

Association between Relational Trust, Company Value Disciplines, and Organizational Performance in Top Management Teams

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Abstract: - This study aims to investigate the relationship between relational trust's effects on organizational performance and company value disciplines and its mediating effect on the interaction between company value disciplines and organizational performance. Furthermore, it incorporates the characteristics of the top management team in the mediation regression model as control variables to observe their influencing effects. Through the Taiwan Hotel Association, this study used purposive sampling to select decision-makers from the top management of member companies, including chairpersons, chief executive officers, assistant managers, and directors. The data were collected through a questionnaire survey, with 212 valid samples ultimately recovered. According to hierarchical regression analysis, relational trust had a partial mediating effect on the relationship between company value disciplines and organizational performance. Additionally, the mediating effects of relational trust on this relationship were significantly affected by integrating the characteristics of the top management team into the model. These findings suggest that owners and top managers of restaurants and hotels should effectively implement human resource management practices and performance management systems in their day-to-day business operations and team decision-making to reduce agency problems and prevent harmful competitive behaviors within the organization that may undermine company interests.

Key-Words: - Top management team, Relational trust, Company value disciplines, Organizational performance, Hotel industries, Enterprise ownership.

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1 Introduction

Previous studies have demonstrated that the personality traits of top management decision-makers in companies are not only associated with their decision-making behavior but also influence the process of decision-making; moreover, they may even directly affect company performance, [1]. The literature on top management teams (TMTs) has also examined issues related to moral hazards and adverse selection, [2]. It has been suggested that future researchers should analyze the impact of the TMT's overall characteristics on company operations, with this view as more appropriate than investigating individual managers, [3], [4].

In addition, a company's success cannot be attributed solely to the chief executive officer (CEO). According to [4], companies must rely on a TMT comprising top managers who work together as a team to formulate internal strategies and act as

external company representatives in negotiations with other organizations, as this, in turn, affects the company's operational performance, [5], [6]. A company's business strategy determines its fundamental long-term goals, enabling it to adopt the policies and allocate the resources needed to achieve these objectives, [7]. [8] and [9] each utilize different types of business strategies to conduct research, with each type of strategy aimed at demonstrating how companies compete and create value in the marketplace. Rarely does a company consider itself to have only a single business strategy; rather, it tends to simultaneously combine multiple different strategies. As a result, research regarding company values has been gradually adopted by manufacturing and service companies across various industries. As shown by numerous studies regarding strategy, the study of company value disciplines is academically

vigorous and in abundance, [10], [11], [12]. However, research related to pragmatic management tends to focus more on operational excellence, which implies low costs, reliability, accuracy, and availability; customer intimacy, which emphasizes service quality; or product leadership, which refers to leading products and innovative services, [13].

For the purposes of this study, we selected members of the Taiwan Hotel Association as research subjects. Purposive sampling was used to select decision-makers from TMTs from the chosen companies, such as chairpersons, CEOs, assistant managers, and directors. Data from these participants were collected via a questionnaire. The rest of this paper is structured as follows. Section II includes the literature review and research hypotheses. Section III includes the research design and methodology. Section IV includes data analyses and discussion. Section V contains the research conclusions.

2 Literature Review

2.1 Relational Trust and Organizational Performance

Guanxi (“relationship”) is not simply a specific mechanism derived from Chinese society; it is a complex and widespread network of relationships that comprise shared obligations, understanding, assurances, and an operational mechanism to overcome competitive and strategic deficiencies, [14]. In Chinese society, company managers typically use *guanxi* to establish trust and facilitate interpersonal exchanges within the organization, [15], [16]. In research regarding trust among Chinese people, there is currently a dichotomy between interpersonal and institutional trust, along with the trust particularly associated with Western social sciences, [17]. According to research by [15], relational trust in Chinese people is formed on the basis of a *guanxi* connection. Further, he discussed the internal structure and operational process of relational trust. In addition, research regarding relational trust among Chinese people focuses on four key aspects, namely, reassurance, reliability, guarantee, and high risk. Relevant studies have noted the existence of the dual mechanisms of categorization and relativization in the specific operational process of relational trust, along with the extremely complex practical logic of relational trust in different contexts and in its process of transformation, [18].

Moreover, since [19] proposed the structural embeddedness theory, trust has been viewed as having a mediating effect on the relationship between interpersonal relationships and economic activity. This is because trust can reduce transaction costs within organizations or markets, [20]. Moreover, according to [21], typically, there is a separation between company management rights and ownership in *Western* companies, with management rights held by professional managers. Family shareholding certainly has an impact on company operations, causing agency problems and arrangements that influence decision-making.

