

Article

Manager's Trust and Trustworthiness in Sustainable Practices: Impact on Turnover and Manager's Performance in Restaurants in China

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Abstract: This study examines the effects of managers' trusting and trustworthy behaviors toward employees on turnover rates and performance evaluations within 115 restaurants in China. Utilizing data from a large-scale hypothetical experiment involving over 2000 employees and managers, combined with performance and operational data from these restaurants, we applied both game theoretical and empirical methods to analyze the dataset. Our findings reveal that managers' trusting and trustworthy actions are significantly associated with lower turnover rates, highlighting how trust-driven leadership can enhance organizational stability and sustainable business practices. For senior associate managers, their trusting actions toward employees positively impact their performance. Furthermore, senior associate managers working in restaurants where employees are more trusting and trustworthy toward their peers tend to receive higher performance ratings. This study uniquely connects behavioral trust and trustworthiness measures with objective performance outcomes, offering new insights into the critical role of trust in fostering sustainable business practices and improving economic performance.

Keywords: trusting behavior; trustworthiness; sustainable business practices; job performance; employee turnover



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1. Introduction

As the intersection of sustainability and organizational behavior becomes more pronounced, the role of sustainable practices within organizations gains greater emphasis. Reducing turnover rates is a crucial aspect of a firm's sustainable business practice as high turnover can lead to increased costs, loss of organizational knowledge, and disruptions in operations. Sustainable business practices emphasize the retention of skilled employees to maintain stability and foster long-term growth. Turnover rates are closely linked to the trust employees have in their managers and the organization as a whole [1].

Trust has long been a crucial research topic, garnering significant attention across various fields. Extensive research has examined the different levels of trust within organizations and their impacts on business outcomes (for reviews, see [2,3]). The consensus is clear: intrateam trust positively correlates with enhanced job satisfaction and commitment [4,5], fosters open communication and knowledge sharing [6], and enhances the relationship between transformational leadership and organizational citizenship behaviors [7]. These elements are vital for fostering sustainable business practices.

This study explores the relationship between managers' trusting and trustworthy actions and firms' sustainable practices, specifically turnover rates and evaluated performances. Using a large-scale hypothetical experimental dataset and objective performance

data from a firm's HR information system, we aim to connect behavioral trust and trustworthiness to these critical business outcomes. Traditionally, most studies have measured trust and trustworthiness using multiple-item inventories [8,9]. In this study, we adopt a behavioral economics approach to measure trust and trustworthiness by using the investment game [10] as an experimental measure. This game-based approach provides a behavioral, rather than perceptual, assessment of trust and trustworthiness by capturing actions in decision-making scenarios. By grounding our study in the framework of behavioral economics, we offer a novel perspective on trust and trustworthiness within specific business contexts. The investment game serves as a reliable and context-specific measure of trust, which has been shown to correlate strongly with results elicited from psychometric assessments [11,12]. However, studies on trust and trustworthiness using the experimental approach generally focus on factors correlated with trust propensities, and there has been a lack of inquiries that connect trusting behaviors to firms' performance. Furthermore, most previous studies focus on either trust between employees or the level of employees' trust in managers. Few studies have been conducted examining the impact of managers' trust in employees [3].

Our study has three important features that distinguish it from extant literature. First, there is limited research connecting behavioral trust and trustworthiness measures with objective outcomes such as turnover rates and managers' performance. This study fills that gap by exploring the relationship between these experimental measures and real-world business outcomes. Second, our study fills the gap in the trust and trustworthiness literature by attending to the influences of managers' trust and trustworthiness toward employees on sustainable business practice, a question that has not been well addressed previously. Furthermore, the existing literature on trust and trustworthiness tends to focus on the trust relationship among employees and employees' trust toward managers, leaving the vertical trust from managers to employees in the employment relationship not well studied despite trust and trustworthiness in organizations being a complex and multiterminal phenomenon. Third, the business outcome data were retrieved from the business's HR information system so that our analysis is based on work units' objective outcomes, such as the turnover rate and managers' performance ratings by the firms.

The finding of this study contributes to the managerial implication in three ways. First, we find that both managers' trusting and trustworthy behaviors toward employees are associated with a lower turnover rate. Second, for managers in general, higher-level trust toward employees is positively associated with their performance outcomes. This effect is more salient for associate managers, and the level of trustworthiness toward employees also increases associate managers' performance. Third, the restaurant average level of employees' trusting and trustworthy actions, as well as the expectation of the other employees' trusting behaviors, also have positive impacts on associate managers' performance.

The remainder of this paper is organized as follows. In Section 2, we present the literature review. Then, in Section 3, we present a game-theoretical model and construct the corresponding hypotheses based on this framework. The methodology and the results are presented in Section 4. Section 5 provides a concluding summary.

2. Literature Review

Trust has been a cornerstone of research work in economic behavior, organizational behavior, and sustainable business practice. The most commonly accepted definition of trust, according to [13]'s seminal study on the basis of cross-disciplinary collection of research, is "a psychological state comparing the intention to accept vulnerability based upon the positive expectations of the intentions or behavior of another". In the management literature, ref. [14] proposed that the propensity to trust is a generalized behavioral intention to take risks, and this intention varies when facing different trustees. The degree to which the trustee can be trustworthy is determined by three factors: ability, benevolence, and integrity. A person of high ability is someone who is skillful and has influence in a particular

domain. A benevolent person is one who is willing to help others. Integrity refers to the desire to hold the rules and follow social norms. Several well-adopted scales have been used to measure the propensity to trust, such as, [9,15].

