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Investigating the Nigerian Small and Medium Enterprises (SME)-banking long term relationship building

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1. INTRODUCTION

Reliable and service oriented financial institutions are crucial to any economy and play a pivotal role in a nation state achieving economic growth and development (Dogarawa, 2011). Small and medium enterprises (SMEs) collectively make a substantial business contribution in the realisation of economic prosperity by way of wealth and employment creation (Doole and Lowe, 2012). For Nigeria, SMEs including micro businesses are home to 32 million employees and contribute 46% of national GDP (NBS and SMEDAN, 2010).

The Nigerian banking sector has been noted for a lack of robust financial regulation and sector-specific skills, with evidence of fraudulent practice and over reliance on the state (Beck *et al*., 2005; Agbonkpolor, 2010). In support of a more effective financial system that supports its national economy, the Central Bank of Nigeria (CBN) has a mission based on the provision of a stable financial framework which facilitates the implementation of robust monetary and exchange rate policies and effective financial sector management. Evidence exists of specific interventions on behalf of particular business sectors by the CBN (Sanusi, 2011) and for private sector banks experiencing acute financial problems (Alford, 2010). These interventions represent an important step given the state record of support post-crises, where decline in financial support to SMEs was substantial. Subsequent initiatives on the part of the CBN relating to agriculture, manufacturing and the SME sector in general are noteworthy because of their financial value (Sanusi, 2011).

The business-to-business (B2B) relationships between Nigerian SMEs and banks therefore may be at best modest given this history, despite the collective SME significance to the national economy. Relationships that are two-sided, strong and sustainable between the SME sector and banks are vital in underpinning this significant business volume and both sides have the opportunity to win. This study investigates this B2B relationship by proposing and testing quantitatively a model for relationship commitment assessed from the experiences of the SME service users. The study has value given the role of the two parties, their geographic setting, years of modest banking performance and the relative lack of research attention afforded to date. It is also of great interest to the CBN, whose activities can directly impact on both sets of parties in this B2B relationship.

2. LITERATURE REVIEW

2.1. Commitment – definition and dimensionality

In relationship marketing, consensus exists around the central role played by commitment in relationship sustainability (Morgan and Hunt, 1994; Gilliland and Bello, 2002; Cater and Zabkar, 2009; Cater and Cater, 2010; Jain *et al*., 2014; Saleh *et al*., 2014). Significant early contributions lead to longstanding commitment definitions (Moorman *et al*., 1992; Morgan and Hunt, 1994), capturing the principles of relationships being two-sided, of mutual importance and being set up to be long lasting.

Differing perspectives on commitment dimensionality exist, evidence for applications of single, two-dimensional and three-dimensional presentations, with studies extending this further to present four to six commitment dimensions (Sharma *et al*., 2006; Cater and Cater, 2010). The overwhelming criticism of the single dimension is that it is centered entirely on the emotional perspective of the business relationship (Pritchard *et al*., 1999; Bansal *et al.* 2004; Jain *et al.* 2014). Pritchard *et al.* (1999) suggests that commitment is driven by various psychological characteristics that extend beyond this simplest level of attachment that capture more transactional or calculative aspects, a concern supported by Fullerton (2011) who criticises early relationship marketing research that rarely sought to make such extensions. Whilst the affective dimension of commitment emanates from the "*heart*" and is demonstrated by emotion and affection, *"…the psychological state that links the customer to a marketing partner that is based on identification and attachment*" (Fullerton, 2011:93), its calculative counterpart is governed by the "*head*" and represents *"…the degree to which a customer is* *psychologically bonded to the organization on the basis of the perceived costs associated with terminating the relationship*" (Jones *et al*., 2010:18). Furthermore, calculative commitment "*refers to a customer – marketer relationship that is driven by customer perceptions of high switching costs (financial or contractual), customer inertia, or the lack of market alternatives*" (Menon and O'Connor, 2007:158). Both calculative commitment definitions presented here have an origin in financial services research, but are arguably applicable beyond this sector.

The role of multiple psychological drivers underpinning more complex commitment constructs is widely supported (Gilliland and Bello, 2002; Bansal *et al.,* 2004; Cater and Cater, 2010; Melancon *et al*., 2011; Jain *et al*., 2014). There is recognition that explicit transactional commitment relationships can be negative or constraining, but still exhibit sustainability (Gilliland and Bello, 2002). This relates to the idea of the customer perceiving to be *"locked in"* to a particular consumer relationship (Fullerton, 2003, 2011). A "*locked in*" scenario can arise from either lack of attractive alternatives or relatively high termination costs (Bansal *et al.,* 2004; Jones *et al.,* 2010).

Relationship commitment can also capture moral obligation (Bansal *et al.,* 2004; Jones *et al.* 2010; Fullerton, 2011, 2014; Melancon *et al.,* 2011; Beatty *et al*., 2012). Moral obligation supports relationship continuity through various social influences that prompt customers to maintain their relationship with the service provider by creating a mind-set of duty (Bansal *et al.,* 2004; Jones *et al.,* 2010; Fullerton, 2011). This normative strand of commitment plays less of a role in commitment assessment compared with its affective and calculative counterparts.

Commitment's crucial role in underpinning sustained long-term customer relationships is particularly relevant to banking services (Ndubisi and Wah, 2005; Aurier and N'Goala, 2010; Fullerton, 2011). Conceptualisation of commitment is also subject to similar inconsistencies within this particular arena.

Auh *et al*. (2007) consider customer relationships by means of "*affective commitment*" only, according with the latter work of Aurier and N'Goala (2010). In contrast, Fullerton (2005a) posits "*affective commitment*" and "*calculative commitment*" as the two key mediating factors for bank customers being retained. Interestingly, he excludes the normative dimension of commitment, although reinstates it in later work (Fullerton, 2011). By extending commitment into three components, Bloemer and Odekerken-Schröder (2007) and Fullerton (2011) investigate customer relationship commitment to banks. Normative commitment included here represents the customers' moral obligation to remain with their banks accounting for ethics and such behaviour being "*the right thing to do*" (Bloemer and Odekerken-Schröder, 2007).

With such diversity in commitment dimensionality across the financial services research setting, a preliminary study comprising 200 SMEs, assessed through Exploratory Factor Analysis and acting as a precursor to the work presented in this paper, identified the distinct presence of both affective and calculative commitment, but redundancy through misspecification and absence of distinctiveness for the normative variant. The two-dimensional approach to defining and assessing commitment will be implemented later in the substantive follow-up to be presented.

2.2. Antecedents to affective commitment – trust and social bonding

The relationship between trust and affective commitment is arguably given the most prominent billing within relationship marketing and is considered paramount in creating two-way relationships that are sustainable. Trust has an effect on commitment that is both positive and significant (Morgan and Hunt, 1994; Coote *et al*., 2003). The banking and financial services arena is home to risk and uncertainty, and as such, trust held by the service user will provide the necessary impetus for relationship sustenance. Where customers hold their banks in higher levels of trust, they are more likely to have greater levels of confidence in the banks' integrity and that they will serve their interests against any backdrop of uncertainty (Aurier and N'Goala, 2010).

