

# Tianjin Trust's Path of Innovation Management Driven by Leadership

Cheng Na<sup>1</sup>, Zhikai Li<sup>2\*</sup>, Enyi Lai<sup>2</sup>

1.Macao Polytechnic University, Macao,999078, China; 2.City University of Macau, Macao, 999078, China

*\*Corresponding author: Zhikai Li*

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**Abstract:** This paper explores Tianjin Trust Co., Ltd. 's leadership and innovative management practices in the process of responding to changes in the financial industry, focusing on analyzing the country's first market-oriented agreement restructuring service trust project and the case of building a digital trust service platform. By analyzing the current situation of leadership, difficulties and coping strategies of Tianjin Trust, and combining with management theory, this paper puts forward an improvement plan, aiming at providing reference for financial enterprises to cope with complex environment and achieve sustainable development.

**Keywords:** Tianjin Trust; Leadership Innovation; Organizational Collaboration; Leadership; Digitalization; Trust

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## 1.Introduction

### 1.1 Research Background and Importance

Tianjin Trust is a trust company with a strong reputation in China's financial sector, primarily offering wealth management, investment advisory, and asset management services. In recent years, as financial market competition intensifies and fintech rapidly advances, Tianjin Trust faces a contradiction between traditional management models and the demand for innovation. The company's leadership recognizes that only by enhancing innovation capabilities and leadership while maintaining steady growth in trust business can it effectively navigate the complex and volatile market environment.

Rooted in the trust industry for 44 years, Tianjin Trust has continuously expanded its business scope and deepened its professional expertise. However, the financial market landscape has grown increasingly complex, with competition reaching unprecedented levels. Homogeneous products among peers have squeezed profit margins in traditional trust businesses, while emerging fintech firms leverage cutting-edge technology to cross into the sector, capturing market share and posing significant challenges to traditional trust institutions.

Simultaneously, tightening regulatory policies impose stricter requirements on trust companies regarding compliance, risk management, and service quality. Client demands have also shifted from pure wealth accumulation to diversified asset allocation, personalized services, and digital convenience.

Against this backdrop, Tianjin Trust has decisively embraced change, taking two critical steps in innovation management. First, it launched a digital trust service platform project to integrate internal resources, optimize business processes, and expand market boundaries, positioning the company at the forefront of the digital wave. Second, in China's first market-

driven agreement restructuring service trust project, Tianjin Trust customized the “Tianjin Municipal Construction Group - Xinsheng No. 1” service trust for a subsidiary of Tianjin Municipal Construction Group, with a total scale of 79.4 billion yuan. This pioneering initiative adopted a “non-litigation + service trust” model, helping the enterprise revitalize existing assets, resolve legacy debts, and overcome operational difficulties. This innovative approach has since been widely replicated across multiple provinces and cities, becoming a benchmark for addressing similar industry challenges.

## 1.2 Research Objectives

Against the backdrop of accelerating globalization and digitalization, trust companies are facing increasingly complex challenges. As an established player in the industry, Tianjin Trust’s practice of promoting innovative management through leadership-driven initiatives holds profound significance. This paper analyzes two representative cases of Tianjin Trust’s innovation management: the nation’s first market-oriented agreement restructuring service trust project and the establishment of a digital trust service platform. It examines the current state of its leadership, the challenges encountered, and corresponding strategies. By integrating management theories, relevant improvement proposals are put forward, aiming to provide valuable experience for financial enterprises undergoing transformation and to promote sustainable development.

## 2. Analysis of the Current State of Leadership

### 2.1 Analysis of Current Leadership Status

In the current business environment, Tianjin Trust’s leadership primarily relies on traditional management approaches, emphasizing risk control and compliance.

However, with the rapid development of the market, this model faces numerous challenges that require adjustment and improvement.

**Low Decision-Making Efficiency:**

The centralized decision-making structure among leadership results in slow information flow and inadequate responsiveness to market changes. In a fast-evolving market environment, this makes it difficult to seize opportunities promptly and may lead to delayed reactions during emergencies, causing missed prospects.

**Insufficient Innovation Drive:**

There is limited investment in technological and service innovation, along with a lack of strategic innovation to counter emerging competitors. This makes it challenging to meet the increasingly diverse and personalized demands of clients, negatively impacting the company’s market competitiveness and future growth.