On the other hand, in economics literature, trust is commonly defined as A trusts B to do X [16]. Trust involves the trustor providing discretion to the trustee to affect the trustor's interests, and, thus, the gains from trust should outweigh the potential losses from distrust. Trustworthiness, in this context, refers to the trustee's ability and willingness to act in the trustor's best interests, honoring the trust placed in them. These are the specific definitions of trust and trustworthiness used in our study. Based on these definitions, the investment game [10] is widely used as a measure of the levels of both trust and trustworthiness. In this game, trust is represented by the amount of money the trustor sends to the trustee, as it demonstrates their willingness to be vulnerable and their belief in the trustee's integrity or competence. Trustworthiness, on the other hand, is captured by the amount the trustee returns to the trustor. A higher return amount reflects a stronger adherence to norms of reciprocity and fairness, which are key indicators of trustworthiness [17].

To better understand the directions and manifestations of trust and trustworthiness, ref. [18] distinguished three forms of trust in organizations: horizontal trust between co-workers, vertical trust from employees to managers, and vertical trust from managers to employees. Existing studies generally focus on the first two forms. For example, ref. [19] assessed objective sales, profits, and employee turnover rates for nine restaurants, surveyed employees of these restaurants, and elicited employees' trust propensity to general managers. They found that employees' greater trust toward managers is associated with better operational performance and lower turnover rates. More recent studies continue to highlight the critical role of trust in both directions. Ref. [20] emphasizes that positive employee–manager relationships significantly improve employee performance and productivity, with negative relationships leading to poor performance. Similarly, ref. [21] found that trust in supervisors mediates the relationship between workplace incivility and employee performance, demonstrating how trust in leadership mitigates the negative effects of incivility in the workplace.

However, studies that focus on the impacts of managers' trust toward employees on performance outcomes are generally lacking. Indeed, managers' trust toward employees and their trustworthiness are important and can potentially affect various business outcomes. To some extent, in an employment relationship, managers are also vulnerable since they rely on their employees to complete work tasks. If tasks are left incomplete or unperformed, managers are likely to also encounter consequences of incomplete work and undesirable performance, such as lower performance evaluation ratings, less pay, and damaged reputation [1]. In this study, we focus on the effects of managers' trust toward employees, as well as their trustworthiness on turnover rates and managers' performance, as evaluated by the organization. We also examine the extent to which employees' trust and trustworthiness toward each other affect the overall turnover rates in the business units and the managers' performance ratings.

Sustainability and organizational behavior are increasingly interconnected, reflecting the importance of sustainable practices within organizations. Ref. [22] emphasizes a micro-foundational perspective of sustainability, focusing on individual and relational drivers of sustainable practices. This approach highlights how daily behaviors and interactions contribute to broader sustainability goals. Ref. [23] identifies key factors affecting sustainable firm performance, including knowledge creation, as well as maintaining a skilled workforce and organizational intelligence. High trust levels enhance cooperation, communication, and knowledge sharing, which are essential for sustainable business practices [3]. Ref. [2] surveyed 112 studies and showed that intrateam trust is positively related to team performance and has a moderate size of impact, highlighting the importance of trust in sustainable management practices, as effective team performance is crucial for achieving long-term sustainability goals. Recent research further confirms this notion. For instance, ref. [24] has shown that trust facilitates management control in inter-organizational relationships,

where trust-based management reduces the need for other control mechanisms by fostering collaboration and sustainable outcomes in joint ventures. Furthermore, ref. [25] highlights the mediating role of mutual trust in inspiring leadership and communication practices within sustainable organizations, emphasizing how trust drives employee engagement and commitment. Ref. [26] shows that trust-based relationships facilitate collaboration and innovation, vital for developing sustainable business models. This integrated perspective underscores the significance of trust in enhancing organizational sustainability, as evidenced by reduced turnover rates, improved team performance, and strengthened collaboration and innovation. Together, these elements contribute to the overarching goal of sustainable firm performance and the development of sustainable business practices.

In economics literature, researchers are mainly interested in the relationship between trust and economic growth (e.g., [27]) and individual financial decisions (e.g., [28]). For a comprehensive review, see [17,29]. There are only a handful of studies focusing on the relationship between intra-organizational trust and firm performance. Using Workplace Employment Relations Surveys (WERS) data, ref. [30] found that the average employee's trust propensity has a positive impact on managers' perceptions of firms' performance in terms of financial performance, labor productivity, and quality of product or service. On the other hand, behavioral and experimental economists are interested in factors that affect behaviors in the trust game. In a multi-cultural experiment, ref. [31] showed that the amount to send is mainly affected by the expectations of returns, but it could also be affected by the individual's preference in terms of unconditional kindness, including altruism [32] and inequity aversion [33]. These behaviors are likely affected by gender, culture [34], and social distance [35] but might not be affected by risk attitudes [36]. Moreover, researchers also show that behaviors in the trust game are highly correlated with other trust/trustworthiness scales [12]. Ref. [37] found that decisions of no trust lead to stronger negative emotional reactions and reduced satisfaction, affecting future behavior. Although the behavioral trust and trustworthiness measure is reliable and content-specific, few studies have directly linked managers' and employees' behaviors in the trust game to objective measures of firm and manager performance, a gap this study seeks to fill.

3. Theoretical Model

3.1. Baseline Model

In this section, we use the principal–agent model to establish theoretical foundations and set hypotheses for the links between trust/trustworthiness, turnover rates, and managers' performance. The main purpose of this section is to outline potential mechanisms and channels through which propensities to trust and being trustworthy can affect outcome variables.

We adopt the simple principal–agent model [30,38] to demonstrate how managers' intentions to trust and be trustworthy toward employees could help explain the changes in turnover rates, as well as managers' performance as evaluated by the firm. Here, we assume the manager plays the role of the principal who cannot directly monitor the actions taken by the agents (employees). The manager can observe the outcomes of employees' actions, which can be assumed to be related to the store's profits and overall results. Therefore, the manager's performance will be affected by these outcomes.