Enhanced trust acts to diminish customer perception of risk and provides greater levels of assurance that positive behaviour will emanate from the service provider. Perceived risk reduction and enhanced confidence in the service provider are significant motivators for relationship continuance (Morgan and Hunt, 1994). Further empirical assessment of consumer trust in the UK financial services identifies that SME customers consider ability and reliability within trust as being crucial to underpinning their bank manager relationships (Tyler and Stanley, 2007). In such scenarios, trust develops after a period of prolonged and interactive business relationship activity which serves to heighten emotions and to deliver greater affective commitment. This leads to the proposal H_1:

H_1: Trust has a positive impact on affective commitment

Social bonding defines the ties created through ongoing engagement between representatives from both organisations (Venetis and Ghauri, 2004). Tangible levels of emotional attachment, mutual liking and acceptance are exhibited in such relationships, potentially moving towards friendship and interactivity both socially and business related, thereby enhancing relationship continuity. Cater and Zabkar (2009), through their study on B2B marketing research services evidences this positive association. Likewise, the cross-cultural study from Dash *et al*. (2009) involving corporate banking customers located in both India and Canada, points to the positive effect of social bonding on commitment. This leads to H_2:

H_2: Social bonding has a positive impact on affective commitment

2.3. Antecedents to Calculative Commitment - Attractiveness of Alternatives and Costs related to benefits loss

The level of attractiveness of alternative service offerings influences service users' staying or switching behaviours with attractiveness representing the assessment of satisfaction realised by moving to the alternative (Bansal *et al*., 2004). Such assessment is comparative, based on cost-benefit analyses involving the status quo against various alternatives. Where limited availability of credible alternatives exists, service users experience greater challenges in terminating their current relationships and may experience greater costs in pursuit of such a termination (Picón *et al.,* 2014). This enhances the perception of "*lock in*" from the user perspective. High quality and attractive substitutes offering necessary services can emerge; the perception of "*lock in*" correspondingly diminishes in these situations (Picón *et al.,* 2014). The effect of potential substitutes for an existing service provider is observed within the banking arena (Yanamandram and White, 2010). The potential for corporate customers to switch business to alternatives banks will be driven to some extent by the attractiveness of the new (competitor) bank's services. Where enhanced technical and financial ability and better customer service leads to greater perceptions of attractiveness on behalf of the consumer, this enhances switching propensity. Sharma and Patterson (2000) also cite service range availability, lower fees and higher financial returns on investments as positive switching incentives. In recognising the relationship direction between attractiveness of alternatives and calculative commitment, customers will either exhibit satisfaction or regret in their evaluation. Where any alternative potentially delivers more rewarding outcomes, the customer's feeling of difficulty in switching declines. Based on this, H_3 postulates:

H_3: Attractiveness of alternatives have a negative impact on calculative commitment.

Mature relationships responsive to continuity for both parties are characterised by mutual rational behaviour (Gilliland and Bello, 2002; Cater and Cater, 2010). From a transactional perspective, service users seek to maximise self-interest (Gustafsson *et al*., 2005), with motivation for relationship continuity being benefit dependent (Gilliland and Bello, 2002). Banking evidence alludes to numerous benefits, including interest rate negotiation and loan access (Elyasiani and Goldberg, 2004).

Costs related to loss of benefits assesses the customers' accumulated positive gains that may be subject to loss through provider switching (Jones *et al*., 2007). These benefits are transactional and positively impact on the consumer's calculative commitment to their service provider. Costs related to benefit loss quantifies the value of net loss to the service user experienced as a consequence of provider switching (Burnham *et al*., 2003). Mature B2B relationships comprising benefits accumulation can witness the development of a switching barrier where choice between continuation and change is considered. The dual assessment of benefits against costs determines transactional commitment levels alone (Bansal *et al.,* 2004; Gustafsson *et al.,* 2005). Where such relationships are preserved when benefits delivery exceeds termination costs, H_4 is suggested:

H_4: Costs related to loss of benefits have a positive impact on calculative commitment

2.4. Outcomes of Affective and Calculative Commitment - Behavioural Intentions

Jones *et al*. (2010) notes customer commitment to service suppliers exhibits focal and discretionary strands. Focal outcomes comprise relationship specific actions, with discretionary outcomes capturing voluntary equivalents. Focal commitment captures behaviours such as willingness to pay premium prices and intentions to repurchase (Keh and Xie, 2009), discretionary outcomes embrace behaviours like advocacy (Fullerton, 2011) and altruism (Lee *et al*., 2004). Both represent loyalty related outcomes (Keh and Xie, 2009; Jones *et al*., 2010), with loyalty typically being a composite of activities (Caceres and Paparoidamis, 2007), including attitude (Shankar *et al*., 2003) and behaviour (Olsen, 2007). Various research capture and assess the outcomes of commitment as behavioural intentions (Hutchinson *et al*., 2011). The theoretical model employed in this study assesses loyalty in two dimensions within a single construct. One represents repurchase intention, reflecting continuity in patronage, the other is advocacy of the bank to other businesses (Sőderlund, 2006), these dual behaviours representing true customer loyalty (Hutchinson *et al.,* 2011), its importance being crucial when assessing the cost and challenge of customer replacement (Keh and Xie, 2009).

Affective commitment encompassing liking, attachment and involvement represents a suite of behaviours, which in combination provide positive support for relationship continuity. These positive emotions positively underpin service user trust in their provider (Cater and Zabkar, 2009). The commitment-loyalty linkage is intuitively positive (Cater and Zabkar, 2009; Cater and Cater, 2010), but appreciation should be given to both positive and negative emotions, with desire to maximise one and contain the other. This positive relationship is substantiated significantly within banking research (Aurier and N'Goala, 2010; Fullerton, 2011), the former reporting positive outcomes for relationship duration and exclusivity, the latter around advocacy. Based on these empirical findings, this leads to H_5:

H_5: Affective commitment has a positive impact on behavioural intentions

Calculative commitment also promotes relationship continuity (Bansal *et al*., 2004; Gustafsson *et al.,* 2005). Paucity of alternatives and the certainty of switching costs represent two significant inhibitors that reinforce the positive influence of calculative commitment on behavioural intentions that encompass continuity (Bansal *et al.,* 2004; Fullerton, 2005a, 2005b). Divergence in opinion relating to strength, direction and certain characteristics exists (Cater and Cater, 2010; Ranaweera and Menon, 2013), both negative (Bansal *et al*., 2004; Gustafsson *et al*., 2005; Melancon *et al*., 2011) and positive impact on loyalty being reported (Venetis and Ghuari, 2004; Jones *et al*., 2007; Davis-Sramek *et al*., 2009). From the positive perspective, Cater and Cater (2010) suggest service user recognition of measurable outcomes delivered by a service provider already in place heightens both advocacy and intention to repurchase. It is reasonable to assume commitment exhibits time-related increases when accumulated tangible benefits exceed potential disruption costs, thereby upholding the status-quo for satisfaction and increasing propensity for continuation. This leads to H_6:

H_6: Calculative commitment has a positive impact on behavioural intentions.

The six hypotheses combine in the proposed theoretical model presented as Figure 1.