**Talent Drain Issue:**

The loss of high-end financial talent has become a bottleneck restricting Tianjin Trust’s innovative development. Problems in retaining and incentivizing younger-generation employees have led to difficulties in talent reserves, adversely affecting both short-term performance and long-term development.

In summary, Tianjin Trust’s current leadership situation faces multiple challenges, including inefficient decision-making, weak innovation drive, and talent attrition. The company must adjust and improve its leadership model, innovation strategy, and talent management to adapt to the rapidly changing market environment and achieve sustainable development.

### 2.2 Transformational leadership traits stand out prominently

**Transformational Leadership Traits Prominently Displayed**

**Visionary Inspiration:** In the digital trust service platform development project, senior leadership accurately discerned industry digitalization trends, proposing the grand vision of building a digital trust service platform. They translated industry trends into concrete objectives, motivating employees to dedicate themselves fully to realizing this vision. In the nation’s first market-oriented agreement restructuring service trust project, leadership seized opportunities, outlining a blueprint to assist distressed enterprises through innovative trust models while expanding the industry’s footprint, guiding the team forward with determination.

**Intellectual Stimulation:** During the digital project’s advancement, the leadership team encouraged members to break free from conventional thinking patterns. Faced with challenges such as new technology adoption and business process reengineering, they fostered bold innovation. For instance, when exploring blockchain integration into trust transactions,

leadership guided the team to reference case studies from leading international financial institutions, sparking fresh ideas and unlocking employee potential. In the service trust project, confronted with corporate debt restructuring and asset revitalization challenges, leadership inspired the team to draw on cases of diversified financial tool integration, ultimately pioneering a “non-litigation + service trust” model.

#### Effective Team Building and Empowerment

Elite Assembly: To meet digital project demands, management selected key talents from various business units and functional departments, forming a dedicated digital project team. The team comprised client managers, risk control experts, engineers, and operations specialists, whose diverse knowledge structures enabled them to tackle complex challenges. Similarly, the service trust project brought together legal professionals, audit experts, and project specialists for collaborative execution.

Rational Delegation: During digital project implementation, leadership granted the team autonomy in decision-making regarding budget allocation, preliminary technology selection, and minor process optimizations, minimizing bureaucratic reporting and fully mobilizing member initiative. In the service trust project, frontline teams were also granted appropriate authority to ensure efficient and smooth progress.

### 3. In-depth Analysis of Difficulties and Challenges Faced

#### 3.1 Difficulties and challenges

Changes in the market environment: The rise of fintech and internet finance has subjected traditional trust businesses to intense competitive pressures. Tianjin Trust must innovate its business models and services while maintaining the stability of its conventional operations to meet increasingly diverse and personalized customer demands, thereby enhancing market competitiveness.

Lag in technological innovation: Against the backdrop of rapid internet technology advancements, Tianjin Trust’s traditional information management systems can no longer meet business needs. Insufficient investment in technological innovation has constrained the company’s ability to innovate in financial product design and customer service, making it difficult to keep pace with rapid market changes.

Organizational culture and transformation: Tianjin Trust’s traditional organizational culture is relatively conservative, with leadership hesitant to adopt new ideas and technologies. The lack of an efficient innovation incentive mechanism hampers employee motivation and creativity, adversely affecting the company’s innovative development.

#### 3.2 Technological Innovation Bottlenecks

Internal Technological Shortcomings: Building a digital platform requires deep integration of cutting-edge financial technologies such as blockchain and big data analytics. However, the company’s internal technical team has long focused on traditional IT operations, with limited mastery of the underlying architectures and algorithmic logic of emerging technologies. This makes it difficult to select the most suitable technological path aligned with the company’s business architecture during the initial stages of technical evaluation, severely hindering project kickoff speed. Although the service trust project currently relies relatively less on technology, as industry digitization accelerates, subsequent introductions of digital management tools and online service solutions have exposed the technical team’s sluggish adaptation to new technologies.

External Collaboration Challenges: Due to internal technological constraints, bringing in external experts has become a solution. However, hiring high-end external technical talent is costly, and integrating them into the company’s specific business logic proves challenging, with slow and inefficient knowledge transfer. This prolongs the resolution of technical difficulties and causes continuous project delays, reflecting the leadership team’s lack of systematic planning and effective execution strategies in cross-boundary technological resource integration.

