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The relationship between relationship quality constructs, overall satisfaction and loyalty – an emerging market perspective of SME banking customers

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Abstract

Relationship marketing, inclusive of the relationship quality constructs relationship satisfaction, trust and commitment, has been widely acknowledge as a tool to ensure loyalty. With limited studies conducting research to determine if relationship satisfaction, trust and commitment predicts overall satisfaction, a predictor of loyalty, within a business-to-business environment this study investigates the aforementioned focussing on SMEs and their relationship with banks within an emerging market.

Through secondary data obtained through email administered questionnaires a total of 1087 respondents was deemed valid for hypothesis testing. The constructs were analysed through multiple and simple linear regression models.

Relationship satisfaction and commitment was found to be significant predictors of overall satisfaction; the former being found to be the most important factor in predicting overall satisfaction. Trust, in contrast to most theorists, was however found not to be a significant predictor to overall satisfaction although having an influence on the overall model fit. Overall satisfaction was found to be an exceptionally strong predictor of loyalty indicating that within a business-to-business environment it is pivotal for banking managers to ensure that their SME business customers is satisfied with the relationship they have with the bank along with being committed to ensure the continuation of this relationship. Ultimately these aspects are key to long-term business loyalty.

Keywords: Relationship satisfaction, trust, commitment, overall satisfaction, loyalty.

Declaration

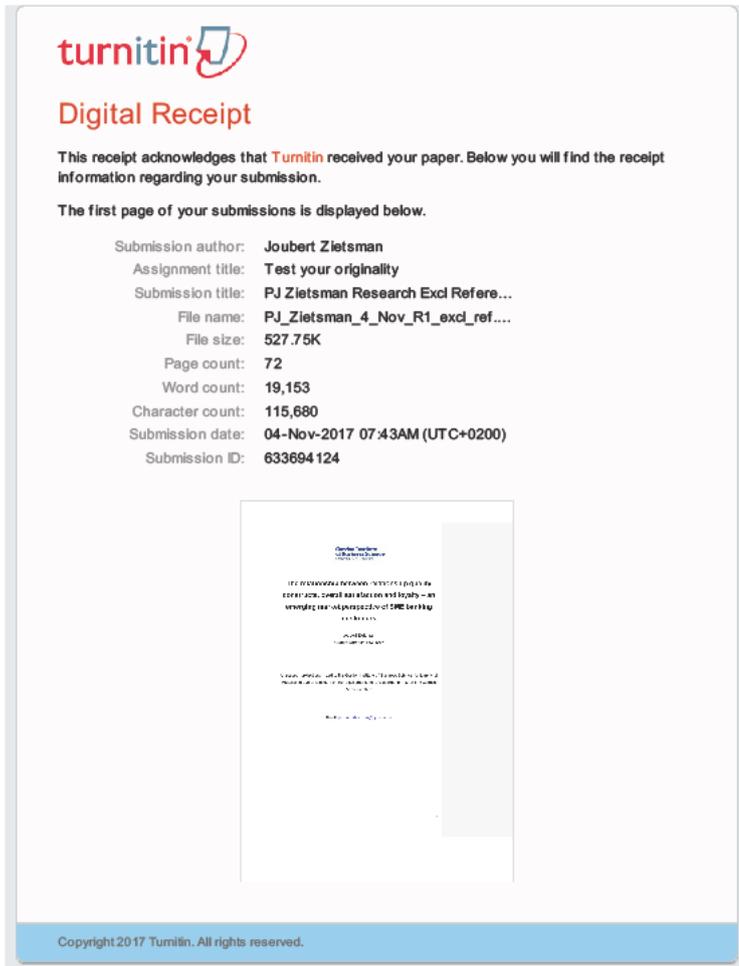
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Table of Contents

Chapter 1: Introduction to the Research Problem	1
1.1 Introduction	1
1.2 Objective	4
1.3 Contribution.....	4
1.4 Research Report Structure.....	5
Chapter 2: Literature Review	6
2.1 Introduction	6
2.2 Social Exchange Theory	6
2.3 Relationship Marketing.....	8
2.4 Relationship Quality	11
2.4.1 Relationship Satisfaction.....	12
2.4.2 Trust.....	13
2.4.3 Commitment.....	15
2.5 Overall Satisfaction	16
2.6 Loyalty	18
2.7 Conclusion.....	20
Chapter 3: Research Question and Hypothesis.....	21
3.1 Theoretical Model Development.....	21
3.1.1 The relationship between relationship quality on overall satisfaction .	21
3.1.2 The relationship between overall satisfaction and loyalty	23
3.2 Proposed conceptual model.....	24
Chapter 4: Research Methodology.....	25
4.1 Introduction	25
4.2 Research design and data collection methods	25
4.3 Population and Unit of Analysis.....	28
4.4 Sampling Method and Sample Size.....	28
4.5 Measurement instrument.....	29
4.6 Analysis Approach	31

4.6.1 Assumptions.....	32
4.5 Limitations	32
Chapter 5: Results.....	34
5.1 Introduction	34
5.2 Data Validity and Reliability.....	34
5.3 Research Findings	35
5.3.1 Demographic composition	35
5.3.2 Descriptive Statistics.....	37
5.3.3 Validity and reliability analyses.....	39
5.2.4 Regression Analysis.....	41
Chapter 6: Discussion of Results	46
6.1 Introduction	46
6.2 Hypothesis Discussion	46
6.2.1 Hypothesis 1	46
6.2.2 Hypothesis 2	47
6.2.3 Hypothesis 3	48
6.2.4 Hypothesis 4	49
Chapter 7: Research Conclusion	50
7.1 Introduction	50
7.2 Principle findings and theoretical implications	50
7.3 Recommendations to bank managers.....	51
7.4 Research limitations and recommendations for future research.....	52
7.4.1 Data Limitations	52
7.4.2 Conceptual Limitations.....	53
7.5 Conclusion to Study	54
References.....	56
Appendices.....	70
APPENDIX A: Questionnaire	71
Appendix B: Letter of consent for use of data	75

Appendix C: GIBS Ethical Clearance Approval Letter 76

List of Tables

Table 1: Detailed descriptions of measurement items used for data analysis	30
Table 2: Annual Turnover	35
Table 3: Sample Distribution by industry	36
Table 4: Descriptive Statistics	37
Table 4: Descriptive Statistics (continues)	38
Table 5: Descriptive Statistics- Transformed Constructs.....	39
Table 6: Cronbach's Alpha	40
Table 7: Collinearity Statistics	42
Table 8: Model summary multiple regression	43
Table 9: ANOVA multiple regression	43
Table 10: Coefficients multiple regression	44
Table 14: Coefficients linear regression.....	45
Table 15: Summary of Hypothesis.....	45

Chapter 1: Introduction to the Research Problem

1.1 Introduction

Almost a decade on from the global financial crisis, the international business landscape has still not returned to the state it was before the onset and peak of the crisis, with the banking industry, severely affected (PricewaterhouseCoopers, 2016). Decreased sales and intensified competition after the crisis have meant that banks are ever more focused on building long-term relationships and achieving higher levels of customer loyalty as a means to realise profitable growth (Jalali, 2016; Ferreira, 2015). The business banking industry is characterised by many customers engaging in multiple banking relationships, resulting in banks often struggling to maintain a loyal business customer base (Lam, Burton & Lo, 2009). Unlike large businesses that have access to both debt and equity markets, small and medium-sized businesses have nowhere else to go but the banks and therefore access to finance and better financial services remain a serious concern for these business banking customers (Yavas & Peterson, 2004; Brink, Cant & Ligthelm, 2003). Considering that SMEs are a significant contributor to economic growth, accounting for on average more than 90% of a country's formal businesses, it is imperative for banks to nurture their current business customer relationships and continue to find ways in understanding needs of SMEs, as well as to develop loyalty strategies so as to achieve increased levels retention and patronage (Abor & Quartey, 2010; Char, bin Yasoa & Zakiah, 2010; Ackermann & van Ravensteyn, 2006; Brink *et al.*, 2003). However, given the given the variety of factors involved and the interrelationships among them, banks must first identify, understand and measure the drivers of the complex construct that is customer loyalty (Ferreira, 2015).