[Figure 1 here]

3. STUDY DESIGN

3.1. Instrument Development

The survey instrument deployed in this research comprises items borrowed from numerous relationship marketing studies, with application to banking and financial services, where item and scale validation has occurred. The scales are assembled from items provided by different sources, necessitating reliability assessment here. This took place within the pilot and substantive studies. The items use a seven-point scale, from "*very strongly disagree*" to "*very strongly agree*", items and sources are shown in Table 1 for the purposes of the models developed in this paper, a fuller survey instrument is presented in Appendix 1 (note: certain of the items on the questionnaire will have been deleted through preliminary analysis from the model).

The survey instrument was extensively piloted. Feedback involved five Nigerian researchers located in two UK Universities, providing expertise in local language and advising on realistic expectations of information quality and survey response. Three marketing academics further contributed, alongside three representatives from the SMEs to assess the research instrument for completion time, understanding and question accessibility regarding phraseology.

3.2. Data Collection

This study adopts multi-stage sampling. Step one involved regional SME grouping across three Nigerian geopolitical zones, comprising states with high SME occurrence. High SME-density locations were selected as part of the next stage within these selected states; respective locations (states) being Lagos (South West), Edo and Delta states (South-South) and Ebonyi, Enugu and Anambra (South East), as presented in Appendix 2. It was the intention to capture data nationwide within Nigeria, but issues relating to Boko Haram militants' disturbances and increasing death rates in the Northern states of Nigeria (Adesoji, 2011; Uzodike and Maiangwa, 2012), forced the lead researcher to consider personal safety that would be potentially jeopardised by engaging in fieldwork in Nigeria's Northern regions. Instrument dissemination took place in the third and final stage of the sampling process, with clusters of SMEs being targeted in the various commercial districts where SMEs are highly visible, these are named in Appendix 2. The application of a clustering approach within the final stage of the sampling was to capture of data from a large number of SMEs across various SME-rich geographic locations within Nigeria, thereby ensuring a representative participation of SMEs across this large nation state. The size of the sample was necessary for sampling adequacy related to the proposed data modelling, analysis of the data by individual geographic location was not performed.

Six research assistants assisted in the data collection to uphold research ethics, particularly around confidentiality, provide consistency in data collection and recording and ensure a broad range of SME participation. The research assistants approached businesses in-person, undertaking initial screening based on SME definition and clarification that the company had ownership of a business bank account, with SME exclusion occurring as necessary. The survey incorporated a self–completed questionnaire with supporting cover letter and its method of dissemination involved its physical delivery to each of the SMEs' respondents by either the lead researcher or one of the assistants. Building face-to-face contact in the data collection also permitted support to be offered to the SME representative completing the questionnaire. This approach was preferable given the recognised problems with Nigeria's postal delivery services and internet accessibility in this location (Oyelaran-Oyeyinka and Adeya, 2004; Ezeoha, 2005). No incentives were offered to the SMEs for participation. Willingness to participate and the realisation of high levels of survey engagement can be attributed to Nigerian culture, where organisations are supportive of such work (Ogba, 2008). For those retained post-screening, the employee with major responsibility for banking relationships was included in the research, typically the Managing Director, but also the Business Accountant, Finance Director, CEO or Sales Manager. In total, 850 questionnaires were distributed, yielding a 64% response of 541 data records over a six-week period in August-September 2013. Further inspection of these data records reduced them to 491 for the purposes of data analysis, details are provided below, with their geographic origin presented in tabular form in Appendix 2.

3.3. Data Analysis

3.3.1. Preliminary data assessment

To ensure a broad range of SMEs participated in the study, the proportion of respondents relating to various business sectors and the proportion of small and medium size businesses compared with the parent population of SMEs are assessed, tables are provided in Appendix 2.

- For sector representation, eight groupings are represented; the biggest grouping represents retail sales, oil and gas, accounting for 26%. Next is the telecommunication, information technology and transportation sector accounting for 21.4%.
- In terms of SME size, 82% of the sampled organizations participating were small, with 18% classified as medium, differing slightly from the population where the respective split is 93% and 7% respectively (NBS and SMEDAN, 2010), perhaps where the smaller organisations are more likely to be screened out of the research owing to absence of a banking relationship.
- In terms of working capital, 90.8% of the SMEs had less than Naira 100m, but 4.3% had in excess of Naira 250m, again suggesting a breadth of DME participation.

- The length of the banking relationship suggests 29.5% of SMEs have been with their bank less than 5 years, with the modal relationship time being 5 to 10 years for 35.4% of these organisations, with a further 19.3% being with their current bank for 11 to 15 years.

3.3.2. Model Assessment

Analysis comprises two stages, model validation and structural relationship assessment (Hair *et al*., 2010) using SPSS aligned to AMOS. Stage one covers assessment for validity, reliability and goodness of fit by means of confirmatory factor analysis (CFA). Accepted goodness-of-fit measures are employed, the normed chi-squared (X^2/df), Goodness of Fit Index (GFI), Comparative Fit Index (CFI) and Tucker Lewis Index (TLI), and to assess model error, the Root Mean Square Error of Approximation (RMSEA). Related benchmark values for each measure will be used to assess model performance and assumptions of validity and fit (Hair *et al*., 2010). Preliminary analysis not reported in the paper has in places reduced the number of items allocated to particular constructs based on assessment for validity, reliability and fit. The items data were screened for completeness and the presence of outliers; outcomes are reported as part of the findings.

Stage two involves the development and assessment of a structural equations model (SEM) to evaluate the paths presented in Figure 1. This analysis applies the Maximum Likelihood method, given frequency of application, acceptance and relevance to modelling applications with large data sets where data normality is appropriately assumed (Hair *et al.,* 2010).

4. ANALYSIS AND FINDINGS

4.1. Sample sufficiency and adequacy

Screening the 541 returns indicates 50 containing missing data or fewer than 10% of the sample, leading to the "*complete case approach*" for elimination, yielding 491 complete records (Hair *et al*., 2010). The Mahalanobis D^2 method for assessing multivariate outliers identifies only six possible affected cases, which after assessment were retained. The final sample is assumed as sufficiently large to permit consideration of seven constructs, with only limited normality departure.

4.2. Model Assessment I

Before rigorous assessment of construct validity, reliability and model fit, it is worth considering the hypothesised model presented earlier in the paper. Within this model, the hypothesised relationship, H_3, between attractiveness of alternatives and calculative commitment is not supported. The path strength is statistically significant but its direction is positive ($ß = 0.34$, $p = 0.000$), violating the pre-defined hypothesis presented above in the literature review which proposes a negative relationship. This proposed relationship is consistent with the items adopted to represent this construct, an example being "*Overall, other banks policies would benefit my company much more than my present bank policies*" (Bansal *et al*., 2004).