To simplify the model, we assume one agent has actions set $E \equiv \{H, L\}$, where H and L indicate the high and low levels of effort the agent can choose, respectively. The manager prefers the agent to choose H . The agent can choose action $e \in E$, which affects the outcomes of the business practice, p , and generates costs to the agent, C_H or C_L ($C_H > C_L$). We assume that there is a n -vector of feasible outcome values of π_i ($i = 1, \dots, n$). For each action that the agent takes, there is an n -vector of probabilities, with p_e (can be either p_H or p_L) being the probability that outcome π_{ii} is observed as the agent chooses effort e . For example, when the agent chooses to take action H , the agent knows the outcome π_{ii} will happen with probability p_{Hi} and $\sum_{i=1}^n p_{Hi} = 1$. We assume that the agent is risk averse and the principal is risk neutral. The agent has a von Neumann–Morgenstern expected utility function of

$U(e, I) = (I)p_e - C_e$, which depends on both the choice of efforts e and the income offered by the firm I . The object function of the principal is $V(e, I) = (\pi - I)p_e$. The principal's task is to define the optimal compensation I to incentivize the agent to take the action H , which we assume is the action that the principal prefers. Therefore, the problem is to maximize the object function,

$$V(H, I) = (\pi - I)p_H. \quad (1)$$

subject to

$$(I)p_H - C_H \geq (I)p_L - C_L \quad (2)$$

and

$$(I)p_H - C_H \geq \bar{U}, \quad (3)$$

where $\bar{U}$ is the reservation utility. When (3) does not hold, the agent will choose to quit the job.

We start with a scenario in which there exists an equilibrium in the model. The principal chooses the optimal compensation I^* , and the agent chooses the optimal effort H . We now try to explore different framings of the principal–agent model to illustrate the potential channels through which trusting and trustworthy actions can influence different aspects of the firm's operational outcomes.

3.2. Managers' Trusting and Trustworthy Actions and the Turnover Rate

Here, we follow the idea of employee identity introduced by [39] and adjust the cost function of the employee. We assume that an employee can take on two different categories of identities, $d \in \{N, O\}$, where N stands for insider and O stands for outsider. The norms for the insiders are focusing more on the interest of the firm and taking the H effort, and vice versa for the outsider. Therefore, the employee's utility function is $U(e, I; d) = (I)p_e - C_e + S_d - y_d^*|e^*(d) - C_e|$, where S_d is the employee's identity utility from being the category d , and $y_d^*|e^*(d) - C_e|$ is the disutility from diverging from the ideal effort level for category d . For example, if an employee has an identity as an outsider and chooses effort level H due to the high compensation I^* , they will encounter disutility $y_O^*|C_L - C_H|$.

It is reasonable to assume that managers' trusting and trustworthy behaviors toward their employees will influence the employees' identity. Specifically, if the manager is more likely to trust the employee, or be trustworthy toward the employee, these positive attitudes make the employee more likely to be self-identified as an insider, N . As shown by [39], such changes will decrease the employee's cost to take the high-effort action by increasing the identity utility and removing the disutility of divergence. Therefore, for the same level of compensation rate, the chance that (3) validates will be higher. Since (3) is the constraint condition that the employee will be working for the firm, the turnover rate will be lower. Thus, we have our first hypothesis:

Hypothesis 1: *Business units in which managers (a) trust the employees, (b) are trustworthy toward the employees, will have lower turnover rates than the business units in which managers have lower trust and trustworthiness propensities.*

3.3. Factors Affecting Managers' Performance

Now we assume that there exists a non-negative managerial cost, M_a , for the principal to estimate the probabilities set p_a . Therefore, the object function for the principal will be $V(a, I) = (\pi - I)p_a - M_a$. It is reasonable to assume that when the manager has a lower level of trust toward the employees, t , the cost for the manager to inspect the relationship between the employees' actions and the outcomes will be heavily increased; that is, $M_a(t)$ will be non-increasing in the argument of t ($dM_a(t)/dt \leq 0$). Similarly, when the managers are more trustworthy toward the employees, these actions enhance the trust in the employment relationship and, therefore, may also reduce the cost M_a . Hence, for the optimal I^* that solves the baseline model, a higher trust level t will increase the value of Equation (1) and, therefore, I^* may no longer be the optimal solution. Furthermore, a new optimal solution

$I^*(t)$ should lead to a new performance of the manager $V(H, I^*(t)) \geq V(H, I^*)$. Thus, we can expect that a higher level of trust toward employees would decrease the managerial cost of monitoring and checking and, therefore, increase the efficiency of the managers' performance. Thus, we have our second hypothesis:

Hypothesis 2: *Managers who (a) trust the employees, (b) are trustworthy toward the employees will have better performance ratings than managers who have lower trust and trustworthiness propensities.*

If, on average, the employees trust each other and also are trustworthy toward each other, these attitudes will make the operations of the firm more efficient and effective, as suggested by [30]. Therefore, these factors will also have non-positive impacts on the managerial cost, Ma . Following a similar vein, we can assume that a higher level of employees' trusting and trustworthy behaviors toward each other will also have a positive impact on managers' performance. Based on this assumption, we have our third hypothesis:

Hypothesis 3: *Managers in business units where employees (a) trust other employees, (b) are trustworthy toward other employees will have better performance ratings than managers in business units where those propensities are lower.*