Most authors agree that overall satisfaction as an evaluation of the organisation's performance across a set of distinct encounters is the best way to increase customer loyalty (Oliver, 1999; Jones & Suh, 2000). Little and Marandi (2003), however, argue that it is only the first step as customer satisfaction does not equal customer loyalty. Building success in business-to-business markets rather requires the quality of business relationships to be assessed to allow for a more accurate depiction of influences on customers' overall satisfaction, repurchase

behaviour and organisational advocacy (Rauyruen & Miller, 2007; Hennig-Thurau, Gwinner & Gremler, 2002). Garbarino and Johnson (1999) note that relationship satisfaction, trust, and commitment are interrelated dimensions of the construct relationship quality and plays a part in future intentions of high and low relational customers.

Relationship quality is viewed as a higher order construct that consists of several distinct variables which should be treated as interrelated rather than independent (Hennig-Thurau *et al.*, 2002). This view is supported by Palmatier, Dant, Grewal and Evans (2006), who state that the three core variables; relationship satisfaction, trust, and commitment are superior in predicting relationship performance and pivotal to be treated as interrelated (Ulaga & Eggert, 2006). For example, Wetzels, De Ruyter and Birgelen (1998) indicate that higher relationship satisfaction contributes to more committed business customers. However, if customers are not satisfied within the relationship as part of an ongoing evaluation process, a trusting relationship cannot be maintained, since trust is built over consistently satisfactory encounters (Hyun, 2010; Bove & Johnson, 2000). Trust, in turn, also builds commitment as trust directs a customer to focus on the positive motivation to stay in the relationship as a result of a sense of attachment (De Ruyter, Moorman and Lemmink, 2001). It is clear that relationship satisfaction, trust and commitment, does not work independently, but together to result in outcomes that promote efficiency, productivity and effectiveness within a relationship leading to long-term loyalty (Hennig-Thurau *et al.*, 2002; Morgan & Hunt, 1994).

According to Hennig-Thurau *et al.* (2002) and Gustafsson, Johnson and Roos, (2005), a multivariate approach is the most expressive in modelling the determinants of customer loyalty as a relationship marketing outcome. Relationship marketing, with roots in the theory of social exchange, is regarded as a philosophy and a set of practices that revolves around the notion of making the most of existing customers in order to achieve long-term profitability (Flambard-Ruad, 2005; Morgan & Hunt, 1994). Due to the fact that relationships between banks and SMEs are assumed to be mutually beneficial, this study will be grounded within the social exchange theory allowing for a broader understanding of the relationship marketing philosophy (Burns, 1973; Homans, 1958).

A significant portion of research within the field of relationship marketing is directed at business to consumer, while the drivers of customer loyalty as a relationship marketing outcome within a business-to-business environment is lacking (Chumpitaz & Paparoidamis, 2007). Lam *et al.* (2009) concur with this statement also in a banking environment, stating that there has been a lack of research into business customer loyalty compared with research into retail bank loyalty. Although recent research efforts have attempted to increase the knowledge in the business area of banking loyalty, the role of relationship satisfaction, trust and commitment within an SME banking environment as drivers of overall satisfaction and loyalty is still not fully understood. Possibly, because not all SME customers can be segmented and treated equally as they cover a variety of diverse enterprises (Reijonen & Laukkanen, 2010). Therefore, to ensure chances of increased loyalty – built through relationship satisfaction, trust and commitment, and ultimately leading to future sustainability and profitability – organisations should understand whether the drivers of loyalty differs amongst small and large sized customers. (Ramaseshan, Rabbanee & Hui, 2013; Sheth & Parvatlyar, 1995; Van Vuuren, Roberts-Lombard & Van Tonder, 2012; Chimpitaz & Paparoidamis, 2007).

Despite the importance of SMEs within the banking industry, and the importance of increasing their customer loyalty, loyalty studies in banking industries of emerging markets such as the South African are limited (e.g. Ackermann & Van Ravesteyn, 2006; Bick, Brown & Abratt, 2004; Abratt & Russell, 1999). Thus, in order to grow the SME segment, South African banks not only have to build relationships with customers, they have to improve their understanding of relationship satisfaction, trust and commitment as relationship quality constructs, and these constructs' relationship with overall satisfaction and ultimately loyalty. The purpose of this research is therefore to determine the relationships between relationship quality constructs, overall satisfaction and loyalty within an emerging market perspective focussed on SME banking customers.

1.2 Objective

The main purpose of this study is to determine whether the relationship quality constructs predicts overall satisfaction and loyalty of SME banking customers to banking institutions within South Africa. This will be achieved through secondary objectives which will make a distinction between relationship satisfaction and overall satisfaction allowing the study to determine the effect of relationship quality constructs of which relationship satisfaction, trust and commitment form part, on overall customer satisfaction which in turn is suggested to lead to customer loyalty.

1.3 Contribution

This study aims to contribute to the theoretical foundations by examining the role of relationships between relationship marketing constructs focusing on SMEs. Within this study, the constructs of relationship satisfaction and overall satisfaction is differentiated and positioned together, as proper conceptual differences in theory is lacking.

Further to this, the focus will be on the business-to-business banking sector, seeking to add value in determining the relationships between relationship marketing constructs from a business banking perspective, while providing practical insight into drivers of overall satisfaction and the effect on customer loyalty as well as determining if, within this context, relationship quality influence overall satisfaction allowing banking organisations to in future adjust their relationship marketing strategy with the aim of creating long-term loyalty and future profitability.

Although these relationship marketing constructs are well explored this study provides an emerging market perspective of these constructs and their interrelationships within an SME context. This study will assist emerging market banks in their efforts to ensure customer loyalty testing the marketing theory within emerging markets allowing the banking sector to better understand the needs of their SME business segment.

1.4 Research Report Structure

This study comprises of seven chapters. A brief description of the focus points of each chapter is set out below.

Chapter 1 provided the research problem and framed the need for research. The aim of this chapter was to provide context to the research objectives and research questions, along with insights into the contribution of this study.

Chapter 2 provides a theoretical background of the constructs studied within this document with the aim to fully understand the higher order construct of relationship quality, consisting of relationship satisfaction, trust and commitment, as well as outcome variables in overall satisfaction and loyalty between banks and SMEs through providing an overview of relationship marketing as well as the social exchange theory in which this study is grounded. A clear distinction will be made between relationship satisfaction and overall satisfaction.

Chapter 3 provides the theoretical model along with hypotheses developed through literature allowing for hypothesis testing within a business-to-business environment through quantitative statistical methods.

Chapter 4 describes the research methodology used and justify the quantitative research design defending the methodology, unit of analysis, population, sample size and sampling method as well as the research instrument used and the manner in which data was collected.