The path calculated and presented in Figure 2 implies that as SMEs' perception of services offered by banking competitors increases, calculative attachment to existing service providers also increases, which is counter-intuitive. Attractiveness of alternatives denotes SME perception of fulfilment through patronage of alternative banking services as potential replacements, with these alternatives being considered as providing greater benefits to these SMEs in their role as financial services consumers (White and Yanamandram, 2007). The perception of calculative commitment measured in this study assesses relationship continuity based on constraint or difficulty in termination (Ranaweera and Menon, 2013; Jain *et al.,* 2014). Constraints are facilitated by SMEs' gains received from staying alongside additional switching costs. A negative relationship should occur, because SME perception of superior alternative banking services should weaken any existing constraints rather than reinforcing them. The attractiveness of alternatives construct is therefore removed from the model. The positive path relationship that is presented in the model and the high level of agreement displayed in the data summary related to the constituent scales in the Appendix to the paper suggest that the SMEs broadly agree that the alternative services are attractive to them, despite patronage of their current banks, with more than 70% of the SMEs having a banking relationship in excess of five years. Interpretation of the questions set may perhaps provide some explanation here, with these SMEs realising more beneficial alternatives by switching their banking arrangements to the current provider, although this would contradict the lengths of relationships reported.

Figure 2 presents the model including this construct to allow further comparison with the revised model to be subsequently presented. It is worth noting that all of the paths in this model are positive in direction, as hypothesised, as well as being statistically significant at the 0.1% level (i.e. each p-value is less than 0.000).

[Figure 2 here]

4.3. Model assessment II

4.3.1. Confirmatory Factor Analysis (CFA)

Based on the amendment presented above (and therefore now disregarding the Attractiveness of Alternatives construct), for construct reliability, high levels of internal consistency across each remaining construct is evident, reliability coefficients ranging from 0.79 to 0.89 [all exceed 0.7 - Hair *et al*. (2010:710)] as presented in Table 1.

[Table 1 here]

The individual standardised item loadings to the respective constructs for the 22 items supports reliability, standardised loading values ranging between 0.66 to 0.86, 19 having a loading of at least 0.7 [majority exceeding 0.7, all at least 0.5]. This follows Hair *et al*. (2010:709) for acceptable convergent reliability align to data size and complexity. Additional support is given for convergent validity through the average variance extracted (AVE) values ranging from 0.50 to 0.69 for the six constructs [all exceed 0.5 - Hair *et al*. (2010:709)].

For model fit, the normed chi-squared statistic (X^2/df) is 1.68 [below 3], the goodness of fit statistics are GFI = 0.94, CFI = 0.98 and TLI = 0.97 [all higher than 0.9], with RMSEA = 0.03 [below 0.08]. This suggests that the amended model has a suitable fit. It is possible to move to stage two to assess the relationship paths using SEM.

4.3.2. Structural Model Assessment

The paths between the six retained constructs in the revised model are presented in Figure 3. Each is statistically significant at the 0.1% level (in each case p = 0.000 < 0.001), each of the path coefficients positive in sign, consistent with the pre-defined hypotheses. The remaining hypotheses, H_3 apart, are supported.

[Figure 3 here]

For the relationship between trust and affective commitment, a positive and significant path exists (ß = 0.60, p = 0.000), likewise for the relationship involving social bonding and affective commitment (ß = 0.28, p = 0.000). This suggests both trust and social bonding represent significant antecedents to affective commitment; the greater levels of trust exhibited and enhanced social bonding, the greater the SME perceived affective commitment. Trust represents the marginally stronger antecedent, visible through comparison of the respective path coefficients above. The explained variation in affective commitment is indicated by a squared multiple correlation (SMC) value of 0.65.

For the relationship between costs related to benefits loss and calculative commitment, a positive and significant path emerges (ß = 0.74, p = 0.000), indicating the greater the perception on behalf of the SME of witnessing benefits loss through termination of the banking relationship that in net terms will lead to additional costs, the greater calculative commitment exhibited, the SMC being 0.49 for this outcome construct.

For the relationship between affective commitment and behavioural intentions, a positive and significant path exists (ß = 0.65, p = 0.00), with a similar outcome for the path between calculative commitment and behavioural intentions (ß = 0.28, p = 0.00). Both dimensions of commitment represent strong, positive and statistically significant antecedents to behavioural intentions, affective commitment being marginally the stronger antecedent; the overall explained variation being represented by the SMC of 0.69.

4.3.3. (Alternative) model assessment III

Additional assessment of the mediating role of both affective and calculative commitment in the model assesses whether their respective contribution is full or partial in explaining behavioural intentions. To do this, an alternative model is considered here, which posits all five constructs of affective commitment, calculative commitment, trust, social bonding and costs related to loss of benefits as direct antecedents to behavioural intentions, thereby removing any of the previous mediating roles and related paths.

Three paths to behavioural intentions are non-significant, social bonding (ß = 0.06, p = 0.213), costs related to loss of benefits (ß = 0.09, p = 0.070) and calculative commitment (ß = 0.03, p = 0.503). Two statistically significant and positive paths involving trust (ß = 0.60, p = 0.000) and affective commitment (ß = 0.18, p = 0.000) emerge. This suggests that trust has a direct relationship with behavioural intentions alongside the indirect one displayed earlier, inferring that the impact of trust on behavioural intentions is only partly mediated by affective commitment. The non-significant direct relationships involving social bonding and costs relating to loss of benefits would indicate that their relationship and impact on behavioural intentions are only achieved through full mediation with affective and calculative commitment respectively. When all paths to behavioural intentions are assessed directly, calculative commitment becomes a non-significant antecedent, suggesting its impact on behavioural intentions is much less significant than its affective counterpart and its key role is as a mediator where it reinforces costs related to loss of benefits.

5. DISCUSSION

Trust and social bonding represent positive and statistically significant antecedents to affective commitment. The role of trust accords with numerous B2B studies (Morgan and Hunt, 1994; Cater and Zabkar, 2009; Aurier and N'Goala, 2010; Cater and Cater, 2010). Trust exerts greater impact both directly onto affective commitment in marginally the stronger way and also directly with SMEs' behavioural outcomes. This suggests its role is only partially mediated by affective commitment and is a significant, direct driver of customer behaviour in this B2B setting. For the Nigerian banks, there has been experience of financial volatility, failure, mismanagement of assets in the pursuit of short-term reward and a decline in financial lending to their SME customers (Agbonkpolor, 2010). Despite these failings, SMEs still trust their banking relationships; the significance of the trust-affective commitment relationship therefore prevails, which also goes some way to explaining the relatively long period of time these SMEs have stayed with their current banks.

The positive impact of social bonding also resonates (Barnes *et al*., 2007; Cater and Zabkar, 2009). Social bonds underpin relationship endurance by supporting liking and identification (Cater and Zabkar, 2009), eliminating relationship fear and building understanding thereby delivering continuity (Barnes *et al*., 2007). This supports positive social interaction between SMEs and banking representatives, with the existing business relationships being advanced through mutual liking and friendship.

In assessing calculative commitment, attractiveness of alternatives is found to exhibit a directionally counter-intuitive association. Assessment of attractiveness of alternatives as an antecedent in such a model is notoriously difficult (Bansal *et al.,* 2004). Researchers differ regarding the more suitable assessment between "*attractiveness of alternatives*" and "*lack of alternatives*" (Bansal *et al.,* 2004), with justification also being given for assessing both constructs side-by-side (Fullerton, 2011). Context is expected to determine application (Bansal *et al.,* 2004), which for the setting examined in this study, is arguably "*attractiveness of alternatives*" given the sizeable number of banks operating in competition with any current service provider. The costs relating to loss of benefits proved to be positive and significant as an antecedent to calculative commitment. This suggests prolonged preferential treatment or business benefits directed towards SMEs by the banks are more likely to heighten senses of dependence on the former, irrespective of competitor attractiveness. Further analysis suggests that costs related to loss of benefits have no direct impact on behavioural intentions, therefore its influence on business intentions is fully mediated by calculative commitment. Assessment of the alternative model against the revised research model (where the former has taken away the mediating role of commitment) would also suggest it plays a significant reinforcing role on calculative commitment as a precursor to behavioural intentions.

