lay the foundation for enhancing the work performance of trust managers and subsequently improving overall company performance.

Thirdly, this study indicates that within the structural competency model, the four dimensions of business manager competency model in Chinese trust industry have varying degrees of impact on work performance. The analysis reveals that the Communication and Influencing dimension of trust managers is of the highest importance. Strengthening the

abilities of trust managers in communication, sales, and influencing skills can effectively enhance their work performance, which is of significant practical importance.

Furthermore, there is a significant positive correlation between the personal characteristics and the work performance of trust managers. During the research and interviews with business managers in Chinese trust industry, the aspect of “selling skills” within Communication and Influencing dimension was identified as a key competency that needs to be enhanced and cultivated.

Moreover, Moral Quality, while not exhibiting a significant positive correlation with work performance, is deemed a fundamental competency. It is essential both in alignment with industry requirements and in management practices. Therefore, acknowledging the impact of Moral Quality in actual work scenarios is crucial, as it offers valuable guidance for practical applications.

6.2 Management implication

6.2.1 Develop recruitment strategy based on competency model

The construction of competency model for business manager in Chinese trust industry will bring a new perspective and improvements to recruitment management system in the industry.

Firstly, emphasize personal potential and competency characteristics to improve person-post matching. In traditional recruitment process, resumes are often screened based on rigid qualifications, and hiring decisions are made subjectively by interviewers based on their personal experiences and impressions. This approach lacks objective information and theoretical support. As indicated by the “onion model,” the outermost layer of the onion represents easily identifiable knowledge and skills, which are typically considered crucial criteria for candidate selection by many organizations. However, individuals who are well-matched to a position are often more influenced by their inherent personality traits and competencies. Therefore, in recruitment management, it is essential to pay close attention to the observation and assessment of personal traits and competencies during resume screening, written tests, and interview stages to enhance the person-post matching significantly. This will assist companies to select talents that truly align with the company’s strategy and job requirements.

Secondly, recruitment management system based on the competency model would better support a company’s strategic development rather than serving as a passive approach to fulfill

vacancies. Traditional recruitment and selection is often based on the staffing needs of the hiring department and the job requirements. The HR department align these requirements to attract suitable candidates in the market to meet the company's developmental needs. However, traditional recruitment management systems frequently overlook the current impact of a company's strategic business operations and organizational culture. The competency model is a comprehensive assessment system that covers Moral Quality, Personal Characteristics, Communication and Influencing, and Self-Management. It can be adjusted according to company's strategic priorities change. In the process of recruitment and selection employees, trust companies' HR departments should take the competency model into account when selecting talents who are better aligned with the company's strategic development, organizational requirements, and enterprise culture.

3) According to the competency model for trust business managers in Chinese trust industry, trust companies should focus on competencies such as networking, influencing, selling skills, and negotiation, as well as elements like analytical thinking, client orientation, problem solving, risk control, pursuit of excellence, work procedure management, work proactiveness, teamwork, and execution. During the recruitment and selection process, trust companies should pay special attention to these competency traits which trust managers should possess. This approach can lead to more effective screening and recruitment for suitable employees thereby reducing time and resources, and ultimately enhancing recruitment efficiency.

6.2.2 Training management upgrade and improvement

Under traditional human resources management, the training section usually relies on job role analysis to determine training priorities and content. This approach tends to focus on explicit elements such as knowledge and skills. However, train planning based on competency model is founded on the analysis of performance differences between employees with average performance and higher performance, which helps uncover underlying competencies that affect work performance. This method enables further development of training objectives, content, methods, and training effectiveness evaluation that are aligned with competencies.

On the basis of competency model for business managers in Chinese trust industry, trust companies would be better equipped to analyze employees' actual training needs more accurately. By clarifying the requirements of different competency elements, it becomes possible to identify the exact fields employees need to improve, and create personalized training plans for each employee. This indicates that training will be more aligned with

employees' needs, while raising the efficiency and effectiveness of training. It also provides better support for employees' professional development, which can lead to improve employee satisfaction, a critical factor for employee retention and recruitment. Additionally, precise allocation of training resources can help avoid resource wastage, reduce unnecessary training costs, and enhance employees' competency, thus improving their performance, leading to more value creation for the company.

Furthermore, the competency model of business managers in Chinese trust industry provides a measurable standard for evaluating the effectiveness of training. By comparing employees' competency levels before and after training, training assessment and evaluation can be quantified. This allows the HR department to receive more direct feedback to optimize training design and structure. Company management can gain a clearer understanding of the cost-effectiveness of training. Building the competency model offers insights into employees' existing competencies and potential, and this will help employees better adapt to new external environments and job requirements, subsequently enhancing the organization's competitiveness.