Chapter 5 details the findings of the study given the hypothesis under study obtained through multiple and simple linear regressions. The null hypothesis is either accepted or rejected at a 95% confidence level. Chapter 6 provides a discussion of the results obtained in Chapter 5. The aim of this chapter is to indicate the relationships identified in the literature review to the set of findings.

Chapter 7 concludes the research document with a discussion on the main findings of the research document along with practical implications of these findings, the limitations to the research and indicate recommendations for future research.

Chapter 2: Literature Review

2.1 Introduction

The following section investigates the theoretical background relating to the problems and opportunities identified in the problem statement starting with a short discussion of the social exchange theory and relationship marketing, gradually becoming more focussed on constructs used for testing the theoretical model being customer loyalty, overall satisfaction and the multidimensional construct relationship quality consisting of relationship satisfaction, trust and commitment.

2.2 Social Exchange Theory

Considering that relationship marketing has at its core relational exchange, this study will adopt the social exchange theory as a framework grounding the study to explain the relationship between relationship satisfaction, trust, commitment, overall satisfaction and loyalty in the business banking sector (Morgan & Hunt, 1994). These constructs are frequently included in studies relating to relationship marketing and are commonly related to the social exchange theory, a theory which dictates that during the consumption of a good or service a natural social exchange will occur between a customer and an organisation, with this inseparability resulting in emotions associated with the exchange potentially having loyalty as the end result (Mpinganjira, Svensson & Mysen, 2015; Goyal, Rahman & Kazmi, 2013; Sierra & McQuitty, 2005; Bagozzi, 1975).

The concept of exchange viewed through a sociology lens assumes that reward – either tangible or intangible – consist of services or products used to satisfy a customer's needs, resulting in certain behaviours. This theory further assumes that during the customer decision making process, returns are maximised while losses are minimised, and that social interaction between parties is driven by valuables controlled by the organisation which can be offered as a reward to the customer; yet the customer has to provide a reward to the supplier prior to receiving its own reward (Burns, 1973). This author proceeds to state that the theory of exchange essentially encompasses the exchange of actions that is

mutually beneficial in which case the recipient of the valuable action (either a good or service) is dependent on the supply of a favour in return of either material and non-material goods (Homans, 1958).

According to Lambe, Wittmann and Spekman (2001), the positive outcomes from the exchange relationship increase trust and commitment. Relationship satisfaction, on the other hand, is described as the result of the exchange relationships and the measurement tool for the continuation of the relationship. Auka (2012) depict those customers who perceive the relationship as rewarding and beneficial will maintain the relationship through continuous evaluations of each interaction through either a social or economic viewpoint, while the availability of substitutes – and the customer’s willingness to stay with the current supplier – is indicative of the commitment toward the relationship.

Comparisons of alternatives and price most often gives rise to the circumstances within which relationships are formed which, in most cases, are interdependent and have high potential to give rise to high quality relationships (Auka, 2012; Cropanzano & Mitchell, 2005; Homans, 1958). This confirms Bagozzi’s (1994) statement that relational rewards can be either physical, social gain or psychological pleasure obtained through the interaction between an organisation and customer in a manner which reduces cost while increasing the reward. An exchange system is subsequently defined as the set of exogenous and endogenous variables influencing the behaviour of relationships between social players within a given population (Bagozzi, 1994).

Social exchange theory, however, does have limitations given that the central assumption is that the flow of a resource will only continue if there is a valued return to the exchange of the resource. Yet social exchange theory is viewed as an important addition to economic theories struggling to deal with market imperfections (Emerson, 1976). Sheth and Parvatiyar (1995) make it clear that the exchange theory has shortcomings when the nature of relationships is focussed on value creation and in situations where the relational engagement process is at least equally as important as the outcomes of exchange due to the fact that the exchange theory has at its core the value distribution and outcomes of exchange.

Though Cook (1977) admits no theory can fully describe the intricacies for the condition of social exchange theory, he describes the exchange process to be determined by the frequency of interaction between organisations, the perceived importance of the resource available to the buying organisations, the supply and demand conditions, the availability of substitutes and power of the actors within a network, the number and density of similar organisations and the extent of the network. Considering that marketing involves the conception and resolution of exchange relationships within a business-to-business setting (Bagozzi, 1975), customers who do not perceive the relationship with the organisations beneficial will not reciprocate and continue the relationship (Auka, 2012). It is therefore that social exchange theory is seen to as central to the relationship marketing paradigm (Auka, 2012).

The following section elaborates on relationship marketing and proceeds to discuss the relationship marketing constructs central to this study.

2.3 Relationship Marketing

The concept of relationship marketing emerged during the 1980's and revolves around the notion of making the most of existing customers in order to achieve long-term profitability, due to the fact that it is less expensive to retain an existing customer than to acquire a new one (Kim & Cha, 2002; Berry, 1995). The importance of relationship marketing in the conjuring of effective marketing strategies has consequently been well documented by scholars (Baker, Buttery & Richter-Buttery, 1998; Grönroos, 1991). Morgan and Hunt (1994) define relationship marketing as an effort encompassing all marketing activities with the goal of establishing, maintaining and developing relational exchanges, while Grönroos (2004) defines relationship marketing as the creation, maintenance and enhancement and, if required, termination of customer relationships with the overarching goal of the relationship being beneficial to all involved parties through a process of making and keeping promises. While there are diverse definitions of relationship marketing, there is agreement that relationship marketing is an important strategy for organisations facing the challenges caused by the dynamic and increasingly competitive marketplace (Pelton, 1995).

In service industries, especially those operating in high credence business markets such as banking, the intangible nature of services makes evaluation prior to purchase very difficult, and thus a relationship marketing approach is particularly appropriate (Patterson & Spreng, 1997). Sin, Tse, Yau, Lee and Chow (2002) note that relationship marketing has its focus on the individual business customer-organisation relationship with the outcome that both parties within this relationship should benefit from the relationship.

Relationship marketing has been employed since earlier years up to the industrial revolution where oversupply through mass production resulted in a shift toward more transaction orientated marketing (Sheth & Parvatiyar, 1995). This concept, in more recent years, has been giving way to a more relational focus concerned with loyalty and repeat purchases mainly due to the result of the return of a more direct marketing relationship between the producer and the customer or business (Sheth & Parvatiyar, 1995). This long-term strategy – with the goal to ensure a close, committed and reciprocal relationship between organisations that are more cost effective – is central to the marketing construct (Gounaris, 2005; Grönroos, 1991; Bagozzi, 1995; Dwyer, Schurr & Oh, 1987).

Within different situations different customers the marketing approach will differ (Grönroos, 1991). Customers judge the relationship based on some pertinent standard and this judgement will differ between business customers, with some focussing on economic gains, while others may be more concerned with affective dimensions such as trust (Lambe *et al.*, 2001). Grönroos and Ravald (2009) pertain that the goal of marketing is to ensure mutual value creation between customers and organisations. Considering that within a business-to-business environment the value created for a customer arises not only from the product or service sold, but also from a multitude of resources ranging from invoicing systems to how well service failures are dealt with; through the creation of value an organisation is able to ensure increased trust and commitment from the customer as well as reducing the customer cost levels and increasing the customer potential revenue generating capacity (Grönroos, 2011).