Affective and calculative commitments operate in combination here in explaining behavioural intentions, the former being marginally the stronger predictor (Morgan and Hunt, 1994; Davis-Sramek *et al*., 2009; Cater and Cater, 2010; Fullerton, 2011). The mean scores for the individual items that define affective commitment are relatively high and stronger than their equivalent scales that assess calculative commitment (see the summary in Appendix 2), alluding to high levels of liking and identification being in place. This has a positive effect, from the perspective of the banks, with positive SME behaviours being enhanced around loyalty and advocacy, despite a sectoral history of unreliability (Agbonkpolor, 2010) and noted poor service quality (Woldie, 2003; Ehigie, 2006). The significance of both affective and calculative commitment in combination counters various research findings. Where support prevails for the role played by affective commitment, calculative commitment is considered to have no significant effect on customers' behavioural intentions (Venetis and Ghauri, 2004; Davis-Sramek *et al*., 2009; Cater and Zabkar, 2009; Cater and Cater, 2010). This study suggests both emotional and transactional commitments have mutually supportive parts to play, not only in underpinning customer behavioural intentions in this particular B2B application, but also as mediators for various customer perspectives. The core role of commitment in the development and prolonging of long-term B2B relationships has been supported by this study.

The evidence of relationship continuity involving the Nigerian banking sector based around customer dedication contradicts Woldie (2003), who reports on the negative SMEs' perception of service quality afforded by these banks. This contrasts with the significant pathway linking social bonding, trust, affective commitment onto positive behavioural intentions as an outcome. By doing so, this endorses Ehigie (2006) who highlights service quality impact on customer loyalty towards the banks in this part of the world. The evidence presented in this paper also supports the path from costs related to loss of benefits via calculative commitment to positive behavioural intentions as complementary to the path centred on relationship dedication, thereby underlining the importance of constraint-based relationships to business relationship survival. In short, for consumer intentions to be enhanced there is a part to play in combination for both emotional attachment and its more transactional counterpart.

5.1. Practical implications

For business customers seeking much needed financial support in the pursuit of growth and development, the Nigerian banks, in an historical sense, have not been particularly motivated in making such provision. However, they place significant value on relationship building with these SMEs, this being endorsed by empirical evidence provided here in highlighting the dominant pathway that defines successful long-term relationships measured by positive behavioural intentions. Bank managers should continuously develop practices that enhance SME perception that they will make good promises made to them as clients and will act in their best interest continually. These developments are strengthened further through continuity on behalf of both SME and bank with consistency of individual representatives from each organisation being at the heart of their communications. Such a delivery on security and support potentially increases SMEs' attachment, leading to growth in the SME customer base as a consequence of business referral, as well as existing client retention.

The complementary role of economic benefit is also crucial for relationship building. Bank managers can provide instrumental loans and special treatment for specific customers, from relatively simple interventions such as speed of service to providing tangible financial incentives that will make SMEs less prevalent to switching.

This study provides useful insights for the Central Bank of Nigeria (CBN) in their oversight of the banking sector and how it may use this role in shaping future banking behaviour towards a crucial sector within the Nigerian economy. The commitment relationship is considered to be mutually beneficial to both parties and is geared towards the long-term. The commitment model presented within this study affords the CBN with a greater understanding of how successful relationships between SMEs and banks can be built and sustained. This can perhaps be used by the CBN's employees to persuade banks to implement policies and practices to enhance the relationship between themselves and the

SMEs. This may involve the banks operating in ways that will increase the SMEs' trust and affective commitment, as well as SME calculative commitment based on receipt of sustained tangible benefits. There are gains for both the SMEs and banks when such relationships are close, long-term and successful. Moreover, given the desire of the CBN for the growth and stability of the SMEs, recognising the substantial positive impact to the prosperity of the Nigerian economy, particularly involving wealth generation and job creation. The CBN has a record of intervention in support of both sectors from a financial perspective. The assessment presented within this study will provide an additional awareness from a behavioural viewpoint as to how both sets of organisations can work together in a mutually supportive way. This understanding can underpin any future interventions relating to organisational development and support. It also provides a useful steer to other emerging economies where the central bank plays an interventionist role and where it provides multi-faceted support to both the banking industry and key business groups who are bank dependent.

5.2. Research Limitations and future opportunities

This study focuses on a heterogeneous SME sector, without specific reference to particular areas of business or service. Future studies can examine the extent of specific SME sub-sectors or demographics banking relationships.

There is potential value in taking a longitudinal research approach to assess these SME-banking relationships, determining actuality of customer behaviour alongside trends in the levels of commitment exhibited against changes to various determinant factors linked to the B2B relationship.

The presented research is a one-sided one, the entire focus being afforded to the SMEs' perception of their banking relationships. This one-sided approach resonates with various commitment studies (Cater and Zabkar, 2009; Cater and Cater, 2010), whilst also considering a particular customer segment who to date, have had limited representation in the relationship marketing literature. Extending this research to assess the banks' perspective in isolation or to undertake a two-way consideration of the SME-banking relationship may address this.

Finally, this research could be extended into other SME sectors from the developing world, particularly where the banks have been modest in their support and quality of service provision, thereby gaining a comparative analysis to complement these Nigerian findings.

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Table 1: Factor Loadings, Average Variance Extracted and Construct Reliability