#### 3.3 Organizational Coordination Faces Multiple Obstacles

Interdepartmental Interest Conflicts: Digital transformation projects involve multiple departments including business, risk control, technology, and operations. The existing interest structures of these departments are disrupted during project execution, leading to conflicts. Business units prioritize speed, risk control departments adhere to risk thresholds, technology teams emphasize system stability, and operations focus on process efficiency. These divergent demands create significant friction in critical areas such as data sharing and business process redesign, severely hindering project progress. Similarly,

service trust projects require cross-department collaboration, where tensions often arise between legal and business teams or finance and marketing departments, further impeding project advancement.

**Skill Structure Mismatch:** The existing workforce's expertise is primarily built around traditional trust business operations, with proficiency in conventional skills. However, the wave of digital transformation has increased demand for interdisciplinary talents skilled in fintech applications, data analytics, and digital product design. Current talent reserves fall short of project requirements, constraining development. In service trust project expansion, the need for professionals adept in corporate restructuring financial solutions and cross-industry resource integration has become increasingly prominent, yet internal talent pools remain inadequate.

**Lack of Learning Incentives:** During digital project implementation, employee motivation to acquire new knowledge and skills varies widely. Some employees, constrained by traditional mindsets, fear career risks associated with failed transformations. Although the company provides one-time learning subsidies, the absence of systematic career development guidance leaves employees unable to connect skill enhancement with long-term career growth. Consequently, learning motivation wanes, resulting in talent skill updates lagging behind project demands. Similar issues arise in service trust project training, where uneven participation and a lack of sustainable incentive mechanisms persist.

## **4. Analysis of Relevant Theories and Tools**

### **4.1 Leadership Theory**

Transformational leadership theory, proposed by political sociologist Burns, emphasizes that leaders inspire subordinates by making them aware of the significance and responsibility of tasks, thereby stimulating higher-level needs and motivating them to transcend personal interests for the benefit of the team, organization, and broader political goals. The core components of this theory include charisma, inspirational motivation, intellectual stimulation, and individualized consideration. It enhances mutual motivation and moral standards, optimizes interactions among organizational members, and drives adaptive organizational change, with a strong focus on emotions and values. In practice, transformational leadership can effectively unlock employee potential, foster teamwork, and improve organizational performance and competitiveness. Applying this theory to analyze the current leadership at Tianjin Trust, the leadership team needs to shift toward a more forward-looking, innovation-encouraging, and change-oriented style, rather than relying solely on stability and risk control.

### **4.2 SWOT Analysis**

**Strengths :** Tianjin Trust, established in 1980, is one of China's earliest trust and investment institutions, with a 44-year development history and a strong brand reputation. In 2024, it was awarded the "Integrity Trust" industry culture award and recognized by WUPO 2023 as one of China's "50 Outstanding Financial Service Institutions" and "50 Outstanding Brands" in the bankruptcy and special assets industry. The company has gradually developed a risk-averse and stability-first risk control philosophy, adopting a compliant and prudent management style. It has established a comprehensive risk management system covering multiple risks and provides financial services and tools for risk management to its group industries.

**Weaknesses :** Despite attempts in some areas, overall innovation capabilities remain insufficient. Although it received capital injection at the end of 2023, its operating income and net profit fluctuated significantly between 2021 and 2023, reflecting challenges in business innovation and market expansion. The digital transformation of the trust industry requires interdisciplinary talent with expertise in fintech, which is relatively scarce in the market. Trust companies struggle to recruit sufficient professionals, and the rapid pace of technological advancements in fintech creates a lag in technology updates for trust companies.

**Opportunities :** The rapid development of internet finance and fintech provides Tianjin Trust with opportunities to leverage emerging technologies to enhance service efficiency and customer experience. Examples include the construction of the PBOC's second-generation credit reporting system, optimization of investor app functionality and customer satisfaction, and the launch of a client manager app project. The growing market demand for customized wealth management also presents new business opportunities. Tianjin Trust has actively explored charitable trusts and family trusts, successfully establishing 17 charitable trusts with a cumulative trust scale exceeding 13 million yuan.