6.2.3 Performance evaluation system of trust manager based on competency

Current performance assessment model and methods for the competency of business managers in Chinese trust companies lack objectivity and scientific rigor, particularly when it comes to performance evaluation. Traditional assessment methods for trust managers mainly rely on subjective evaluations by superiors, with a primary focus on financial performance contributions. In terms of capability evaluation, they tend to assess their work attitude or knowledge and skills of trust managers, such as their breadth of knowledge, cognitive abilities, and work attitudes. However, they often don't give enough weight to potential competency factors. Traditional performance appraisal systems are usually based on the principle of person-post matching, with the goal of smoothly accomplishing tasks and responsibilities. But with the results of this study, establishing a human resources management model for business managers in Chinese trust industry based on competency characteristics would place a stronger emphasis on the individual traits, values, motivations, and their alignment with the job. It requires trust managers to not only meet specific job requirements but also align with the company's strategic development and corporate culture, thereby motivating trust managers to have the potential to achieve strategic goals. An assessment system based on the competency model, in addition to work performance, takes into consideration that individual traits and competencies would have great growth after training and development. If trust

managers are provided with reasonable incentives and work support, they will gain outstanding performance, significantly enhancing the company's operational efficiency.

In traditional performance appraisal management, it is often challenging to collect assessment data comprehensively and objectively for trust manager. This is particular in the performance assessment process for trust managers, as scientific performance assessment methods are lacking. The focus of assessment often revolves around the financial performance of trust managers, while their personal traits and potential behind their performance remain unaddressed. However, based on the results of this study, constructing a performance assessment system based on the trust manager's competency model can provide an innovative approach to the performance assessment of business managers in Chinese trust industry.

With a performance assessment system based on the competency model, performance standards should encompass both financial performance goals and competency development goals. The formulation of these standards should meticulously consider the balance between the contributions of trust managers, the advancement of competencies, immediate financial value, significance for the long-term development of the trust company, short-term performance, strategic objectives, and corporate culture. This scientific and systematic assessment system will better reflect the essence of performance assessment and provide a comprehensive evaluation of a trust manager's performance. Therefore, a competency-based performance assessment system consists of indicators that can objectively distinguish excellence from mediocrity. In summary, when assessing the performance of trust managers, a comprehensive evaluation should be undertaken according to the completion of strategic goals and tasks, alignment with corporate culture, improved financial performance, and the development of competencies in these four dimensions.

At the execution level, the first step is to establish a performance evaluation indicationsystem. From previous analysis and discussion section, it's clear that the performance goals for trust managers include not only financial performance but also the execution of strategic initiatives and alignment with corporate culture. Trust managers are expected not only to fulfill their job responsibilities effectively but also to collaborate closely with other team members to achieve comprehensive performance. Secondly, it's important to define core competency behaviors. Trust company can explore a more detailed research and examination on competency model of business manager in Chinese trust industry. This involves defining the content and behavioral descriptions of various competency characteristics, establishing rating scales and criteria, and complementing these with scientifically sound evaluation methods and quantitative performance metrics. This approach

enables trust companies to effectively evaluate and record an employee's overall performance.

Building a performance management system based on the trust manager's competency model is beneficial in enhancing trust managers' overall performance and supporting the achievement of corporate strategic goals. Furthermore, it helps trust companies better understand the development needs and potential of trust managers, promotes employee career growth, and ensures the fairness, objectivity, and transparency of performance management. This would finally lead to a win-win situation for both the company and trust managers.

6.2.4 Suggestion for improving company performance based on competency

Human resource management should serve enterprise business strategy. Business strategy should be a comprehensive, global, and overarching plan for the future, allowing the company to adapt to environmental developments. Consequently, business strategy is developed based on an objective assessment of the internal and external market environment, regulatory requirements, and other relevant factors. It is not a theoretical concept but a practical plan that sets higher requirements for various human resource management modules within the trust company, including trust manager recruitment, training, performance assessment, promotions, and career management. With clear company strategic goals, trust managers should actively understand the company's business strategy and reshape their competencies. Empirical research has shown that by developing trust managers' competencies, they can better manage clients' needs, achieve company strategic objectives, adapt to changing market conditions, and consequently improve their individual work performance. This, in turn, enhances the overall performance of the trust company.

The management system developed based on the competency model of business manager in Chinese trust industry can assist improving the overall performance of a trust company. By aligning this model with the company's strategic objectives, a trust company can define clear competency requirements that are suitable for its own needs. It ensures that both the company and its employees have a comprehensive understanding of the core competencies required for each position. The competency model can guide the recruitment and selection process, ensuring that employees possess the necessary competencies to fulfill their responsibilities and reveal the potential to drive the company's strategic goals and adapt to changing developments. Additionally, the trust company can provide trust manager with training and development opportunities, including improving their professional knowledge, skills, and competencies.