Lastly, trust enhances cooperation, improves relationship flexibility, reduces cycle time, improves quality, and reduces the cost of coordination activities, [22]. Furthermore, the level of *trust* between partners in a strategic alliance has a key impact on performance, [23], [24]. Due to high levels of trust between company managers, agency problems with shareholders are relatively minor and therefore have less of an impact on decision-making and performance, [25].

Hypothesis 1: Relational trust has a significant impact on organizational performance

2.2 Relational Trust and Company Value Disciplines

How do professional managers in business organizations choose between relational trust and company value disciplines? [26] found that in terms of family businesses, trust and commitment are key foundations in hiring external professional managers to the core management level of company decision-making. [27] conducted an analysis based on traditional agency theory, noting that due to the separation of ownership and management rights, professional managers may gain advantages from asymmetric information, which may lead the agent toward a moral crisis or idleness, which would in turn encroach on the director’s interests, [28], [29]. Therefore, companies facing such agency problems must carefully consider granting manager equity or adjusting the management compensation mechanism to combine operational performance with the financial interests of professional managers, thereby prompting agents to work toward the shareholders’ interests, [30]. Family-owned companies are subject to severe restrictions on human resource management, resulting in the inability to recruit sufficiently qualified employees with good potential. This impacts the company’s competitiveness, indicating that company

characteristics also affect company performance, [31]. When company ownership is centralized to an agent or CEO, the entrenched management of family businesses, implemented to prevent a third-party group from gaining control, will lead to reduced company value, [32]. In addition, [33] state that shareholders having close ties to the family will result in a negative entrenchment effect, thereby reducing company value in terms of shareholder interests.

Hypothesis 2: Relational trust has a significant impact on company value disciplines

2.3 Mediating Effect of Company Value Disciplines on the Relationship between Relational Trust and Organizational Performance

A company's operational management aims to maximize the value of shareholder interests for all shareholders on a long-term and sustainable basis. Such a task requires a clear understanding and consideration of the creation of company value. [34] states that company value is driven by the magnitude, timing, and uncertainty of cash flow, which is reflected in company profitability and *long-term* growth rate. In addition, it is highly probable that professional managers would have the advantage of information asymmetry and thus choose to make business decisions that are more favorable to their own interests while operating the company, ultimately infringing upon the interests of the owners, [28], [29]. Therefore, [35] state that companies are willing to include an increasing number of professional managers in decision-making teams [36]; the specialized knowledge and skills of professional managers are useful for providing professional advice and increasing the company's value.

Hypothesis 3: Company value disciplines significantly impact organizational performance

In reality, the numerous overlapping and changing networks of relational trust, along with the competition and cooperation pervading these networks, provide plenty of room for *guanxi* to operate, [37]. Previous research has found that trust and commitment are key foundations in hiring external professional managers to the core management level of company decision-making [26]; simultaneously, utilizing the specialized knowledge and skills of professional managers will increase the value of the company, [38]. [35] found

that a positive net benefit from a company's use of resources indicates that the benefit created by this usage is greater than that of the resources used, indicating that value has been created.

Hypothesis 4: Company value disciplines have a mediating effect on the relationship between relational trust and organizational performance.

2.4 The TMT and Company Values

Profit-seeking organizations have always sought to maximize the interests of their shareholders. Additionally, in practice, there will inevitably be the opinions of the company and those of the market in business operations. That is, there will be a dispute between the board of directors and professional managers regarding the business strategy due to their differing value beliefs. This aspect has been a key focus of research into agency theory over the years. According to an empirical study by [39] regarding the association between shareholding structure, company performance, and the external environment of companies in East Asia, company value is higher when the ultimate controlling shareholder holds higher cash flow claims. In contrast, a high degree of control for the ultimate controlling shareholder leads to a decrease in company value, especially in the case of those who hold lower cash flow claims while having a high level of control, [40], [41].

According to [35], the main business model for companies has developed into a separation of ownership and management rights. That is, following the separation of ownership and management rights, if the shareholding of the management authority is too low, the company's equity will be overly dispersed. Based on self-interested motives, the management authority will allocate and utilize the company's resources while maximizing its personal interests [4], [42]. However, this model easily leads to conflicts of interest between shareholders and *managers*, an issue known as agency problems. [42] suggest that because they do not bear residual risk, agents driven by self-interested motives tend to maximize their personal interests and deviate from investment decisions that would maximize company value. Therefore, the agency costs brought about by agency problems reduce company value and harm the interests of shareholders.