4. Methodology

4.1. Sample and Research Design

This study is based on two sources of data. The first dataset contains survey responses from 1721 staff members, 134 restaurant general managers, and 353 non-general managers in 134 restaurants of an international fast-food chain company operating in China. (The job title information is collected from the company's human resources (HR) information system. The three categories are also defined by the company. Staff members are defined as all employees without manager title. General manager is the manager in charge of whole restaurant's operation, and there is only one per restaurant. All other managers, such as associate manager, inventory manager, and shift manager, are all defined as non-general manager by the company. For simplification purposes, we use the term employee to indicate staff members in this paper.) These restaurants are located in more than 30 cities in 3 provinces in the southern part of China. Data collection was conducted during the fall of 2019. There are several advantages to using this sample to study the impacts of managers' trust and trustworthiness propensities. First, even though these restaurants follow the general operational policies set forth by the company, each of them is treated as an independent business unit that has its own revenue, profits, and employee relations. The managers have relatively large responsibilities and discretions in reaching these goals. Second, managers in each restaurant have empowerment and authority in interacting with staff members. Their attitudes and behaviors have a substantial capacity to impact the culture of the workplace and, therefore, affect the business outcomes of the restaurant. Third, being in a labor-intensive industry, these restaurants have relatively high turnover rates. Reducing turnover rates has been recognized as an important factor in reaching long-term success [40]. Furthermore, in fast-food restaurants, the success of the establishment is influenced by the entire staff team rather than a few key employees, such as chefs.

We created unique survey links for participants in each restaurant in the study. With the assistance of the company, we sent online survey links to the employees and managers separately and independently. To ensure that the survey was completed by the employees of the company, all respondents, including staff members and managers, were asked to enter their employee ID when answering the survey. Participants were informed that their responses would be coded and kept anonymous.

After the survey was administered, the research team was granted access to certain objective information from the company's records. Therefore, the second dataset was from

the company's management information system. By matching the two datasets using employee ID, we obtained information for each respondent, such as job title, working at which restaurant, hourly wage (for employees), monthly salary (for managers), and performance evaluation (for general managers and associate managers). At the restaurant level, we collected data such as the turnover rate, sales category of the restaurant, and monthly average working hours.

4.2. Trust and Trustworthiness Measures

We use the investment game [10] as the measurement of the propensities of trusting and being trustworthy. There are two movers in the game: first mover and second mover. They both receive the same endowment; for example, 100 RMB from the experimenter. The first mover can choose to send any amount they receive to the second mover. This amount will be tripled and received by the second mover. Then, the second mover can choose to return any amount to the first mover. The amount sent by the first mover to the second mover is defined as the propensity of first mover's trust in the second mover. If the first mover trusts the second mover at a higher level, they will send more money to the second mover. Meanwhile, the ratio of the money that the second mover sends back to the first mover over the money they received is the measurement of second mover's propensity of being trustworthy when being trusted by the first mover. Specifically, if the second mover sends back 90% of amount received from the first mover, this indicates a relatively high level of trustworthiness. This game has been well adopted in the economics literature to measure behavioral trust and trustworthiness [41].

Meanwhile, [38,42] have shown that the trust and trustworthiness measures collected using the investment game are highly correlated with those elicited from psychometric scales such as the Propensity to Trust survey [14], General Social Survey, and Machiavellian Trustworthiness Scale. Ref. [43] also found that these behavioral measurements can be predicted by context-specific measures of propensity to trust automation. Similarly, ref. [11] demonstrated that behavioral trust measures correlated with psychometric trust scales in the context of substance abuse treatment, further validating the consistency between behavioral and survey-based trust measures.

We follow [35] and use hypothetical experimental methods to elicit respondents' propensities of trusting and being trustworthy and their expectations of others' actions in this setting. Specifically, after explaining the game rules (Following [35], we provided a numerical example showing how the first mover's and second mover's payments were calculated after assuming specific send and return amounts to help respondents better understand the process.), instead of asking the survey respondents to play the game, we ask them to respond to the following questions:

Scenario: Suppose you are playing the above game with a randomly selected staff member in the restaurant where you are working.

1.1 If you are the first mover, how much will you send to the second mover, i.e., the staff member, i.e., the crew member?

1.2 After the amount has been tripled, how much do you expect the staff member will send back to you?

2.1 If you are the second mover, how much do you expect the first mover, i.e., the staff member, will send to you?

2.2 Assume that the staff member sends you RMB50, i.e., you receive RMB150, how much will you send back to the staff member?

These four decisions provide us with four measurements in two different dimensions. Questions 1.1 and 2.2 focus on the respondent's own decisions. The response to question 1.1 over 100, i.e., the proportion of the endowment sent, measures how much the respondent would trust an employee working in the same restaurant. The answer to question 2.2 over 150 indicates the respondent's intention to be trustworthy toward the employee. Questions 1.2 and 2.1 are about the respondent's expectations of the other employee's actions. The answer to question 1.2 divided by three times the answer of 1.1 is used as the measurement

of the respondent's expectation of the other person's trustworthy actions. The response to question 2.1 over 100 measures the respondent's expectations of the level to which the other person would trust him/herself. Thus, all our measurements are proportions.

4.3. Managers' Trusting and Trustworthy Actions and Turnover Rate

We conducted a workplace-level analysis to explore the effects of behavioral trust and trustworthiness on employee turnover rates in the restaurants. Of the 134 restaurants in our dataset, we have access to turnover rate information for 115 locations. The turnover rate is calculated by dividing the number of employees who left during the last calendar year by the average number of employees throughout the same period, then multiplying the result by 100%. These data were directly obtained by running a report from the company's HR information system. Subsequently, we conducted an OLS analysis using the following equation:

$$\text{Turnover}_i = \alpha + \beta_t * \text{Manager's } T_i + \beta_n * N + \varepsilon_i, \quad (4)$$

where the dependent variable Turnover_i is the turnover rate of the restaurant i , $\text{Manager's } T_i$ stands for the manager's four different measures accessed through the survey, and the variable N stands for a set of control variables.