Moreover, the company can provide employees with specific feedback on their

competency development, helping trust managers better understand their strengths, and areas for improvement. Establishing a competency-based performance management system allows for the regular assessment of trust managers' performance and competency development to ensure alignment between performance goals and competency requirements. Furthermore, providing complementary reward mechanisms and incentive measures encourages employees to continuously enhance their competencies. This support also encourages trust managers to engage in continuous learning and self-improvement to keep up with the industry's latest developments and best practices. This approach subsequently enhances employee satisfaction and loyalty, contributing to the organization's long-term success.

6.3 Research limitations

This study has conducted an exploratory study on the competency model of business manager in Chinese trust industry and has integrated competency latent variables with work performance into a structural model. Currently, there is a lack of systematic research on human resource management in Chinese trust industry. The findings of this research can help bridge this gap. Despite achieving certain results through empirical research, a review of the entire research process reveals the following limitations:

1) Limitations in questionnaire design. Although the design of the survey questionnaire in this study was based on a combination of literature review, in-depth interviews, and the Delphi method, the specific design was still subject to constraints from the researchers' own experience. Some behavioral elements might have similar designs and may not have been described accurately in terms of detail descriptions and explanations. While the composite reliability and validity passed the tests, they may still have caused some confusion for the respondents, impacting the questionnaire results to some extent. Furthermore, if more participants involved in this survey or interview, the research results will be more precious and reliable.

2) Sample size and survey scope need to be expanded. This study gathered a total of 217 valid questionnaires, representing 2.2% of the research population, which holds certain reference value. However, theoretically, larger sample sizes would enhance the reliability and validity of data analysis. Additionally, the survey respondents were primarily trust managers based in Shanghai and Beijing, resulting in a lack of data from trust managers in other provinces and regions. Evidently, expanding the scope of the survey is necessary, and this aspect presents an area for improvement in future research..

3) The study was conducted under the assumption that regulatory policies for the trust industry by Chinese financial regulatory authorities remained relatively constant. However, in reality, China's financial regulatory policies have become more stringent in recent years, significantly impacting the comprehensive performance of trust managers. Relaxing this assumption might lead to changes in the data analysis results. Therefore, future study can further explore this aspect in the future and hope that scholars interested in this field would undertake research considering the impact of regulatory policies.

4) Furthermore, due to the flat management structure of Chinese trust companies, the term "trust manager" in this study did not differentiate between hierarchical levels. Many experienced trust managers already assume some team management responsibilities and are not solely responsible for execution. This group and their competency characteristic were not separately distinguished. As a result, this study serves as an initial exploration in the field of competency model in Chinese trust industry, and expects more research involved. This area is relatively underexplored but holds significant practical significance. Therefore, look forward to more experts and scholars conducting research in this field in the future.

6.4 Further research

This study approaches competency management related issues in Chinese trust companies from a perspective of management science. This thesis discussed the topic of which competency should be strengthened under different circumstances and situation. This approach is different from traditional psychological research in terms of research purpose and methods. In the field of psychology, research on competency management typically revolves around creating models of competencies from behavior in certain group of people. In the future management scholars and psychologists would have distinct orientations toward competencies studies focusing on different aspects. Psychology would emphasize fundamental research on competencies, while management might place more focus on practical applications. For management scholars, competency related researches were carried out a bit late, while it has traditionally been the domain of psychology. Therefore, management scholars are expected to engage in more follow-up research in this area, building on the foundation laid by this study. Regarding this field, here are some recommendations for future research:

1 Longitudinal studies: The first suggestion is to conduct longitudinal studies. This research focused on a cross-sectional analysis of competency. However, as China's trust

industry continues to evolve, there will be new changes in the environment, the industry, organizations, and individuals. It is advisable to consider time periods as a factor in future research, conducting longitudinal tracking studies.

2. Expand research scope: This study was limited by resource constraints, with major samples coming from Shanghai and Beijing. The generalizability of the results to other regions in China might be somewhat limited. Future research can focus on specific regions, such as East China, South China, North China for more targeted and generalizable conclusions.

3. Consider different hierarchies: This study focuses on the general aspects of business managers in Chinese trust industry. Subsequent competency-related research can target more precisely classified groups, allowing for more precious analysis results.

4. Develop measurement standards for competency and performance elements: In literature review section, it is noted the lack of consensus in academia regarding competency research. Competency research currently lacks consensus on concepts, characteristics, and constituent elements. Establishing standards for competency and performance will be beneficial for achieving consensus in theoretical research, avoiding unnecessary detours, and laying the foundation for empirical research. However, different industries have varying requirements and evaluation standards for competencies. Therefore, the task of establishing competency and performance standards for each industry remains a significant challenge.

These recommendations are expected to provide some guidance to future research in the field of competency, and address various dimensions to enhance the depth and breadth of knowledge in this area.

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