2.5 The TMT and Organizational Performance

Selecting and changing business strategies may

reflect that as time passes and experience is accumulated, the management team has considered all the constraints on the development of the current areas of operation and *has* then chosen differing business strategies to pursue sustainable growth, [43]. Moreover, according to [6], when the corporate governance mechanism is planned to increase the proportion of shares held by the TMT, it has a positive effect on company performance. [4] reveal that the constituent characteristics of the TMT (size, level of education, heterogeneity in level of education, seniority, heterogeneity in seniority, and shareholding ratio) positively affect the operational performance of the company. In terms of the impact of changes in the TMT on organizational performance, some studies suggest a positive correlation between company scale and performance, [44]. However, some studies suggest that the CEO's personal characteristics are equally important in influencing a company's operational performance, [45], [46]. [47] note that a high degree of extroversion increases team efficiency, which in turn enhances operational performance. In contrast, [48] note that CEO extroversion may in fact have a negative impact on operational performance. Finally, in terms of studies measuring TMT variables, [35] measure the TMT in terms of size, level of education, heterogeneity in the level of *education*, seniority, heterogeneity in seniority, and the shareholding ratio. Other relevant studies regarding the characteristics of TMTs have likewise adopted "size, tenure, and level of education" as the primary characteristics for measurement, along with the individual characteristics of top managers such as their level of experience and their values, [49].

3 Research Methodology

3.1 Research Framework

This study formed a research structure through literature review (Figure 1, Appendix)

3.2 Research Objects and Sampling Method

Through the Taiwan Hotel Association, this study used purposive sampling to select member companies as the target population for this study; it then used questionnaire to collect data from top decision-makers in these companies, including chairpersons, CEOs, assistant managers, and directors. A total of 212 valid samples were retrieved, which were then analyzed using *descriptive* statistics (Table 1, Appendix). First, the

two variables measured were the type of business: 1. Restaurants (star-rated and tourist restaurants), and 2. Hotels (business hotels and motels); and company scale: amount of capital, guest capacity, and number of employees. Additionally, the questionnaire collected the background information of the participants, including their job title, years of service, highest level of education, and age.

3.3 Variable Measurement and Questionnaire Design

The questionnaire was designed to include five aspects, namely, the independent variable "relational trust"; the mediating variable "company value disciplines" (operational excellence, product leadership, customer intimacy); the dependent variable "organizational performance"; the control variables of TMT characteristics (shareholding ratio among top managers, size of TMT, average level of education of top managers, and average seniority of top managers); and the business characteristics (background) variables (company scale; type of business: 1. Restaurants (star-rated restaurants, tourist restaurants) and 2. Hotels (business hotels, motels); amount of capital; guest capacity; and number of employees). The operational definitions of the variables, questionnaire design, and measurement methods are detailed below.

3.3.1 Relational Trust

[50] define trust as "existing when one party has confidence in an exchange partner's reliability and integrity." [51] measures trust in terms of credibility and benevolence. [52] state that trust involves being both honest and benevolent. In this study, the scale used to measure relational trust is a modified version of the scales used by [53]. The scale comprises eight statements, each scored on a five-point Likert scale. A score of 5 indicates "strongly agree," 4 indicates "agree," 3 indicates "neither agree nor disagree," 2 indicates "disagree," and 1 indicates "strongly disagree."

Using exploratory factor analysis, the scale's Kaiser-Meyer-Olkin (KMO) coefficient was found to be 0.930. The scale was further examined using principal component and Varimax common factor analyses, demonstrating a cumulative explained variance of 64.97% and an internal consistency (Cronbach's α) of 0.922.

3.3.2 Company value Disciplines

A company's business strategy is usually used to guide the direction of the company's operations and is closely linked to its business objectives and

target markets. Business strategies gradually develop into competitive strategies, core competencies, and competitive advantages. [54] states that customer services are a process of value co-creation and a process through which business strategies that create competitive advantages are formed. This study explores company value disciplines in the hospitality industry through an in-depth investigation of competitive advantages. Operational excellence, product leadership, and customer intimacy [54] are used within the scale to measure competitive advantages in property management companies. There are 15 statements in the questionnaire regarding this topic, with a 5-point Likert scale used to calculate the total score. A score of 5 indicates “strongly agree,” 4 indicates “agree,” 3 indicates “neither agree nor disagree,” 2 indicates “disagree,” and 1 indicates “strongly disagree.” Using exploratory factor analysis, the operational performance scale’s KMO coefficient was found to be 0.849. The scale was further examined using principal component and Varimax common factor analyses, demonstrating a cumulative explained variance of 64.39% and an internal consistency (Cronbach’s α) of 0.860. The product leadership scale’s KMO coefficient was found to be 0.837. The scale was further examined using principal component and Varimax common factor analyses, demonstrating a cumulative explained variance of 64.56% and an internal consistency (Cronbach’s α) of 0.861. The customer intimacy scale’s KMO coefficient was found to be 0.866. The scale was further examined using principal component and Varimax common factor analyses, demonstrating a cumulative explained variance of 65.81% and an internal consistency (Cronbach’s α) of 0.866.