First, we estimated the model using trust and trustworthiness information of all managers, including 112 restaurant general managers and 307 non-general managers who responded to the survey in these 115 restaurants. We calculated the average scores for all managers in the same restaurant and used it as the independent variable. The results of the regression for Equation (4) are shown in Table 1.

Table 1. The effect of managers' trust and trustworthiness on turnover rate, OLS (all managers).

	(1)	(2)	(3)	(4)
Ratio of female employees	−0.432 ** (0.195)	−0.397 + (0.196)	−0.728 ** (0.198)	−0.367 + (0.211)
Employees' average job tenure	−0.072 (0.045)	−0.088 + (0.045)	−0.074 (0.045)	−0.084 + (0.048)
Employees' average hourly wage (in RMB)	−0.066 + (0.038)	−0.049 (0.037)	−0.057 (0.039)	−0.037 (0.039)
Employee's average working hours per month	0.001 (0.000)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)
General Manager's monthly wage (in 1000 RMB)	0.104 ** (0.040)	0.091 ** (0.040)	0.102 ** (0.042)	0.086 ** (0.041)
Sales category of the restaurant	0.038 (0.038)	0.031 (0.038)	0.036 (0.039)	0.029 (0.039)
Manager's Trusting actions (corresp. Q 1.1)	−0.372 ** (0.152)			
Manager's Trustworthy actions (corresp. Q 2.2)		−0.248 ** (0.111)		
Manager's expectation of the employees' trusting actions (corresp. Q 2.1)			−0.250 + (0.148)	
Manger's expectation of employees' level of trustworthy actions (corresp. Q 1.2)				−0.055 (0.086)
Constant	1.55 ** (0.513)	1.36 ** (0.499)	1.37 ** (0.512)	1.11 ** (0.506)
Number of Observations	115	115	115	115
Adj R2	0.1174	0.1095	0.0920	0.0713

Notes: Standard errors in parentheses. + $p < 0.10$ ** $p < 0.05$.

Columns (1) and (2) correspond to questions 1.1 and 2.2. As illustrated in column (1), the average amount the managers send to the employees has a negative and significant effect on the employee turnover rate, indicating that the employees are less likely to leave the restaurant if the managers are more likely to trust their employees. Furthermore, the magnitude of this effect is also relatively large. For managers who are willing to send an additional 10 RMB (out of 100 RMB) to the employee, the turnover rate of the restaurant will decrease by 3.72 percentage points. The average amount managers send back to employees also has a negative significant impact on the turnover rate, as shown in column (2). If the managers are willing to be trustworthy to the employees, the turnover rates will also be lower. The magnitude is a 2.48 percentage point decrease for each additional 10% sent back. Thus, Hypothesis 1 is supported.

As a supplemental analysis, in addition to managers' trust and trustworthiness, we also checked the impacts of managers' expectations. As shown in column (3), managers' expectations of the employees' trusting actions (question 1.2) also have a negative significant impact on the turnover rate. Managers' expectations of employees' trustworthy actions (question 2.1) have a negative but non-significant effect, as shown in column (4).

The selection of control variables was constrained by the objective data available from the company. As highlighted by [44] in their comprehensive review of 580 articles published in top journals, variables such as gender, tenure/age-related measures, organization size, wage, and workloads are among the most commonly used control variables in turnover research. Therefore, the following control variables were included in our analysis: the ratio of female employees in the restaurant, the employees' average job tenure, average hourly wage, average working hours per month, the general manager's monthly salary, and the sales category of the restaurant. These restaurant-level objective measures were obtained from the company's HR information system.

Most of these control variables are straightforward in their names and units of measurement, with two exceptions. Job tenure is represented as a discrete variable ranging from 1 to 5, with higher values indicating longer tenure at the company. Similarly, the sales category of the restaurant is a discrete variable ranging from 1 to 4, with higher values indicating higher annual sales. However, due to confidentiality agreements, further details about the criteria used for these evaluations are unavailable. Among these control variables, we found that a higher proportion of female employees in a restaurant is associated with a lower turnover rate, while general managers' salary is positively correlated with turnover. These results are consistent with the findings summarized by [44].

In this first step of the analysis, we included all managers and used the average responses of the managers in the same restaurant. In each restaurant, there is one general manager responsible for overseeing the overall operation of the restaurant, along with several non-general managers. Since the general restaurant manager has more responsibility for managing the restaurant and more influence on the whole team, in the next step, we focus on the impacts of general managers' trust and trustworthiness. Table 2 shows the results that only include general managers' measures. In general, we found similar results to those in Table 1. Three out of four trust and trustworthiness variables have significant negative effects on the restaurant's turnover rates.

In summary, we find that managers' trusting and trustworthy behaviors toward their employees have significant and large effects on retaining employees in the restaurants. Furthermore, the managers' expectations of the employees' trusting actions are also associated with lower turnover rates in the restaurants.

Table 2. The effect of managers' trust and trustworthiness on turnover rate, OLS (general managers).