Constructs	Indicators	Standardised Factor Loadings	AVE	CR
Affective Commitment (AC)	My company feels a sense of belonging to my retail bank (Bansal *et al*., 2004).	0.81	0.63	0.83
	My company feels a sense of identification with my retail bank (Bansal *et al*., 2004).	0.77		
	My retail bank has a great deal of personal meaning to my company (Fullerton, 2005a).	0.80		
Calculative Commitment (CC)	It would be very hard for my company to leave my retail bank right now, even if we wanted to (Fullerton, 2005a).	0.79	0.69	0.89
	My company`s operations would be disrupted if we leave my retail bank (Fullerton, 2005a).	0.82		
	It would be costly to my company to leave my retail bank right now (Fullerton, 2003).	0.85		
	My company would not shift business from my retail bank because our losses would be significant (Gilliland and Bello, 2002).	0.86		
Behavioural Intentions (BI)	My company will do more banking with my retail bank in the next few years (Keh and Xie, 2009).	0.75	0.50	0.79
	My company chances of staying in the relationship with my retail bank are very good (Bell and Eisingerich, 2007).	0.74		
	My company says positive things to other people about my retail bank (Fullerton, 2005a).	0.66		
	My company recommends my retail bank to other companies that seek advice (Fullerton, 2005a).	0.66		
Trust	My company has great confidence in my retail bank services (Coote *et al*., 2003).	0.71	0.52	0.80
	My retail bank is capable in providing banking services to my company (McKnight & Chervan, 2002).	0.73		
	Promises made by my retail bank are reliable (Coote *et al*., 2003).	0.69		
	My retail bank treats my company in an honest way in every transaction (Ball *et al*., 2004).	0.74		
Social Bonding (SB)	My retail bank account officer and I are able to talk openly as friends (Cater and Zabker, 2009).	0.77	0.62	0.86
	I consider my retail bank account officer almost as close to me as my family (Cater and Zabker, 2009).	0.85		
	I often interact with my retail bank account officer on a social basis outside of work (Cater and Zabker, 2009).	0.77		
	If I were to change my retail bank, I will lose a good friend (account officer) (Cater and Zabker, 2009).	0.76		
Attractiveness of Alternatives (AA)	Overall, other banks policies would benefit my company much more than my present bank policies (Bansal *et al*., 2004).	0.79	0.69	0.91
	My company would be much more satisfied with the services available from other banks than the services provided by my own bank (Bansal *et al*., 2004).	0.88		
	In general, my company would be much more satisfied with other banks than my present bank (Bansal *et al*., 2004).	0.86		
	Overall, other banks would be better to do business with than my present bank (Bansal *et al*., 2004).	0.82		
	All in all, other retail banks would be much fairer than my present retail bank (Bansal *et al*., 2004).	0.79		
Costs related to loss of benefits (CBL)	My company will lose benefits of being a long-term customer if we leave my retail bank (Barroso and Picón, 2012).	0.75	0.64	0.84
	My company will lose preferential treatments if we change my retail bank (Jones *et al*., 2002).	0.78		
	My retail bank provides my company with privileges, that we would not receive at other retail banks (Jones *et al*., 2002).	0.86		