On the opposite side of the spectrum to relationship marketing is transactional marketing; focussed on the creation of single transactions leaving out the focus of long-term relationships and focussing on a transaction that immediately increases profit (Grönroos, 1991). Baker *et al.* (1998) note that the type of

marketing chosen depends by enlarge on the organisation type, margins and intention and ability of the customer to switch and it is in particular within the services industry that the importance of relationship marketing is emphasised given the significance of interactions between the customers and organisations (Gummesson, 2002). Within services marketing, a relational approach is significantly more effective in ensuring higher profits and future purchases, while consumer packaged goods typically require a more transactional approach (Grönroos, 1991). Ravald and Grönroos (1996), however, note that in order for an organisation to obtain a competitive advantage, the organisation has to provide a product or service that is superior in net value to competing products and that relationship marketing should be aimed at increasing this value toward the customer. If the organisation is able to provide value in relating to the customers perceived sacrifice in such a manner that relational cost are reduced while customer-facing performance improves along with satisfaction, trust and loyalty; the result will be a long-term and profitable relationship coinciding with strong organisational performance (Barcelos, de Paula Baptista, Maffezzoli, da Silva, Zancan & Marchetti, 2015; Flambard-Ruad, 2005; Ravald & Grönroos, 1996).

In order for service organisations to ensure customer retention and loyalty, ultimately resulting in increased profitability, relationship marketing is viewed as the optimal tool (Little & Marandi, 2003; Grönroos, 1991). Čater and Čater (2010) highlight that by enhancing relationships with their customers, overall customer loyalty can be improved. However, it is important that these three constructs; relationship satisfaction, trust and commitment, increase overall satisfaction before increasing customer loyalty (De Wulf *et al.*, 2001). It is apparent that relationship marketing in the business-to-business sector would in theory play a key role to ensure future customer profitably, although not all customers are profitable and organisations have to ensure that the correct marketing approach, allowing for the highest profits are chosen for their markets (Grönroos, 1991).

Yet relationship marketing focus on more than retention and loyalty with trust, commitment and a long-term orientation being the building blocks for the relationship marketing theory (Sheth & Parvatiyar, 2002). Overall communication and expertise are identified as key antecedents to relationship marketing, along with various other customer and seller focused antecedents, while commitment, trust and relationship satisfaction are all proven to increase customer loyalty, thus

driving long-term profit through repeat purchases (Palmatier *et al.*, 2006; Kim & Cha, 2002). Thus all interactions between the customer and organisations have the ability to either weaken, destroy or strengthen the relationship and the outcome is determined by the frequency of interaction, which can affect the trust the customer has in the service organisation through increased opportunities to evaluate the service and the strengthening of social bonds; performance uncertainty: the difficulty in evaluation of the outcome; termination cost: a form of switching cost related to the banking sector this would include the money, time and effort required on the part of the customer to search for a new supplier and open new accounts with the approved supplier and satisfaction of past interactions which influences a customer's decision for continuation of the relationship (Bendapudi & Berry, 1997).

In recent years no-other industry has been more besotted with relationship marketing and profit derived through retained purchases than the financial services sector, in particular due to the high levels of competition (Smith & Mpinganjira, 2015; Barnes, 1997) and it is therefore that the view of relationship marketing has been chosen in order to investigate the effect of relationship satisfaction, trust and commitment overall commitment ultimately leading to long-term and profitable customer loyalty within the business-to-business banking sector.

2.4 Relationship Quality

The term relationship quality has been coined by researchers as a higher order construct of several distinct, interrelated, first-order constructs such as relationship satisfaction, trust and commitment (Rauyruen & Miller, 2007; Ulaga & Eggert, 2006). The claim made by Holmlund, (2008) stating that there has been no consensus among authors pertaining to relationship quality is mainly due to the different relational types existing between business to customer and business-to-business markets supports the statement by Woo and Ennew, (2004) who concedes that a very general view of relationship quality should be pursued. For example, Crosby's (1990) seminal article on relationship quality has the definition focussed on a people based approach and is highly focussed on the integrity of the sales person, while Johnson (1999) describes relationship quality as the climate and depth of relationships between organisations.

For the purpose of this study the definition from Holmlund (2008) has been adapted to clearly include the lower order constructs of trust, relationship satisfaction and commitment as follows within the relationship quality construct. As such this study will employ the following definition for relationship quality: relationship quality, comprised of relationship satisfaction, trust and commitment, is the cognitive evaluation and comparison of previous, usual, potential and desired interactions between significant individuals within both the buying and selling organisation.

2.4.1 Relationship Satisfaction

Satisfaction with the relationship is regarded an essential construct in the development, establishment and maintenance of long-term business relationships (Ferro, Padin, Svensson and Payan, 2016). According to Palmatier *et al.* (2006), relationship satisfaction reflects exclusively the customer's satisfaction with the relationship and differs from the customer's satisfaction with the overall exchange. Defined as the positive affective state resulting from appraisal of all aspects of its working relationship with another organisation (Geyskens, Steenkamp, Scheer & Kumar, 1999; Anderson and Narus, 1990), relationship satisfaction is conceptualised as an affective state in contrast with more rational outcomes (De Wulf *et al.*, 2001). In line with Anderson *et al.*, (1997) the conceptualisation of relationship satisfaction within this study is done as a cumulative affect which is developed over the course of a relationship.

Dant *et al.* (2013) assert that a customer's overall assessment of previous interaction experiences with an organisation is critical for preserving the customer-organisation relationship. Huntley (2006) proposes that such affective relationship satisfaction measures provide the core judgments of any type of relationship quality. Relationship satisfaction is accordingly considered a key relationship quality dimension (see Palmatier *et al.*, 2006; Ulaga & Eggert, 2006; De Wulf *et al.*, 2001:47; Smith, 1998).

Crosby and Stevens (1987) emphasise the importance of relationship satisfaction, indicating that relationship satisfaction on a business-to-business level is comprised of interactions between personnel, the core service and the

organisation supporting the statement that drivers of relationship satisfaction are divided into instrumental and interpersonal factors (Abdul-Muhmin, 2005).

Dividing the service organisation into a “how” and “what” function, Chumpitaz and Paparoidamis (2007) found communication, service delivery, technical quality of the service delivered, the supporting administrative services and the service that is actually provided, determines the relationship satisfaction within a business-to-business environment. This is in line with Leverin and Liljander (2006), who states that within a long-term relationship, perceived quality merge into an overall evaluation of relationship satisfaction. Abdul-Muhmin (2002), however, found that more tangible aspects such as price and the physical product has a larger influence on relationship satisfaction than intangible or administrative functions such as logistics. Nevertheless, relationship satisfaction is viewed as the starting point for forming relationships with customers, if customers are not satisfied within the relationship as part of an ongoing evaluation process, a quality relationship cannot be maintained (Hyun, 2010; Moliner *et al.*, 2007; Varey, 2002). Relationship satisfaction is highly correlated with trust and commitment and has been established to increase the levels of trust and commitment in business relationships loyalty (Chumpitaz & Paparoidamis 2007; Leverin & Liljander, 2006).

2.4.2 Trust

Trust encompasses the notion of predictability and motivational relevance (Deutsch, 1958). Rotter (1967) defines trust as a verbal or written promise by an individual or group, to another with a certain outcome expectancy relating to this promise. Rousseau, Sitkin, Burt and Camerer (1998) concur with this statement, noting that trust is in essence a psychological state that includes the intention to accept vulnerability based on the positive expectations of the other party's intentions.