	(1)	(2)	(3)	(4)
Ratio of female employees	−0.442 ** (0.191)	−0.426 ** (0.193)	−0.455 ** (0.190)	−0.422 ** (0.198)
Employees' average job tenure	−0.055 (0.044)	−0.057 (0.045)	−0.065 (0.044)	−0.057 (0.046)
Employees' average hourly wage (in RMB)	−0.039 (0.037)	−0.019 (0.037)	−0.026 (0.036)	−0.019 (0.037)
Employee's average working hours per month	0.001 (0.000)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)
General Manager's monthly wage (in 1000 RMB)	0.090 ** (0.042)	0.055 (0.040)	0.081 ** (0.040)	0.060 (0.041)
Sales category of the restaurant	0.044 (0.038)	0.038 (0.038)	0.036 (0.037)	0.032 (0.038)
Manager's Trusting actions (corresp. Q 1.1)	−0.195 ** (0.089)			
Manager's Trustworthy actions (corresp. Q 2.2)		−0.110 + (0.066)		
Manager's expectation of the employees' trusting actions (corresp. Q 2.1)			−0.208 ** (0.082)	
Manager's expectation of employees' level of trustworthy actions (corresp. Q 1.2)				−0.006 (0.052)
Constant	1.59 ** (0.482)	112 ** (0.486)	1.13 ** (0.476)	1.03 ** (0.489)
Number of Observations	112	112	112	112
Adj R2	0.0932	0.0755	0.1067	0.0551

Notes: Standard errors in parentheses. + $p < 0.10$ ** $p < 0.05$.

4.4. Managers' Trusting and Trustworthy Actions and Managers' Performance

In the next step, we examined whether or not managers' trusting and trustworthy behaviors could affect their own performance. The fast-food chain company's HR department conducts seasonal performance evaluations for each restaurant's general managers and senior associate managers. (For each restaurant, there are one or two senior associate managers who mainly focus on the daily operations of the restaurants, such as organizing the team, duties, and shift schedules. Therefore, even though these senior associate managers are in the category of non-general managers, they are also evaluated by the company's HR department, while other lower-level managers are evaluated by the general restaurant managers.) The company's performance evaluation consists of four categories: "Below Expectation", "Meet Expectation", "Exceed Expectation", and "Significantly Exceed Expectation", which are coded as 1–4 in our dataset. These data are directly reported by the HR information system, though details about the criteria used for these evaluations are not provided due to confidentiality agreements. We successfully accessed 262 valid managers' performance evaluations from the company's HR system, comprising 158 senior associate managers and 103 restaurant general managers. Using this information, we conducted an ordered probit analysis with the following equation:

$$Managerperf_i = \alpha + \beta_t * Manager's T_i + \beta_n * N + \varepsilon_i, \quad (5)$$

where *Managerperf* is the dependent variable ranging from 1–4. The independent variables include four measures of managers' trust and trustworthiness, as well as a set of controls. We first ran the regression with data on both general and senior associate managers. Table 3 presents the results.

Table 3. The effect of managers' trust and trustworthiness on managers' performance, ordered probit (all managers).

	(1)	(2)	(3)	(4)
Female manager or not	0.210 (0.149)	0.158 (0.148)	0.206 (0.150)	0.175 (0.147)
Manager's working experience	0.299 ** (0.141)	0.266 + (0.141)	0.286 ** (0.141)	0.259 + (0.141)
Manager's job tenure	−0.187 (0.142)	−0.146 (0.142)	−0.180 (0.142)	−0.148 (0.142)
Manager married or not	−0.452 ** (0.193)	−0.388 ** (0.190)	−0.414 ** (0.191)	−0.396 ** (0.191)
Manager's monthly wage (in 1000 RMB)	0.226 *** (0.073)	0.209 *** (0.072)	0.220 *** (0.072)	0.211 *** (0.073)
Completion rate of last season's sale goals.	0.663 (0.578)	0.514 (0.571)	0.572 (0.574)	0.540 (0.572)
Manager's Trusting actions (corresp. Q 1.1)	0.475 + (0.257)			
Manager's Trustworthy actions (corresp. Q 2.2)		−0.190 (0.192)		
Manager's expectation of the employees' trusting actions (corresp. Q 2.1)			0.315 (0.253)	
Manager's expectation of employees' level of trustworthy actions (corresp. Q 1.2)				−0.124 (0.142)
Number of Observations	262	262	262	261
Pseudo R2	0.0452	0.0400	0.0412	0.0396

Notes: Standard errors in parentheses. + $p < 0.10$ ** $p < 0.05$ *** $p < 0.01$.

As illustrated in column (1), for 262 managers, the amount that they are willing to send to employees has a positive effect on how their performance is rated by the company. That is, a manager who is more likely to trust their employees is more likely to be evaluated at a higher level by the company. Except for this scale, we do not find significant relationships for the other three trust and trustworthiness variables. Since general managers' and senior associate managers' job responsibilities and expectations are different from each other, we chose to split the managers by groups. As shown in Table 4, columns (1)–(4) report the ordered probit regression results using 158 senior associate managers' information. We find that senior associate managers' propensity to trust employees has a significant positive effect on their own performance. Senior associate managers who are willing to trust their employees are more likely to have better performance. However, for the general managers, we didn't find significant effects (the regression results are provided in the online Appendix A). One of the potential explanations for this is that, unlike senior associate managers, general managers' performance might be less affected by their interactions with employees but might be influenced by other factors that are not included in these data, such as networking with the local community and communications with the company's central office. Thus, Hypothesis 2 is partially supported at the senior associate manager level.

Similar to what we did in Table 2, we also checked the impacts of managers' expectations. As shown in Table 4 column (3), senior associate managers' expectations of employees' trusting actions also have positive significant impact. However, senior associate managers' expectations of employees' trustworthy actions (question 2.1) seem to have a negative impact, as shown in Table 4, column (4).

In the estimation of managers' performance ratings, we adopted a similar approach in selecting control variables as we did in Tables 1 and 2. The selection was guided by data availability and the variables' relevance in the literature, as highlighted by [44]. The following variables were included: managers' gender, work experience (including experience from other companies), job tenure at the current company, marital status,

managers' monthly wage, and the restaurant's completion rate of the previous season's sales goals. All this information was obtained from the company's HR information system.