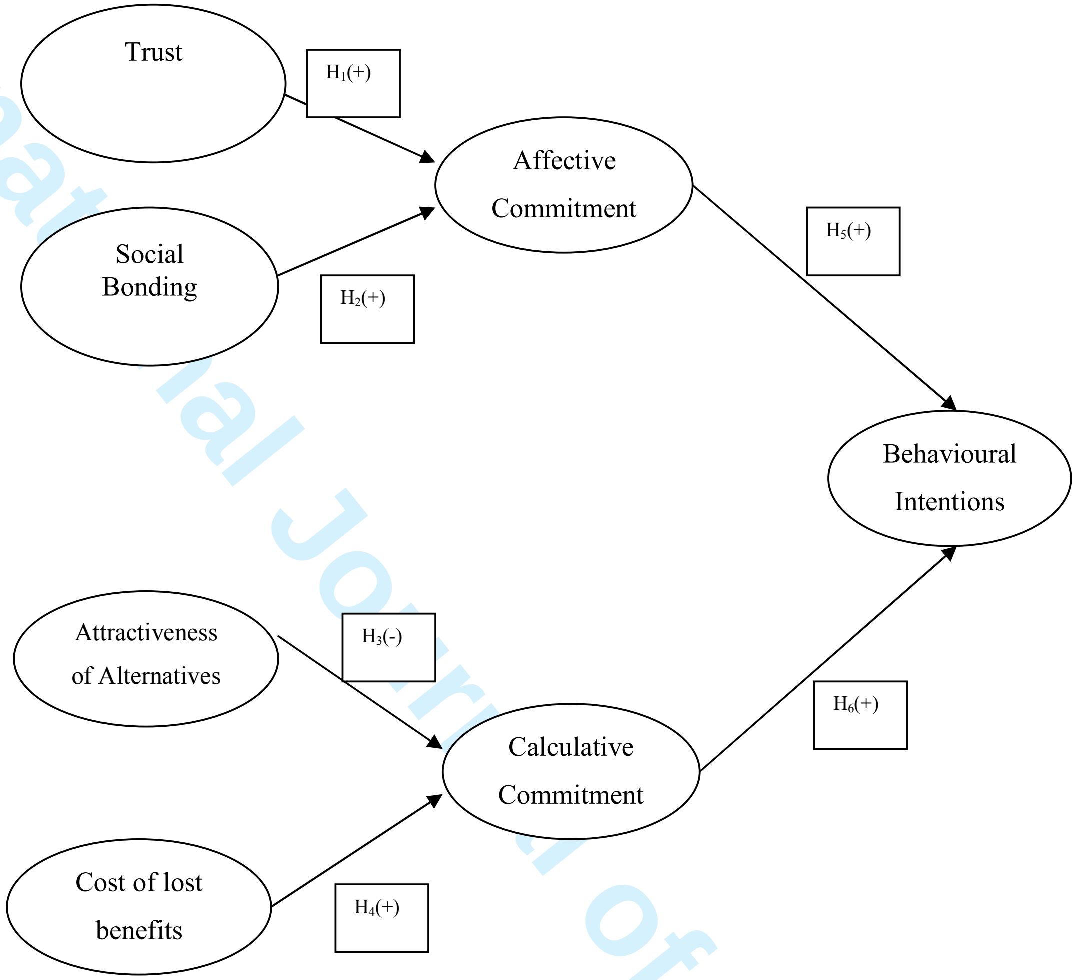

Figure 1: Conceptual model of commitment – antecedents and outcomes

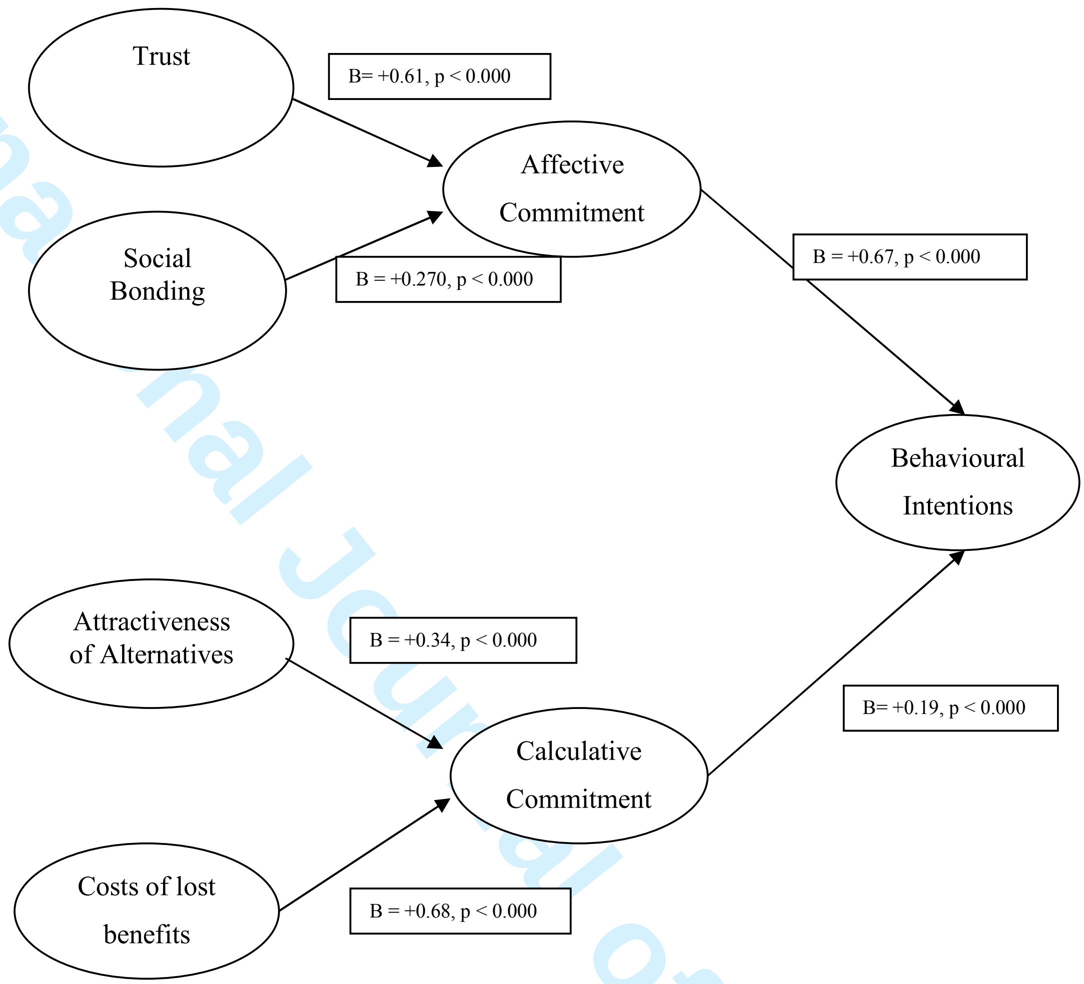

Figure 2: Commitment model – displaying all hypothesised paths

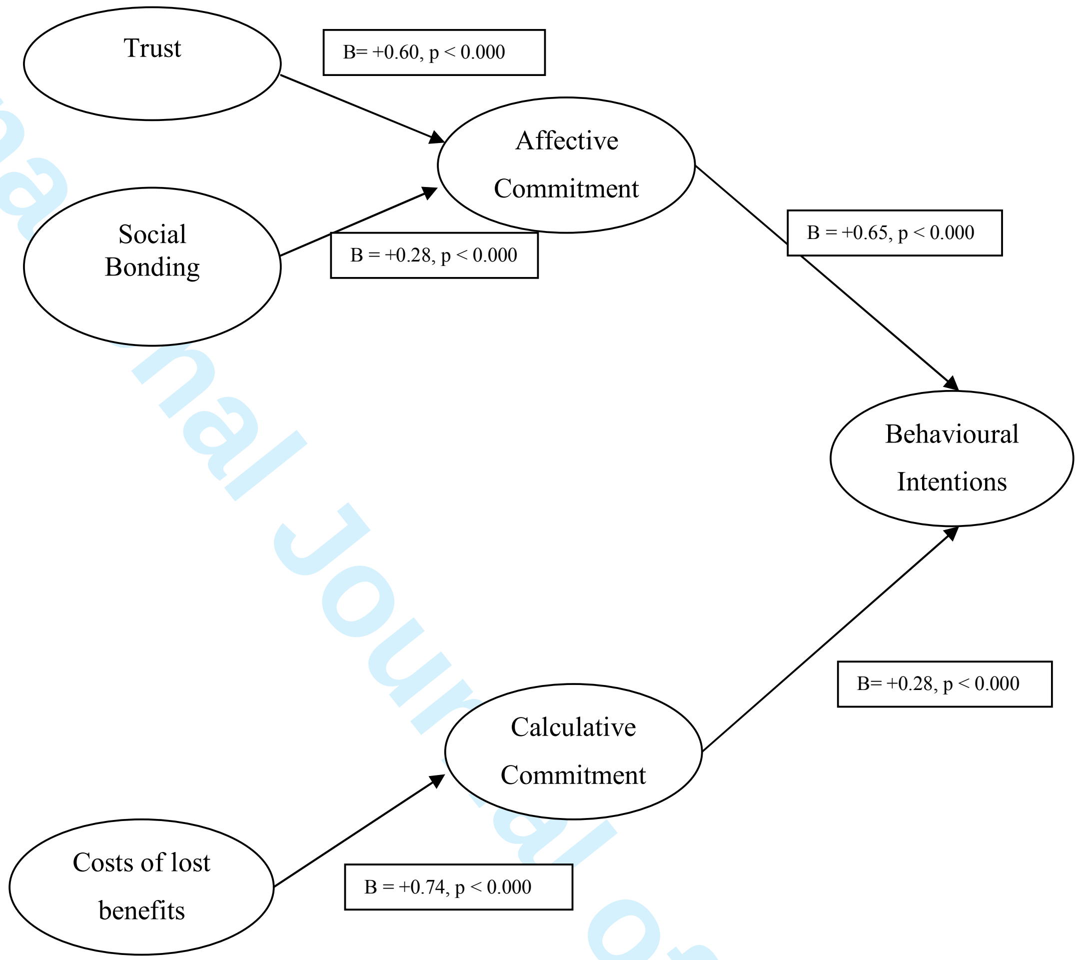

Figure 3: Final and Revised commitment model – displaying all significant paths

<u>Appendix 1:</u> An investigation into Small and Medium Enterprises (SMEs) commitment relationships to retail banks in Nigeria.

Introduction:

Your Company is invited to participate in this study. This research is aimed at investigating the nature of SMEs commitment relationships to retail banks in Nigeria. This questionnaire has 11 sections with 10 key relationship marketing concepts focused on the drivers and consequences of commitment relationship. Please note, the only person required to fill in this survey is the main individual responsible for banking relationship with the company`s main retail bank. Lastly, the questionnaire should be completed in focus of relationship with the company`s main retail bank.

Section A: Are you the responsible person that relates to your company`s bank? Yes ☐ or No ☐

Section B: Demographic Information

Please state your occupation in the Company: ……………………………………..

Business Sector (please tick below)

Education		Retail sales		Transportation		Telecommunication		Hotel		Oil and Gas		Information Technology		Finance		Manufacturing	
Construction		Agriculture		Restaurant													

Not listed, please state the business here ……………………………………………………………

Number of Employees (please tick below)

10 – 49 ☐ 50 -100 ☐ 101 –150 ☐ 151 – 199 ☐

Business Working Capital: (please tick one box below)

Less than N50 million ☐ N50 –150 million ☐ N151 – 250 million ☐ N251–350 million ☐ N351- 499 million ☐

Account years with Retail Bank (please tick below)

Under Five years ☐ 5 years–10 years ☐ 11 years to 15 years ☐ 16 –20 years ☐ 21 years and above ☐

Section C: Affective commitment (please tick the most appropriate box for each statement for your company)

No	Statements	Very Strongly agree	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree	Very Strongly disagree
1	My company feels emotionally attached to my retail bank							
2	My company feels a sense of belonging to my retail bank							
3	My company feels a sense of identification with my retail bank							
4	My retail bank has a great deal of personal meaning to my company							

Section D: Calculative commitment (please tick the most appropriate box for each statement for your company)

No	Statements	Very Strongly agree	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree	Very Strongly disagree
1	It would be very hard for my company to leave my retail bank right now, even if we wanted to.							
2	My company`s operations would be disrupted if we leave my retail bank							
3	It would be costly to my company to leave my retail bank right now							
4	My company would not shift business from my retail bank because our losses would be significant							