3.3.3 Organizational Performance

In terms of organizational performance, the primary measurement method involves adopting a company’s financial and non-financial performance [55], [56] as well as its overall market performance [57]. [58] states that organizational performance is manifested in the firm’s growth rate and profitability; therefore, it is primarily concerned with achieving the company’s business goals. Measurable indicators of organizational performance include revenue, profit, after-tax surplus sales, and return on investment. Therefore, organizational performance is measured according to the following factors: customer satisfaction, revenue potential, profitability, market share, sales growth rate, and productivity. These factors were measured on a five-point Likert scale. A score of 5

indicates “strongly agree,” 4 indicates “agree,” 3 indicates “neither agree nor disagree,” 2 indicates “disagree,” and 1 indicates “strongly disagree.” Each rating is added to determine the measurement score. Using exploratory factor analysis, the scale’s KMO coefficient was found to be 0.867. The scale was further examined using principal component and Varimax common factor analyses, demonstrating a cumulative explained variance of 62.50% and an internal consistency (Cronbach’s α) of 0.878.

3.3.4 Control Variables and Company (Background) Characteristic Variables

In previous studies, the TMT has primarily been measured in terms of team size, level of education, seniority, and shareholding ratio [35]. In this study, the TMT control variables were selected by respondents and included the following: shareholding ratio (shareholding %); size (number of people); average level of education (TMTedu) (senior high/vocational school: 12 years or less in education, specialized college: 16 years or less, doctorate or master’s degree: 18 years or more); and top management average seniority (TMTseniority: individual seniority divided by total number of managers).

Regarding the choice of company background variables, [59] adopted the number of years the company has been in existence, company scale, and inventory turnover rate as company characteristic (background) variables. In this study, company scale; and type of business: 1. Restaurants (star-rated restaurants, tourist restaurants), and 2. Hotels (business hotels, motels); amount of capital; guest capacity; and number of employees were adopted as measurement variables.

Finally, the personal backgrounds of the top managers involved in the study were collected, including their job titles, years of service, highest level of education, and age.

3.4 Data Analysis Methods

This study used hierarchical regression analysis to analyze the impact of the independent variable, relational trust, on the mediating variable company value disciplines (operational excellence, product leadership, and customer intimacy) and the dependent variable organizational performance. In addition, we analyzed the mediating effect of company value disciplines (operational excellence, product leadership, customer intimacy) on the relationship between relational trust and organizational performance. After incorporating the control variables into the regression model, we

observed changes between the variables. The main purpose of adopting hierarchical regression analysis is to explain the overall predictability of multiple independent variables against dependent variables and find a linear combination of independent variables to illustrate the relationships among a group of predictor and criterion variables. In addition, the forced entry method was used to select the most streamlined regression model from all possible regression models. Subsequently, the influence of the predictor variables on the criterion variables is determined based on the absolute value of standardized regression coefficient β in each predictor variable.

To examine whether the research variables are suitable for hierarchical regression analysis to test the linear relationship between variables, the regression model's significance level F test is used to observe the coefficient β . Moreover, the regression model coefficient R^2 can be used to account for the percentage of total variation, where the larger the value, the better the fit of the regression model. Moreover, in multiple regression analysis, the possible existence of multicollinearity issues may lead the F test result of the regression model to be significant; however, the net regression coefficients of individual explanatory variables have insignificant t -test results. Therefore, it is necessary to run a variance inflation factor (VIF) test to detect possible multicollinearity issues [60]; a VIF of 10 or above suggests severe collinearity, [61].

4 Research Findings and Analysis

4.1 Pearson Product-Moment Correlation Coefficient Analysis

The means, standard deviations, and correlation coefficients of the independent variable "relational trust"; the mediating variable "company value disciplines" (operational excellence, product leadership, customer intimacy); and the dependent variable "organizational performance" are shown in Table 2 (Appendix).