It is therefore expected that trust is also present in business relationships, where customers' expectancy of positive outcomes is one of the most significant antecedents of stable and collaborative business relationships (Morgan & Hunt, 1994). A business customer is required to take the aspects regarding the relationship with the current organisation into account to assess if the

organisation's services are aligned with that of the customer, considering the uncertainty of in particular financial outcomes materialising in the future (Doney, Barry & Abratt, 2007). Within a business-to-business service environment trust is subsequently reflected in a business customers' confidence along with their positive expectations pertaining to a particular service provider and the result of a distrusting relationship is through the evaluation of the relationship on a benefits versus cost basis (Delgado-Ballester & Luis Munuera-Alemán, 2005; Gounaris, 2005). Thus, trust is said to be determined through outcomes of past experiences and the ability of organisations to influence perceptions positively (Nguyen, Leclerc and LeBlanc, 2013).

Rousseau *et al.*, (1998) distinguish between three different forms of trust as calculus based trust, where trust is the result of an action that is viewed as beneficial; relational trust, that is the outcome of interactions between the trustee and trustee repeated over time and finally institutional based trust, where trust is shaped through organisational or governmental institutions. Several authors agree that trust is said to comprise of cognitive and affective components (Huang and Wilkinson, 2013; Chowdhury, 2005), with cognitive and affective trust working together to develop successful business-to-business relationships over time as a result of the actions and interactions of both parties (Walter, Hölzle & Ritter, 2002). Huang and Wilkinson (2013), as well as Zaheer, McEvily and Perrone (1998), further argue the presence of both interpersonal and inter-organisational trust in business relationships, where inter-organisational trust refers to trust placed by an individual in an organisation, while interpersonal trust has trust placed in an individual within an organisation as its centre. For the purpose of this study, however, trust on an overall level will be considered, as with the majority of relationship quality studies (e.g., Ulaga & Eggert, 2006).

Trust plays a crucial role in the relationship and relational exchange between a financial service provider and customer, having an instant effect when a customer is faced with a decision to remain loyal or defect (Nguyen *et al.*, 2013; Davies, Lassar, Manolis, Prince & Winsor, 2011). Not only trust but also commitment is claimed to be central to relationship marketing and together these constructs result in a business relationship with a long-term orientation that delivers effectiveness, efficiency and productivity (Nguyen *et al.*, 2013; Chumpitaz & Paparoidamis, 2004; Bennett, McColl-Kennedy & Coote, 2000; Morgan & Hunt, 1994).

2.4.3 Commitment

In Morgan and Hunt's (1994) seminal article on the commitment-trust theory within relationship marketing, relationship commitment is defined as the continuation of a relationship with an exchange partner through maximum effort as a result of the perceived importance of the relationship. Commitment according to these authors is not only central to relationship marketing but also pivotal in understanding customer and organisation behaviour. Sharma, Young and Wilkinson (2006) support this view, adding that commitment requires both behavioural and psychological dimensions driven by the tendency to continue a relationship. Dwyer and Oh (1987) indicate that commitment is the pledge, either implicit or explicit, that the relationship between the two parties will continue. Abramson, Cutler, Kautz and Mendelson (1958) note that a party in the relationship will choose an action based on either his commitment to others or an expectation that this choice will bring closer realisation of the goal. Commitment in this instance can be best articulated as the most likely course of action a customer in an exchange relationship will take (Abramson *et al.*, 1958).

Commitment may be either affective or calculative. Calculative commitment is based on a reward and cost balance of the continuation of the relationship, while affective commitment is inclusive of an intent to build or reinforce a relationship with another partly due to interpersonal contact resulting in familiarity, personal confidence and friendship (Sharma *et al.*, 2006; Evanschitzky, Iyer, Plassmann, Niessing & Meffert, 2006; Fullerton, 2005; Gounaris, 2005; De Ruyter, Moorman & Lemmink, 2001). Though both affective and calculative commitment are psychological states of the customer, affective commitment is the result of interpersonal contact, while calculative commitment is the consequence of a cost-benefit analysis on the part of the customer, indicating a rather negative reason for relationship continuation (Gounaris, 2005; Geyskens, Steenkamp, Scheer & Kumar, 1996). The attitudinal view of commitment toward an organisation is seen as a more relevant distinguisher between loyalty and other purchasing behaviours, due to a strengthened positive attitude by the customer toward the organisation (Amine, 1998). Both aspects of commitment therefore work together to form an enduring desire to maintain a relationship which will ultimately increase customer loyalty (Palmatier *et al.*, 2006; Morgan & Hunt, 1994). For the purpose of this study commitment will hence be viewed as the

total commitment of the business customer toward the financial service provider and not broken down into calculative and affective commitment.

Commitment in the end should be viewed as a long-term goal in the business-to-business sector in order to achieve a competitive advantage through marketing actions focussed to reinforce or develop the customer's attitudinal bonds to the organisation (Amine, 1998).

2.5 Overall Satisfaction

Commonly referred to as simply customer satisfaction in literature, overall satisfaction is an essential construct in the development of customer loyalty and, consequently, long-term relationships. According to Anderson *et al.* (1994) customer satisfaction is at the core of the American Marketing Association's definition for marketing and a key goal in organisational activity. Considering that the marketing concept has profitability through customer satisfaction at its core, a potential reason for the inclusion in this definition is the link between satisfaction and increased future profits and revenue streams as customer satisfaction increases loyalty and therefore expands market share and profitability (Keiningham, Morgeson III, Aksoy & Williams, 2014; Schiffman & Kanuk, 2004, Anderson, Fornell & Lehmann, 1994; Rust & Zahorik, 1993; Fornell, 1992). Overall satisfaction has been linked to long-term customer value creation and increased cash flows and it can be expected that there is a positive relationship between overall satisfaction, overall organisation performance and shareholder value (Aksoy, Cooil, Groening, Keiningham & Atakan, 2008; Anderson, Fornell & Mazvancheryl, 2004).

Fornell (1992) defines satisfaction as an overall positive post-purchase evaluation. Schiffman and Kanuk (2004) agree with this definition stating that customer satisfaction is the result of a comparison between end user perception and actual product performance or the service provided. Churchill and Suprenant (1982) pertain that disconfirmation is central to customer satisfaction as an intervening variable.

Szymanski and Henard (2001); Churchill and Suprenant (1982) and Oliver (1980) pertain that the disconfirmation-of-expectations paradigm dictates that a

customer's expectations is the key determinant to the direction and the size of the experienced disconfirmation and has one of three outcomes; neutral, positively disconfirmed or negatively disconfirmed. These authors dictate that dissatisfaction is the result of negative disconfirmation and a positive correlation is found between satisfaction and disconfirmation. Positive disconfirmation results in satisfaction which in turn positively influences purchase behaviour and ultimately repeat purchases (Saleem & Raja, 2014; Yoon & Uysal, 2005). Other factors may however play a larger role in satisfaction than disconfirmation given that the latter involves a complex decision making process where the effected customer should determine if the expectations should be decreased or if performance perceptions should be increased (Lankton & McKnight, 2012). Ulaga and Eggert (2006) highlight that although most scholars agree on the disconfirmation paradigm as a cognitive process comparing perceived performance against some comparison standards, the feeling of satisfaction essentially represents an affective state of mind.