**Threats :** The rise of emerging fintech companies and internet finance platforms poses competitive threats to traditional trust

companies. These platforms exhibit greater flexibility and innovation, enabling them to respond quickly to market changes and offer more competitive products and services. The trust industry faces stringent regulatory policies, and policy uncertainty increases operational risks. Traditional businesses such as financing, channel services, and fund pools are becoming unsustainable, necessitating transformation. Additionally, the digital transformation process requires compliance with a series of regulatory requirements, presenting compliance challenges amid the rapid development of fintech and evolving policies.

### **4.3 Innovation Management Tools**

**Open Innovation :** Enterprises accelerate innovation by deliberately leveraging external and internal knowledge flows, combining internal and external ideas. For Tianjin Trust, this could involve collaborating with external tech companies to develop intelligent advisory systems, using big data and AI to provide personalized investment advice; partnering with universities to establish industry-academia-research mechanisms for fintech innovation projects and talent cultivation; and building an innovation ecosystem by setting up innovation labs and inviting external experts and entrepreneurs to explore new business models and technological applications.

**Blue Ocean Strategy :** Enterprises create new market demand by exploring uncontested market spaces, achieving differentiated competition and high-profit growth. Tianjin Trust could explore new business areas, such as developing pension trust products; offering customized solutions like family trusts and charitable trusts for high-net-worth clients; expanding service scope through fintech, such as supply chain finance trust products; and engaging in cross-industry collaborations, such as partnering with real estate firms to develop REITs.

### **4.4 Implementation Steps**

**Establish an Open Innovation Mechanism :** Set up an innovation department to manage external partnerships and innovation projects; build collaboration channels with tech companies, universities, and research institutions, signing long-term agreements; and regularly evaluate collaboration outcomes to ensure practical business applications.

**Implement the Blue Ocean Strategy :** Conduct market research to identify customer needs and market gaps, pinpointing potential blue ocean markets; develop new products and services based on findings to meet specific client needs; pilot test with select customer groups, gathering feedback for optimization; and scale up successful pilots to explore new market spaces.

Through open innovation and the blue ocean strategy, Tianjin Trust can effectively enhance its innovation capabilities, accelerate product and service innovation, and carve out new market spaces to stand out in a highly competitive market.

## **5.Approaches and Solutions**

### **5.1 Promoting Leadership Transformation**

Cultivate transformative leaders by enhancing the innovation mindset and strategic vision of the leadership team, placing greater emphasis on employee interaction, stimulating creativity, and establishing a more flexible decision-making mechanism.

### **5.2 Strengthening Technological Innovation and Fintech Applications**

Allocate additional resources to technological innovation, develop an agile information management system, and integrate advanced technologies such as artificial intelligence and big data analytics to elevate customer service experiences, optimize risk management, and design customized financial products.

### **5.3 Optimizing Talent Management Mechanisms**

Establish a robust talent recruitment and incentive system to attract and retain top-tier financial and technological professionals, particularly young specialists. By enhancing employees' sense of involvement and achievement, the team's innovative capabilities can be strengthened.

### **5.4 Cross-Border Collaboration and Open Innovation**

Through partnerships with technology firms and internet platforms, external innovation resources can be introduced to expand the breadth and depth of business operations. Leveraging external expertise enables rapid development of new products and exploration of untapped market segments.



## 6.Improvement Measures

Implement diversified leadership styles: Leadership should adapt their approach based on different scenarios, combining the strengths of transformative and transactional leadership to strike a balance between innovation and risk control.

Optimize strategic decision-making processes: Decentralize decision-making to improve efficiency, encouraging swift responses to market changes in new business expansions and innovation projects.

Foster an innovation culture: Through internal training and incentive mechanisms, cultivate innovative thinking, encouraging employees to actively participate in product and service innovation, thereby creating a conducive environment for creativity.

Enhance data-driven decision-making: Utilize big data and AI technologies to refine trust product design and risk assessment, improving the company's responsiveness to market demands and the competitiveness of its products.

## 7.Conclusion

In the process of digital transformation and innovation management, Tianjin Trust faces multiple challenges such as technical bottlenecks, organizational collaboration and talent incentives. By strengthening external cooperation, improving organizational collaboration efficiency and improving talent management mechanism, the company can gradually overcome these difficulties and lay the foundation for future sustainable development. Driven by leadership, Tianjin Trust will surely move towards a more brilliant tomorrow and move forward steadily in the fierce market competition.

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