4.2 Mediating Effect of Company Value Disciplines

This study examines the mediating effect of company value disciplines (operational excellence, product leadership, and customer intimacy) on the relationship between relational trust and organizational performance. This study also integrated the characteristics of the TMT into a

hierarchical regression model as control variables. Only the average level of education (TMTedu) (senior high/vocational school: 12 years or less in education; specialized college: 16 years or less; and doctorate and master's degree: 18 years or more) and average seniority (TMTseniority; individual seniority divided by total number of managers) changed during the actual operations of restaurants and hotels due to the TMT characteristics. The effect of the mediating variable company value disciplines (operational excellence, product leadership, and customer intimacy) on the relationship between relational trust and organizational performance is described below.

4.2.1 Mediating Effect of Company Value Disciplines (Operational Excellence)

The mediating effect of company value disciplines (operational excellence) is shown in Table 3 (Appendix). Analyzing the results reveals that, in Model 1 with relational trust, $R^2 = 0.371$ ($F = 123.843^{***}$). Meanwhile, in Model 2, which incorporates company value disciplines (operational excellence), $R^2 = 0.649$ ($F = 165.848^{***}$). All VIF values were below 10, indicating that the model has good explanatory power. Further analysis of Model 1 demonstrates that relational trust ($\beta = .518$, $t = 11.128^{***}$) has a significant effect on organizational performance. Model 2 incorporates company value disciplines (operational excellence) ($\beta = .730$, $t = 12.878^{***}$), which have a significant effect on organizational performance. In Model 2, relational trust ($\beta = .098$, $t = 2.056^*$) has less of an effect on organizational performance than in Model 1. Thus, company value disciplines (operational excellence) are shown to have a partial mediating effect on the relationship between relational trust and organizational performance.

This study incorporated the TMT's characteristics into the hierarchical regression model as control variables. Only average level of education and average seniority were mediated by company value disciplines (operational excellence), as shown in Table 4 (Appendix). Analysis of the results shows that, in Model 1, which incorporates the average level of education and seniority of top managers, $R^2 = 0.080$ ($F = 9.132^{***}$). In Model 2, which incorporates relational trust: $R^2 = 0.379$ ($F = 100.096^{***}$). In Model 3, which incorporates company value disciplines (operational excellence): $R^2 = 0.651$ ($F = 161.642^{***}$). The VIF values were below 10, indicating that the models have good explanatory power. Further analysis of Model 2 demonstrates that relational trust ($\beta = .495$, $t =$

10.005^{***}) has a significant effect on organizational performance. Model 3 incorporates company value disciplines (operational excellence) ($\beta = .736$, $t = 12.714^{***}$), revealing a significant effect on organizational performance. In Model 3, relational trust ($\beta = .087$, $t = 1.782$) has no significant effect on organizational performance. Thus, company value disciplines (operational excellence) have a full mediating effect on the relationship between relational trust and organizational performance.

4.2.2 Mediating Effect of Company Value Disciplines (Product Leadership)

The mediating effect of company value disciplines (product leadership) is shown in Table 5 (Appendix). Analysis of the results shows that, in Model 1, with relational trust, $R^2 = 0.371$ ($F = 123.843^{***}$). In Model 2, which incorporates company value disciplines (product leadership), $R^2 = 0.687$ ($F = 210.689^{***}$). All VIF values were below 10, indicating that the model has good explanatory power. Further analysis of Model 1 demonstrates that relational trust ($\beta = .518$, $t = 11.128^{***}$) has a significant effect on organizational performance. Model 2 incorporates company value disciplines (product leadership) ($\beta = .723$, $t = 14.515^{***}$), revealing a significant effect on organizational performance. In Model 2, relational trust ($\beta = .133$, $t = 3.136^{**}$) has less of an effect on organizational performance than in Model 1. Thus, company value disciplines (product leadership) are shown to have a partial mediating effect on the relationship between relational trust and organizational performance.

This study incorporated the TMT's characteristics into the hierarchical regression model as control variables. Only the average level of education and seniority were mediated by company value disciplines (operational excellence), as shown in Table 6 (Appendix). Analysis of the results shows that, in Model 1, which incorporates the average level of education and seniority of top managers, $R^2 = 0.080$ ($F = 9.132^{***}$). In Model 2, which incorporates relational trust: $R^2 = 0.379$ ($F = 100.096^{***}$). In Model 3, which incorporates company value disciplines (product leadership): $R^2 = 0.719$ ($F = 206.585^{***}$). All VIF values were below 10, indicating that the model has good explanatory power. Further analysis of Model 1 demonstrates that relational trust ($\beta = .495$, $t = 10.005^{***}$) has a significant effect on organizational performance. Model 3 incorporates company value disciplines (product leadership; $\beta = .719$, $t = 14.373^{***}$), which are found to significantly affect organizational performance. In Model 3, relational

trust ($\beta = .119$, $t = 2.717^{**}$) has a significant effect on organizational performance, which is less significant than that in Model 2. Thus, company value disciplines (product leadership) are shown to have a partial mediating effect on the relationship between relational trust and organizational performance.