Satisfaction is thus an affective state of mind following an evaluation of product or service performance after purchase (which, if positive versus expectations, results in a pleasurable fulfilment of customer needs); however two conceptualizations of satisfaction can be distinguished, namely transaction-specific satisfaction and overall satisfaction (Oliver, 1999; Anderson *et al.*, 1994). From an encounter-specific perspective, satisfaction is viewed as a post-choice evaluative judgement of a specific purchase incident (Boshoff & Gray, 2004); while overall satisfaction refers to the cumulative effect of a set of distinct service encounters (Shankar *et al.*, 2003). According to Jones and Suh (2000), overall satisfaction is similar to an overall attitude because customers may be satisfied in general even if experiencing one disappointing encounter. Overall satisfaction is therefore a fundamental indicator of an organisation's current and long-term performance, mediating the relationship between overall attitudes and future intentions such as loyalty behaviours (Garbarino & Johnson, 1999). While several authors established satisfaction as a necessary condition for developing loyalty, it is only one step as customer satisfaction does not equal customer loyalty (Little & Marandi, 2003; Bowen & Chen, 2001; McIlroy & Barnett; 2000).

In order to enhance overall satisfaction, organisations need to develop customers' trust, commitment and satisfaction with the relationship. Palmatier *et al.* (2006) highlight that customer's satisfaction with the overall exchange is a

separate construct to customers' relationship satisfaction, with the latter forming part of the higher order construct relationship quality within a business-to-business context.

2.6 Loyalty

The transformation of the services industry has been a result of the highly competitive, dynamic and complex environment, minuscule differences between service offerings together with increasingly demanding customer resulting in a previously product focused organisation to change their approach to that of relationship marketing, which has customer loyalty as the main goal in order to remain competitive (Beerli, Martin & Quintana, 2004).

Oliver (1999) describes loyalty as same organisational purchases derived by the customer's commitment to repurchase a preferred product continuously in the future, irrespective of marketing attempts and other influences that may affect the customer's switching intention. Sheth (1968) proclaims that loyalty can have different indicators including, but not limited to, the frequency of purchase or the extent of a purchase at a point in time. This author defines loyalty as a function of the relative purchase frequency and procurement pattern within time, dependant on certain situations, while Dick and Basu (1994) simply define customer loyalty as the strength of the relationship between the customer's attitude and repeat purchases.

Important to note, however, is that more than just overall satisfaction is required in order to increase customer loyalty with relationship satisfaction, commitment and trust also playing significant roles as well as mediating and moderating factors which would influence the strengths of constructs leading to overall loyalty (Kumar, Dalla Pozza & Ganesh, 2013; Evanschitzky *et al.*, 2012)

Although loyalty is conceptualised and measured based on behavioural dimensions by the majority of researchers it is important to note that loyalty consist of a behavioural and attitudinal component, where success on the part of the business toward the customer on both these components can result in increased profit levels (Rauyruen & Miller, 2007; Carpenter, 2008). Rauyruen and Miller (2007) identify the importance of realising both components of loyalty and

continue to define behavioural loyalty as the customer's motivation to continue with a relationship and future purchases while attitudinal loyalty is focused on the attitudinal support and psychological affection toward the organisation providing the product or service.

Behavioural loyalty is considered a construct measured by the intention to procure in the future in combination of the behavioural frequency of loyalty (Huy Tuu, Olsen & Linh, 2011). In other words behavioural loyalty can be described as loyal behaviour from a customer made apparent through the propensity for repeat purchase or recommendation of the good or service (Prayag, 2012) or the customer's inclination to a repeat purchase and proceeding with a relationship with the organisation (Čater & Čater, 2010). It is, however, difficult to establish the correct reasons for repeat purchases as behavioural measurements is not informative of all the possible reasons ensuring repeat purchases; these can include habits and other psychological reasons (Odin, Odin, Valette-Florence, 2001; Jacoby & Kyner, 1973). Criticism from previous research surrounding purchase behaviour and loyalty has been well documented yet previous studies exposed the fact that attitudes of the customer can significantly predict their future behaviour (Bennet & Rundle-Thiele, 2002).

Attitudinal loyalty is derived from the inclination than an individual can be loyal as well as the customer's attitude toward the organisation (Bennet & Rundle-Thiele, 2002). Evanschitzky, Ramaseshan, Woisetschläger, Richelsen, Blut and Backhaus (2012) claim that attitudinal loyalty can be understood as a favourable attitude toward an organisation, through either organisation generated loyalty or program generated loyalty of which the result is the creation of relationship and bonds allowing for increased organisation profits. Within business-to-business transactions, in particular in service based transactions, the general view is that risk for the customer is higher, resulting in a situation where if the customer shows attitudinal loyalty (establishes the brand to be credible and is committed to procure) it can be expected that repeat purchases will occur in the future (behavioural loyalty) (Bennett, Härtel & McColl-Kennedy, 2005).

It can be accurately assumed that the measurement for the effectiveness of the implementation of relationship marketing tactics lies in the measurement of customer loyalty and through the changes of increased profits through customer loyalty the importance of this target is accentuated (Van Vuuren, Roberts-

Lombard & Van Tonder, 2012). For the purpose of this study behavioural and attitudinal loyalty has been combined within the construct of composite or overall loyalty within a business-to-business perspective as depicted by Rauyruen and Miller (2007).

2.7 Conclusion

It is clear that loyal customers is at the core of organisational performance, and given the contribution of SMEs within the economy, places more emphasis on banks to ensure that they retain SMEs for as long a period as possible. Through increasing the amount of loyal customers, banks not only ensure long-term profitability but also enhances their competitive position. Loyalty among business-to-business customers start with relationship quality constructs, leading to overall satisfaction and finally customer loyalty. It is therefore that this study investigates the relationship between relationship quality (in other words relationship satisfaction, trust and commitment) - and overall satisfaction and the relationship between overall satisfaction and customer loyalty through a quantitative statistical approach in an attempt to provide sufficient evidence to commercial banks on how to proceed to ensure long-term sustainability; also broadening existing literature within relationship marketing by focussing on SMEs within an emerging market.

Chapter 3: Research Question and Hypothesis

3.1 Theoretical Model Development

This chapter provides detailed information relating to the hypothesis formulation through a condensed theoretical evaluation of the relationships between the relationship quality constructs, overall satisfaction and loyalty, also providing a theoretical model depicting how all measured constructs are proposed to relate to one another.

3.1.1 The relationship between relationship quality on overall satisfaction

Holmlund, (2008) and Palmatier *et al.* (2006) found that relationship quality influence the overall relationship strength and that better relationship performance can be explained through relationship quality – relationship satisfaction, trust and commitment – when all constructs are strong. Relationship quality, which they describe as a measure of the relationship strength is found to have the largest influence on overall satisfaction, indicating that relationship satisfaction, trust and commitment in combination is pivotal to be achieved together (Holmlund, 2008; Palmatier 2006)

The effect on organisational values and cash flows is due to a result of key benefits of overall satisfaction which according to Fornell (1992) and Anderson *et al.*, (1994), includes increased loyalty from current customers, lower price elasticity's, rigidity toward competitive products, reduced cost for future transactions, diminished failure cost, decreased new customer acquisition cost and overall enhancement of the organisation's image and reputation. Other consequences of overall customer satisfaction or negative disconfirmation include complaining behaviour, word-of-mouth and repeat purchases, with negative complaining behaviour and negative word-of-mouth said to reduce repeat purchases as a result of customers' strife for consistence across procurement actions (Szymanski & Henard, 2001). With overall satisfaction having been proven to increase share price values allowing for positive organisation performance, overall satisfaction is core to long-term loyalty (Aksoy *et al.*, 2008; Anderson *et al.*, 2004).