Table 4. The effect of managers' trust and trustworthiness on managers' performance, ordered probit (senior associate managers).

	(1)	(2)	(3)	(4)
Female manager or not	0.469 ** (0.212)	0.309 (0.203)	0.461 ** (0.212)	0.327 (0.203)
Manager's working experience	0.322 ** (0.162)	0.236 (0.159)	0.297 + (0.161)	0.212 (0.160)
Manager's job tenure	−0.191 (0.165)	−0.105 (0.164)	−0.196 (0.166)	−0.107 (0.164)
Manager married or not	−0.588 ** (0.256)	−0.410 (0.255)	−0.488 + (0.257)	−0.428 + (0.258)
Manager's monthly wage (in 1000 RMB)	0.236 (0.208)	0.204 (0.206)	0.241 (0.207)	0.244 (0.208)
Completion rate of last season's sale goals.	1.295 (0.799)	1.081 (0.785)	1.134 (0.791)	1.207 (0.794)
Manager's Trusting actions (corresp. Q 1.1)	0.863 ** (0.379)			
Manager's Trustworthy actions (corresp. Q 2.2)		−0.329 (0.267)		
Manager's expectation of the employees' trusting actions (corresp. Q 2.1)			0.774 ** (0.362)	
Manager's expectation of employees' level of trustworthy actions (corresp. Q 1.2)				−0.394 + (0.209)
Number of Observations	158	158	158	157
Pseudo R2	0.0552	0.0394	0.0525	0.0493

Notes: Standard errors in parentheses. + $p < 0.10$ ** $p < 0.05$.

Most of the variables' names clearly reveal how they are calculated and the units of measurement used. The two categorical variables, work experience and job tenure, are rated on a scale from 1 to 5, with higher numbers indicating longer experience or tenure. Our analysis reveals that marital status is negatively associated with performance ratings, while work experience and wage show positive associations. Furthermore, among senior associate managers, females tend to receive better performance ratings on average. These results align with the existing literature, such as studies by [44–46].

4.5. Employees' Trusting and Trustworthy Actions and Managers' Performance

Although the main purpose of this study is to examine the impacts of managers' trusting and trustworthy actions, we are also interested in whether the horizontal trust between employees could affect their manager's performance. We conducted an ordered probit analysis using the following equation:

$$Managerperf_i = \alpha + \beta_t * Ave. Employee's T_i + \beta_n * N + \varepsilon_i. \quad (6)$$

Equation (6) is very similar to (5), except that the employees' four measurements are used as the independent variable. These observations are calculated using 1531 employees' responses from 120 restaurants. For each restaurant, we calculate the employees' aggregate trust and trustworthiness variables at the restaurant level. (For Equation (6), we include the control variables that show significant impact on managers' performance in the last round of regression (i.e., the gender of the manager, the manager's work experience, the marital status of the manager, and the manager's monthly wage) and the control variables used in Equation (1). Most of these control variables do not have a significant effect on managers'

performance ratings except for marital status.) Similar to the previous section, we first use all managers' performance in the sample, and the results are shown in Table 5 column (1).

Table 5. The effect of employees' trust and trustworthiness on manager's performance, ordered probit regression.

	(1)	(2)	(3)	(4)
	All Managers	Senior Associate Managers		
Ratio of female employees	0.452 (0.566)	−0.655 (0.825)	−0.971 (0.822)	−0.843 (0.818)
Employees' average job tenure	−0.291 ** (0.135)	−0.036 (0.184)	−0.040 (0.185)	−0.017 (0.183)
Employees' average hourly wage (in RMB)	0.068 (0.107)	−0.203 (0.160)	−0.187 (0.161)	−0.208 (0.161)
Employee's average working hours per month	0.002 (0.003)	0.001 (0.004)	0.001 (0.004)	0.001 (0.004)
Sales category of the restaurant	0.231 ** (0.116)	0.182 (0.160)	0.107 (0.164)	0.163 (0.161)
Female manager or not	0.107 (0.150)	0.212 (0.210)	0.194 (0.211)	0.195 (0.210)
Manager's working experience	0.188 + (0.101)	0.151 (0.125)	0.193 (0.126)	0.152 (0.125)
Manager married or not	−0.285 (0.198)	−0.530 ** (0.271)	−0.489 + (0.270)	−0.501 + (0.269)
Manager's monthly wage (in 1000 RMB)	0.152 ** (0.056)	0.341 (0.250)	0.296 (0.247)	−0.317 (0.248)
Employees' Trusting actions (corresp. Q 1.1)	1.164 + (0.690)	1.990 ** (0.979)		
Employees' Trustworthy actions (corresp. Q 2.2)			2.018 ** (0.857)	
Employees' expectation of the other employees' trusting actions (corresp. Q 2.1)				2.120 ** (1.038)
Number of Observations	249	150	150	150
Pseudo R2	0.0507	0.0604	0.0669	0.0605

Notes: Standard errors in parentheses. + $p < 0.10$ ** $p < 0.05$.

As illustrated in Table 5, column (1), the average amount that employees are willing to send to other employees has a positive significant impact on their manager's performance evaluation scores. This means that, in a restaurant in which employees are more likely to trust other employees, the managers are more likely to receive a higher performance evaluation score. The trust climate is positively associated with managers' performance. However, we did not find significant impacts for the other three scales.