4.2.3 Mediating Effect of Company Value Disciplines (Customer Intimacy)

The mediating effect of company value disciplines (customer intimacy) is shown in Table 7 (Appendix). Analysis of the results shows that, in Model 1 with relational trust, $R^2 = 0.371$ ($F = 123.843^{***}$). In Model 2, which incorporates company value disciplines (customer intimacy), $R^2 = 0.658$ ($F = 175.457^{***}$). All VIF values were below 10, indicating that the model has good explanatory power. Further analysis of Model 1 demonstrates that relational trust ($\beta = .518$, $t = 11.128^{***}$) has a significant effect on organizational performance. Model 2 incorporates company value disciplines (customer intimacy; $\beta = .718$, $t = 13.246^{***}$) which are found to have a significant effect on organizational performance. In Model 2, relational trust ($\beta = .133$, $t = 2.952^{**}$) has less of an effect on organizational performance than in Model 1. Thus, company value disciplines (customer intimacy) are shown to have a partial mediating effect on the relationship between relational trust and organizational performance.

This study incorporated the TMT's characteristics into the hierarchical regression model as control variables. Only the average level of education and seniority among top managers were mediated by company value disciplines (customer intimacy), as shown in Table 8 (Appendix). Analysis of the results shows that, in Model 1, which incorporates the average level of education and the average level of education and seniority of top managers, $R^2 = 0.082$ ($F = 9.132^{***}$). In Model 2, which incorporates relational trust, $R^2 = 0.379$ ($F = 100.005^{***}$). In Model 3, which integrates company value disciplines (customer intimacy), $R^2 = 0.660$ ($F = 206.585^{***}$). All VIF values were below 10, indicating that the model has good explanatory power. Further analysis of Model 1 demonstrates that relational trust ($\beta = .495$, $t = 10.005^{***}$) has a significant effect on organizational performance. Model 3 incorporates company value disciplines (customer intimacy; $\beta = .713$, $t = 13.063^{***}$), which are found to have a significant effect on organizational performance. In Model 3, relational trust ($\beta = .127$, $t = 2.741^{**}$) has a significant effect on organizational performance,

which is less significant than that in Model 2. Thus, company value disciplines (customer intimacy) are shown to have a partial mediating effect on the relationship between relational trust and organizational performance.

5 Conclusion

5.1 Research Hypotheses and Empirical Evidence

Through the Taiwan Hotel Association, this study used a purposive sampling strategy to collect data from decision-makers among top management of member companies, including chairpersons, CEOs, assistant managers, and directors. The data were collected through an electronic questionnaire survey, with 212 valid samples ultimately recovered. The results of this study demonstrate the following: First, relational trust has a significant effect on organizational performance; this result is aligned with those of [23], [24], and [25], who researched how the relational trust between professional managers and agents affects organizational performance. Second, company value disciplines (operational excellence, product leadership, and customer intimacy) have a significant effect on organizational performance, which aligns with finding that the specialized knowledge and skills of professional managers also increase company value. Third, company value disciplines (operational excellence, product leadership, and customer intimacy) have a significant effect on organizational performance, which again aligns with the findings of [36], who reveal that the specialized knowledge and skills of professional managers enable them to make professional recommendations, thereby increasing company value. Fourth, in this study, through the degree of correlation between and the impact of the aforementioned research variables, the hypothesis that company value disciplines (operational excellence, product leadership, customer intimacy) mediate the relationship between relational trust and organizational performance is confirmed. Finally, after incorporating the TMT's characteristics as control variables (average level of education and seniority) in the regression model, the average level of education and seniority of managers not only significantly and positively affect organizational performance but also produce numerical changes in the mediating effects of company value disciplines on the relationship between relational trust and organizational

performance.