Overall commitment has been found to sustain longer lasting relationships than alternative motives and customers become affectively committed if the service provided is liked thus reducing chances of the customers' to pursue substitute products or services (Sharma *et al.*, 2006; Fullerton, 2005; Amine, 1998).

Service organisations who are able to establish trust between themselves and the service receiver manage to reduce vulnerability and uncertainty, two excellent reasons for the service receiver to remain loyal to the supplier (Berry, 1995). Barcelos *et al.* (2015) concur with this finding, proving that within a banking organisation greater loyalty from customers is achieved through increased levels of trust and add that satisfaction with the banking institution will drive greater levels of trust, with the latter ultimately increases chances of loyalty. Harris and Goode (2004) also found that trust significantly influences loyalty in two separate studies conducted concluding that trust is one of the key drivers of loyalty and in particular within service dynamics drives loyalty both indirectly and directly. However, between organisations risk and interdependence are conditions required for trust to exist and over the course of the relationship these factors will vary potentially altering the level of trust or even the form (Rosseau, *et al.*, 1998). This proclamation is supported by Ranaweera, and Prabhu (2003) and Eid (2011) noting that within a business-to-business environment trust too is an important driver to customer retention and loyalty and Reichheld and Scheffer (2000) insist that trust precedes customer loyalty.

Therefore three relationship quality factors, relationship satisfaction, trust and commitment are hypothesised to predict overall satisfaction within a SME business-to-business context as follows:

H₁: Relationship satisfaction of SME banking customers predicts their overall satisfaction with the bank.

H₂: Trust of SME banking customers predicts their overall satisfaction with the bank.

H₃: Commitment of SME banking customers predicts their overall satisfaction with the bank

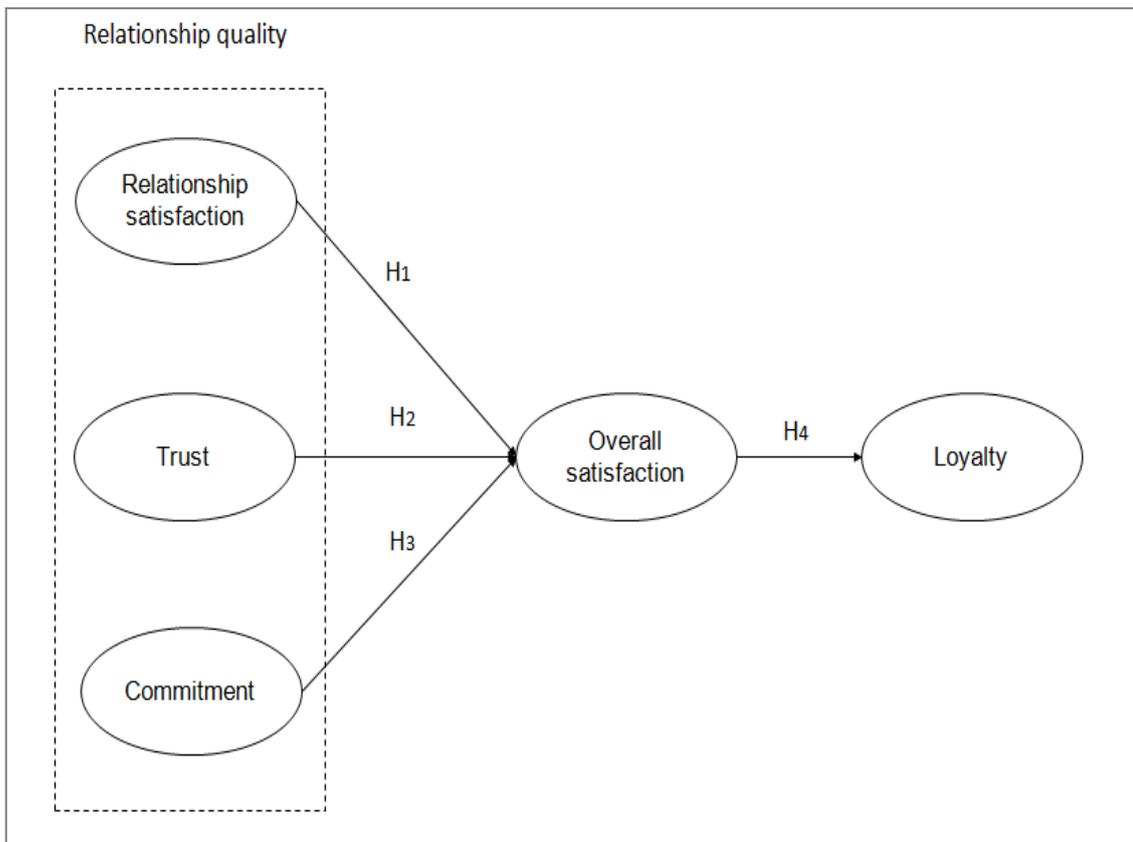
3.1.2 The relationship between overall satisfaction and loyalty

Dagger and O'Brien, (2010) indicate that loyalty is derived through increasing satisfaction, trust and commitment between the customer and the supplying organisation with the core purpose of relationship marketing being to ensure future patronage (Raza & Rehman, 2012). In the study conducted in the Greek banking sector Keisidou, Sarigiannidis, Maditinos and Thalassinos (2013) found a strong link between overall satisfaction and customer loyalty. A customer that is loyal does not necessarily represent a satisfied customer but a satisfied customer has a larger chance of being loyal (Fornell, 1992). Previous studies provide evidence that overall satisfaction leads to long-term loyalty and ultimately increased profitability (Aksoy & Williams, 2014; Pozza & Ganesh, 2013; Roberts-Lombard & Van Tonder, 2012; Evanschitzky *et al.*, 2012; Aksoy *et al.*, 2008; Carpenter, 2008; Anderson *et al.*, 2004; Keiningham, Morgeson III, Anderson *et al.*, 1994; Rust & Zahorik, 1993; Fornell, 1992).

Based on these findings presented above, the following hypothesis has been formulated:

H₄: Overall satisfaction of SME banking customers predicts their loyalty to the bank

3.2 Proposed conceptual model



Chapter 4: Research Methodology

4.1 Introduction

The previous two chapters presented the literature review and theoretical framework of the study and provided a background to the concepts involved, including relationship satisfaction, trust, commitment, overall satisfaction and loyalty. The current chapter builds on this theoretical basis by providing the research methodology for this study. Newman and Benz (1998) pertain that research is the search for knowledge or truth, and thus the purpose of marketing research is to link the customer to the marketer through the medium of information, which in turn can be used to make marketing decisions (Burns & Bush, 2006). Saunders and Lewis (2012) developed a multi-layered approach to the research design and by using their approach, this chapter provides evidence in defence of the methodology selected and addresses the unit of analysis, population, samples size and sampling method. This chapter furthermore indicates how data was collected and the process followed during data analysis. Thereafter this section concludes with the limitations to the chosen method within the data analysed.

4.2 Research design and data collection methods

Four main philosophies of research methods can be identified. These include positivism, realism, interpretivism and pragmatism (Saunders & Lewis, 2012). For the purpose of this study the research philosophy of positivism will be employed. Saunders and Lewis (2012) state that the positivism research philosophy is applicable to research questions where the main concern is to determine if one variable, the control variable, influences another and that if this is the case this relationship is explained by the researcher.