For the next step, we split the sample between general managers and senior associate managers. For 150 senior associate managers, three out of four scales, that is, employees' average trusting and trustworthy actions, as well as the average expectation for their colleagues' trusting behaviors, have significant positive effects on these senior associate managers' performance ratings. In contrast, we do not find similar patterns for general managers' performance. First, this finding shows that not only do managers' trusting and trustworthy actions matter, but the trust atmosphere in the workplace also significantly affects managers' performance. Working in an environment where employees are more likely to trust and be trustworthy, as well as perceive higher trust from the other employees, can help the senior associate managers to achieve better performance. Second, this finding also echoes our findings in the previous section. Because senior associate managers, compared to the general managers, are more engaged in daily interactions with employees, their performance scores are associated with employees' trust and trustworthiness. As

such, Hypothesis 3 is supported based on the senior associate manager sample but not the general manager sample.

5. Conclusions and Discussion

We conducted a large-scale hypothetical experimental study to explore the relationship between managers' trusting and trustworthy actions and firms' sustainable practice, such as the turnover rate and evaluated performance. We built a brief theoretical framework that provides possible channels through which trust and trustworthiness could affect those business outcomes. Using data from the experiment, survey questions, and the firms' HR information system, our empirical results provide support to the hypotheses suggested by the theoretical framework. Specifically, we found that managers' trusting and trustworthy actions toward employees are associated with lower turnover rates in the restaurants. Also, restaurants where managers expect the employees to trust them also tend to have lower turnover rates. Furthermore, senior associate managers' trust and trustworthiness have positive impacts on their own performance evaluation. In addition, our results show that a senior associate manager's performance is positively affected by employees' trusting and trustworthy actions toward their coworkers, as well as their expectations of other employees' trusting actions.

Trusting and trustworthiness behaviors have attracted growing attention in both management and economics fields. However, there has been a lack of understanding of the potential managerial and economic implications of these experimental measures; that is, whether these measures are associated with real-world economic or business outcomes. To the best of our knowledge, this study is among a handful that directly link behavioral trust and trustworthiness scales to objective outcomes such as turnover rates and managers' performance ratings. From a managerial perspective, this study examines the impacts of managers' trust toward subordinates on turnover rates and their own performance ratings, which is an important sustainable practice topic that has rarely been studied. By combining large-scale behavioral data and firms' objective performance data, this study fills the gap in the literature and sheds light on using behavioral trust measures to enhance our understanding of sustainable business practices.

Although there is a general consensus that employees' trust in managers could improve sustainable organizational performance, the impacts of managers' trusting and trustworthy actions toward employees have not been well studied. This study provides evidence that this alternate direction of vertical trust [26] could affect the firm's turnover rate, as well as managers' performance. The current literature on trust and trustworthiness in employment relationships has suggested that managers need to put effort into cultivating trust from their employees. Our study extends the literature by showing that managers should also strive to trust their employees and be more willing to be trustworthy toward their employees. In other words, managers need to learn to be vulnerable and willing to put their interests in their employees' hands. It is also important for managers at all levels to behave in a trustworthy manner toward their employees. Furthermore, our findings also suggest that employees' trust and trustworthiness toward each other plays an important role in influencing sustainable performance outcomes, which implies that a holistic approach is needed in developing trusting relationships in the workplace.

This study demonstrates the significant connection between trust, turnover rates, and managers' performance, highlighting how trust-driven leadership contributes to sustainable business practices. By fostering a culture of trust within organizations, businesses can achieve greater sustainability, improve managers' performance, and reduce turnover, ultimately leading to more effective and sustainable business practices.

Even though this study is among the few that connect behavioral trust measurements with real business operations and performance, more validation is needed regarding the robustness of this connection. Specifically, the assumption that trust and trustworthiness, as measured by the investment game, closely approximate how participants perceive these qualities in their actual job contexts requires further examination. While the investment

game provides a reliable and widely used experimental measure, it is possible that the behaviors elicited in the game may not fully capture the complexity of trust and trustworthiness in workplace settings. Future research should aim to incorporate complementary trust and trustworthiness scales, ideally through surveys that align more closely with organizational environments. This would help to reinforce the generalizability of our findings and strengthen the connection between game-based measures and workplace dynamics. Additionally, this study's reliance on objective performance outcomes could be further enriched by exploring subjective perceptions of trust and trustworthiness in various business contexts.

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Appendix A

Table A1. The effect of managers' trust and trustworthiness on managers' performance, ordered probit (general managers).

	(1)	(2)	(3)	(4)
Female manager or not	−0.011 (0.225)	−0.014 (0.226)	−0.020 (0.226)	−0.014 (0.225)
Manager's working experience	0.559 (0.385)	0.565 (0.384)	0.584 (0.386)	0.608 (0.389)
Manager's job tenure	−0.383 (0.344)	−0.383 (0.345)	−0.397 (0.345)	−0.406 (0.345)
Manager married or not	−0.405 (0.306)	−0.399 (0.306)	−0.385 (0.307)	−0.411 (0.307)
Manager's monthly wage (in 1000 RMB)	0.268 (0.170)	0.274 (0.169)	0.291 + (0.171)	0.287 + (0.169)
Completion rate of last season's sale goals.	−0.041 (0.896)	−0.100 (0.888)	−0.137 (0.893)	−0.076 (0.887)
Manager's Trusting actions (corresp. Q 1.1)	0.131 (0.388)			
Manager's Trustworthy actions (corresp. Q 2.2)		−0.056 (0.288)		
Manager's expectation of the employees' trusting actions (corresp. Q 2.1)			−0.178 (0.390)	
Manager's expectation of employees' level of trustworthy actions (corresp. Q 1.2)				0.134 (0.206)
Number of Observations	104	104	104	104
Pseudo R2	0.0303	0.0299	0.0307	0.0317

Notes: Standard errors in parentheses. + $p < 0.10$.

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