Section E: Behavioural Intentions (please tick the most appropriate box for each statement for your company)

No	Statements	Very Strongly agree	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree	Very Strongly disagree
1	My company will consider my retail bank as the main bank in the next few years.							
2	My company will do more banking with my retail bank in the next few years							
3	My company's chances of staying in the relationship with my retail bank are very good							
4	My company will use my retail bank for most of my company`s investment needs.							
5	My company says positive things to other people about my retail bank							
6	My company recommends my retail bank to other companies that seek advice							
7	My company encourages business partners to bank with my retail bank							
8	When the topic of my retail banks comes up in conversation, my company goes out of its way to recommend my retail bank							

Section F: Trust (please tick the most appropriate box for each statement for your company)

No	Statements	Very Strongly agree	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree	Very Strongly disagree
1	My company has great confidence in my retail bank services							
2	My retail bank is capable in providing banking services to my company							
3	Promises made by my retail bank are reliable							
4	My retail bank treats my company in an honest way in every transaction							
5	In times of uncertainty and vulnerability my retail bank has my company best interest in mind.							
6	My retail bank is genuinely concerned that my company succeeds							

Section G: Social Bonding (please tick the most appropriate box for each statement for your company)

No	Statements	Very Strongly agree	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree	Very Strongly disagree
1	My retail bank account officer and I are able to talk openly as friends							
2	I consider my retail bank account officer almost as close to me as a family							
3	I often interact with my retail bank account officer on a social basis outside of work							
4	If I were to change my retail bank, I will lose a good friend (account officer)							
5	I would consider whether my account officer feelings would be hurt before I change my retail bank							

Section H: Attractiveness of Alternatives (please tick the most appropriate box for each statement for your company)

No	Statements	Very Strongly agree	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree	Very Strongly disagree
1	Overall, other retail banks policies would benefit my company much more than my present retail bank policies							
2	My company would be much more satisfied with the services available from other retail banks than the services provided by my present retail bank							
3	In general, my company would be much more satisfied with other banks than my present bank							
4	Overall, other retail banks would be better to bank with than my present retail bank							
5	All in all, other retail banks would be much more fair than my present retail bank							

Section I: Benefit Loss Costs (please tick the most appropriate box for each statement for your company)

No	Statements	Very Strongly agree	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree	Very Strongly disagree
1	My company will lose benefits of being a long-term customer if we leave my retail bank							
2	My company will lose preferential treatments if we change my retail bank.							
3	My retail bank provides my company with privileges, that we would not receive at other retail banks							
4	Changing to a new retail bank would mean losing financial loans my company has received from my retail bank							

Thank you for your time in completing this questionnaire. Please feel free to leave your email address below if your company is interested in a summary of the findings from this study. Do add suggestions here that will assist this research questionnaire in terms of further development.

Appendix 2: Summary Tables

Location:

Nigerian States	Business Areas	Distribution Percentage
Lagos (South West)	Ikeja, Ipetu and Ikosi	58.8%
Edo (South-South)	Akpakpava, Ekenwan, Sapele Road and Murtala Mohammed area.	12.7%
Delta (South-South)	Enerhen Junction, Jakpa Road and Hausa Quaters.	12.6%
Enugu (South East)	Enugu central and Nnsuka	5.3%
Ebonyi (South East)	Abakaliki and Afikpo	5.3%
Anambra (South East)	Onitsha and Awka Nnewi	5.3%

Industry classification:

Sector	Frequency (no. of SMEs)	Percentage
Education	45	9.2%
Retail Sales, Oil and Gas	125	25.5%
Telecommunication, IT and Transportation	105	21.4%
Hotels and Restaurants	79	16.0%
Finance	42	8.6%
Manufacturing	33	6.7%
Construction	36	7.3%
Agriculture	26	5.3%
Total	**491**	**100.0%**

Business Working Capital (Naira – millions)

Working Capital	Frequency (no. of SMEs)	Percentage
Less than 50	363	73.9%
50 - 100	83	16.9%
151 - 250	24	4.9%
251 - 350	14	2.9%
351 - 499	7	1.4%
Total	**491**	**100.0%**

The currency range in Naira equates to a range of UK Sterling £20K – £2m.

Business size (by employees):

Size	**Frequency (no. of SMEs)**	**Percentage**
Small	402	81.9%
Medium	89	18.1%
Total	**491**	**100.0%**

For medium SMEs, 56 (11.4%) had 50-100 employees, 16 (3.3%) had 101-150 employees and 17 (3.5%) had 150-199 employees.

Relationship Length (years):

Time	**Frequency (no. of SMEs)**	**Percentage**
Less than 5 years	145	29.5%
5 up to and including 10 years	174	35.4%
11 up to and including 15 years	95	19.3%
16 up to and including 20 years	46	9.4%
21 of more years	31	6.3%
Total	**491**	**100.0%**

Summary Statistics for Items Employed in Study

No	Affective Commitment	Mean	Standard Deviation
1	My company feels a sense of belonging to my retail bank	5.48	1.18
2	My company feels a sense of identification with my retail bank	5.36	1.06
3	My retail bank has a great deal of personal meaning to my company	5.28	1.08
	Calculative Commitment		
1	It would be very hard for my company to leave my retail bank right now, even if we wanted to.	5.15	1.29
2	My company`s operations would be disrupted if we leave my retail bank	4.88	1.39
3	It would be costly to my company to leave my retail bank right now	4.89	1.34
4	My company would not shift business from my retail bank because our losses would be significant	4.81	1.43
	Behavioural Intentions		
1	My company will do more banking with my retail bank in the next few years	5.20	1.08
2	My company chances of staying in the relationship with my retail bank are very good	5.19	1.11
3	My company says positive things to other people about my retail bank	5.14	1.17
4	My company recommends my retail bank to other companies that seek advice	5.13	1.15
	Trust		
1	My company has great confidence in my retail bank services	5.36	1.17
2	My retail bank is capable in providing banking services to my company	5.30	1.01
3	Promises made by my retail bank are reliable	5.23	0.96
4	My retail bank treats my company in an honest way in every transaction	5.24	1.17
	Social Bonding		
1	My retail bank account officer and I are able to talk openly as friends	5.26	1.15
2	I consider my retail bank account officer almost as close to me as a family	4.89	1.20
3	I often interact with my retail bank account officer on a social basis outside of work	4.98	1.20

4	If I were to change my retail bank, I will lose a good friend (account officer)	4.77	1.20
	Attractiveness of Alternatives		
1	Overall, other retail banks policies would benefit my company much more than my present retail bank policies	4.69	1.31
2	My company would be much more satisfied with the services available from other retail banks than the services provided by my present retail bank	4.61	1.26
3	In general, my company would be much more satisfied with other banks than my present bank	4.52	1.30
4	Overall, other retail banks would be better to bank with than my present retail bank	4.49	1.38
5	All in all, other retail banks would be much more fair than my present retail bank	4.50	1.31
	Benefits Loss Costs		
1	My company will lose benefits of being a long-term customer if we leave my retail bank	4.99	1.32
2	My company will lose preferential treatments if we change my retail bank.	4.86	1.25
3	My retail bank provides my company with privileges, that we would not receive at other retail banks	4.84	1.29