5.2 Practical Implications for Management

Trust and commitment are key factors in the appointment of professional managers to the core management team responsible for company decision-making. Additionally, how professional managers choose between relational trust and company value disciplines determines not only the company's competitive advantage but also its profitability. In particular, Chinese culture is especially concerned with the concept of *guanxi*, differing greatly from the Western social sciences, which focus primarily on interpersonal and institutional trust. In Western companies, there typically exists a separation between a company's management and ownership rights; business owners or family-owned businesses will appoint management rights to managers via contractual behavior. While the shareholding of business owners certainly affects a company's operational processes, there are also arrangements that lead to agency problems and affect decision-making. Previous studies have revealed that a commitment to increasing relational trust between company ownership and professional managers and even between individual professional managers, helps increase cooperation, improve the flexibility of relationships, curtail the length of decision-making cycles, improve the quality of business operations, and reduce the cost of coordination activities. However, more than 96% of the companies in Taiwan are classed as small and medium-sized enterprises (SMEs). In SMEs, the individual in charge may have an inflated ego, perceiving their role as akin to that of a rulers. However, unlike the ruler of a nation, they lack the flexibility to obtain results through different actions. Understanding how to design a professional manager entrustment system within the business operating system that considers the interests of the company ownership has long been a test of the company owner's management capabilities.

5.3 Recommendations for Future Research

In the past, it was extremely common to research the board structure and shareholding structure of conglomerates, family-owned businesses, and listed companies and explore the agency problems associated with professional managers. In terms of measurement indicators, numerous studies have adopted the size of the board, the proportion of external board members, the stock-pledging behavior of directors and supervisors, and the rate of return on shareholder equity as indicators. In

particular, the shareholding structure is designed based on controlling shareholder control, cash flow rights, and the extent to which control deviates from cash flow rights.

There is a wealth of research regarding governance mechanisms such as the degree of deviation between shareholder control and director and supervisor control and that between the shareholding and debt ratios of professional managers, as well as the remuneration to directors and supervisors. In this study, we select the concept of company value disciplines, considering the perspective of a company's competitive advantages, to determine the mediating effect of TMT's company value disciplines on the relationship between relational trust and organizational performance in the hospitality industry. In the future, besides observing the practical phenomena of business operations, research on the operational behavior of for-profit companies may also consider the message behind Johann Georg Faust's *Deal with the Devil* when analyzing gray transaction behaviors in the process of business operations.

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- Liu, Chun-Chu: Provide guidance on statistical analysis methods for research data.

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The authors have no conflicts of interest to declare.

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APPENDIX

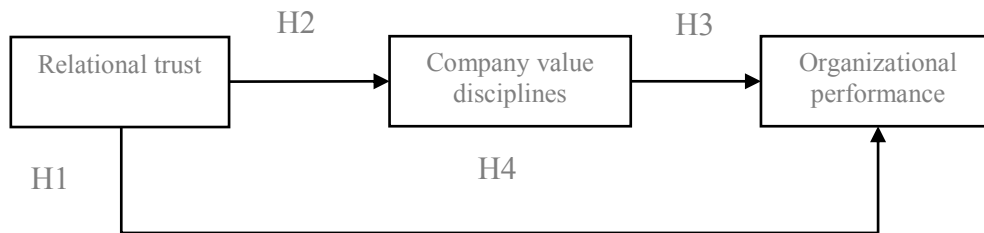


Fig. 1: Research Framework

Table 1. Descriptive statistical analysis of valid samples

Category	Number	Percentage (%)	Category	Number	Percentage (%)
Business Type			Amount of Capital		
1. Restaurants	145	68.4	Less than NT\$15 million	74	34.9
2. Hotels	67	31.6	NT\$25.1 million to NT\$100 million	138	65.1
Number of Rooms			Number of Employees		
1. 10 or less rooms (inclusive)	19	9.0	1. 10 or fewer employees	19	9.0
2. 11–100 rooms	71	33.5	2. 11–50 employees	89	42.0
3. 101–200 rooms	66	31.1	3. 51–100 employees	71	33.5
4. 201 or more rooms (inclusive)	56	26.4	4. 101 or more employees	33	15.6
Years of Service			Job Title		
1. 5 years or less (inclusive)	34	16.0	1. Chairpersons	28	13.2
2. 6–10 years	45	21.2	2. CEO	39	18.4
3. 11–15 years	73	34.4	3. Deputy general manager	47	22.2
4. 16 years or more (inclusive)	60	28.3	4. Assistant manager	70	33.0
			5. Director	28	13.2
Highest Level of Education					
1. Senior high (vocational) school	28	13.2			
2. College/university	130	61.3			
3. Graduate school (master's degree and doctorate)	54	25.5			

Note: Amount of capital: 1. NT\$50 million or below (inclusive); 2. NT\$50.01–100 million; 3. NT\$100.01–500 million; 4. NT\$500.01 million or above (inclusive)

Table 2. Pearson product-moment correlation coefficients

Variable	Mean	(SD) ¹	1	2	3	4	5
Relational trust	4.24	.790	1				
Operational excellence	4.36	.666	.683**	1			
Product leadership	4.35	.672	.628**	.809**	1		
Customer intimacy	4.43	.657	.645**	.797**	.834**	1	
Organizational performance	4.37	.672	.609**	.801**	.820**	.802**	1

* $P < 0.05$, ** $P < 0.01$, *** $P < 0.001$

¹Standard deviation (SD)

Table 3. The mediating effect of company value disciplines (organizational excellence)

Dependent variable Independent variable	Organizational performance				
	Model 1		Model 2		VIF
	β	<i>t</i> value	β	<i>t</i> value	
(Constant)	2.169	10.796	.767	4.130	
Relational trust	.518	11.128***	.098	2.056*	1.876
Operational excellence			.730	12.878***	1.876
<i>F</i>	123.843***		165.848***		
<i>R</i> ²	0.371		0.649		
Adjusted <i>R</i> ²	0.368		0.646		

* $P < 0.05$, ** $P < 0.01$, *** $P < 0.001$

Table 4. The effect of the TMT

Dependent variable Independent variable	Organizational performance						
	Model 1		Model 2		Model 3		VIF
	β	<i>t</i> value	β	<i>t</i> value	β	<i>t</i> value	
(Constant)	2.825	6.726	1.678	4.605	.836	2.969	
TMTedu.16	.082	3.151**	.035	1.586	-.007	-.420	1.116
TMTseniority17	.032	3.328**	.007	.792	.006	.928	1.129
Relational trust			.495	10.005***	.087	1.782	1.976
Operational excellence					.736	12.714***	1.953
<i>F</i>	9.132***		100.096***		161.642***		
<i>R</i> ²	0.080		0.379		0.651		
Adjusted <i>R</i> ²	0.072		0.370		0.645		

* $P < 0.05$, ** $P < 0.01$, *** $P < 0.001$

Table 5. The mediating effect of company value disciplines (product leadership)

Dependent variable Independent variable	Organizational performance				
	Model 1		Model 2		VIF
	β	<i>t</i> value	β	<i>t</i> value	
(Constant)	2.169	10.796	.661	3.754	
Relational trust	.518	11.128***	.133	3.136**	1.650
Product leadership			.723	14.515***	1.650
<i>F</i>	123.843***		210.689***		
<i>R</i> ²	0.371		0.687		
Adjusted <i>R</i> ²	0.368		0.684		

* $P < 0.05$, ** $P < 0.01$, *** $P < 0.001$

Table 6. The effect of the TMT

Dependent variable Independent variable	Organizational performance						
	Model 1		Model 2		Model 3		VIF
	β	<i>t</i> value	β	<i>t</i> value	β	<i>t</i>	
(Constant)	2.825	6.726	1.678	4.605	.462	1.698	
TMTedu.16	.082	3.151**	.035	1.586	.014	.891	1.082
TMTseniority17	.032	3.328**	.007	.792	.006	1.101	1.128
Relational trust			.495	10.005***	.119	2.717**	1.763
Product leadership					.719	14.373***	1.665
<i>F</i>	9.132***		100.096***		206.585***		
<i>R</i> ²	0.080		0.379		0.689		
Adjusted <i>R</i> ²	0.072		0.370		0.683		

* $P < 0.05$, ** $P < 0.01$, *** $P < 0.001$

Table 7. The mediating effect of company value disciplines (customer intimacy)

Dependent variable Independent variable	Organizational performance				
	Model 1		Model 2		VIF
	β	<i>t</i> value	β	<i>t</i> value	
(Constant)	2.169	10.796	.623	3.296	
Relational trust	.518	11.128***	.0133	2.952**	1.714
Customer intimacy			.718	13.246***	1.714
<i>F</i>	123.843***		175.457***		
<i>R</i> ²	0.371		0.658		
<i>Adjusted R</i> ²	0.368		0.655		

* $P < 0.05$, ** $P < 0.01$, *** $P < 0.001$

Table 8. The effect of the TMT

Dependent variable Independent variable	Organizational performance					
	Model 1		Model 2		Model 3	
	β	<i>t</i> value	β	<i>t</i> value	β	<i>t</i>
(Constant)	-2.825	6.726	1.678	4.605	.407	1.415
TMTedu.16	.082	3.151**	.035	1.586	.016	.995
TMTseniority17	.032	3.328**	.007	.792	.002	.290
Relational trust			.495	10.005***	.127	2.741**
Customer intimacy					.713	13.063***
<i>F</i>	9.132***		100.096***		170.637***	
<i>R</i> ²	0.080		0.379		0.660	
<i>Adjusted R</i> ²	0.072		0.370		0.653	

* $P < 0.05$, ** $P < 0.01$, *** $P < 0.001$