Furthermore, two main approaches to research can be distinguished namely deduction and induction (Saunders & Lewis, 2012; Newman & Benz, 1998). Deduction is described as a specific research strategy that is designed with the goal of testing an already developed theoretical proposition, while induction leans toward the development of new theory through collection of data. As such a

deductive approach was appropriate to effectively answer the hypotheses. This approach allows theory to lead the researcher in development of the research question after which these questions are operationalised (Tustin, Ligthelm, Martins & van Wyk, 2005; Saunders & Lewis, 2012). Hence, a literature review first needs to take place in order to gather sufficient information to clearly identify the problem, develop an approach to the problem, answering research questions and interpreting the data (Malhotra, 2007). The search for answers to the research question precedes the analysis of the data and determines if the acquired answers support the existing theory or if theory has to be adjusted within the context.

Field (2015) suggests that research follows a chronological approach where the research question, derived at through a literature review, is used as the foundation of the study in order to test the selected hypotheses. The literature review of this study was conducted by means of the study of relevant books, research publications and peer reviewed journals and published articles. The following databases were considered:

- Internet: Goolge Scholar
- Emerald: International Journals
- EbscoHost: International journals obtained through Academic Source Premier, Business Source Premier and EconLit.
- ProQuest: International dissertations in full text.

With significant research already available on the antecedents to customer loyalty (e.g. Roberts-Lombard & Van Tonder, 2012; Palmatier et al., 2006), this study aims to determine the relationship between relationship quality constructs predicting the outcome variables namely overall satisfaction and loyalty within the business-to-business banking industry of South Africa (an merging market), with a specific focus on SMEs.

After the research problem has been defined and objectives have been formulated, the type of data required to realise the objectives must be determined (Wiid & Diggins, 2009). The three major classifications of research designs are exploratory research, descriptive research and causal research (Malhotra, 2007). Moreover, Tustin *et al.* (2005) distinguish between a qualitative and quantitative approach, with these two approaches differing by way of methodology applied

and not data types that is received from the approach. Qualitative research is used extensively in exploratory research while quantitative research is required for causal or descriptive studies (Tustin *et al.*, 2005).

Malhotra (2007) highlight that formulating a research design depends on the information and the secondary data available. Kent (2007) defines secondary data as data collected for some purpose other than the problem at hand. Secondary data is generally a more cost-effective and efficient way of obtaining information for marketing research, since it is likely that a similar problem has been investigated in the past (McDaniel & Gates, 2005). Malhotra (2007) indicates that companies collecting and selling pools of data constitute a major source of secondary data, aiming at serving information needs shared by numerous researchers.

For the purpose of the current research project, secondary data was employed. The secondary data was collected by a well-known research company in partnership with the University of Pretoria's Department of Marketing, with the primary data collected to address a similar research problem within the field of relationship marketing and in the context of business banking. Access to this data was readily available through networks at the Department of Marketing, and with written permission obtained (Appendix B), the secondary data aimed to test the hypothesis formulated within Chapter 3.

In order to collect the data, the initial researcher employed a cross sectional, quantitative study, collecting data from multiple appropriate individuals within various organisations constituting the sample frame (Saunders & Lewis, 2012). Quantitative research methodology addresses the research question through quantification of data acquired and the interpretation of the data through statistical analysis (Malhotra, 2007; Field 2015). The collection of quantifiable data was obtained through an Internet-based survey.

The following section elaborates on the steps taken by the initial researcher relating to the methodology relevant to this research study, including the sampling methods to gather information from the population at large.

4.3 Population and Unit of Analysis

The population is described by Malhotra (2007) as the combined elements consisting of similar characteristics that are included in the universe set out to answer the research problem. The sample, a subgroup of the whole population, was taken from the larger population in order to answer the research question (Saunders & Lewis, 2012; Tustin *et al.*, 2005).

The population of the study comprises small to medium organisations within South Africa and the targeted respondents for this study was owners of micro-enterprises, financial controllers, and managers who are the decision-makers in the selection and use of banking service providers for their businesses, thus staff members within the SME can be viewed as the unit of analysis. The participating staff member representing the organisation was screened to determine if they had enough knowledge of the organisation and its relationship with the bank to effectively complete the questionnaire (Campbell, 1955). This was achieved through screening questions on the questionnaire.

4.4 Sampling Method and Sample Size

The sample universe, described by Tustin *et al.* (2005) is the group from which the sample has been drawn. In this instance were from a large bank's database accessed through Consulta, a local research and consulting organisation, in collaboration with the University of Pretoria's Marketing Department. From this universe small to medium organisations throughout South Africa were selected as the sample frame, with this sampling frame extracted from a database provided by a client of Consulta – one of South Africa's largest commercial banks. This database was used to draw the sample using probability sampling methods, which include simple random sampling, systematic sampling, stratified random sampling, quota sampling and multiplicity sampling (Saunders & Lewis, 2012, Tustin *et al.*, 2005).

The secondary data used employed systematic sampling, which is described by Saunders and Lewis (2012) as a sampling method which requires the initial participant to be selected at random after which the remainder of the sampling frame will be selected at random intervals. This approach has the advantage of

spreading the selections through the sample frame not allowing for ‘bunching’ as with simple random sampling (Tustin *et al.*, 2005). The exact mechanics of Consulta’s systematic sampling method remains undisclosed.

4.5 Measurement instrument

Tustin *et al.* (2005) dictate that the purpose of the measuring instrument, in this case surveys, is to obtain information from the sample in order to answer the research question. Screening questions were provided to respondents in order to ensure that the respondent is part of the buying circle and decision maker within the organisation. The measurement items for relationship satisfaction, trust and commitment, was obtained from published articles by Mpinganjira *et al.* (2015); Svensson and Mysen (2013); Hutchinson, Singh and Svensson (2012) and Svensson and Mysen (2011). Items measuring overall satisfaction were drawn from previous research by Gremler and Gwinner (2000), while items measuring loyalty was drawn from an article by Mandhachitara and Poolthong (2011). Appendix A provides a layout of the questions forming part of the questionnaire while the table 1 below provides the authors and sources of items measuring each construct.

Tustin *et al.* (2005) distinguishes between two types of questions, open and closed ended. For the most part questions listed in Appendix A are closed ended questions where respondents were allowed to choose from a Likert-type scale which according to Malhotra (2007) is a form of itemised rating scale where respondents are required to suggest how strongly they agree or disagree between two opposite sides of a question. This type of data, known as interval data, is described by Wegner (2016) as data enrichment whereby data relevance is enhanced through the facilitation of numerical enhancement. Answers to these questions were easily coded through the assistance of SPSS. Open ended questions were for the most part been avoided. Dissimilar to closed ended questions Tustin *et al.* (2005) describe open ended questions as questions which allows for the responded to provide an answer in their own words. Though open ended questions was limited, demographical and turnover questions was not closed ended. These answers were coded in Excel assigning a number to each bracket of turnover or a number to each industry type where after it was imported into SPSS and analysed.

Table 1: Detailed descriptions of measurement items used for data analysis

Measurement items	Sources
Relationship satisfaction	
The relationship between this bank and us is positive.	Mpinganjira <i>et al.</i> (2015); Svensson <i>et al.</i> (2013); Hutchinson <i>et al.</i> , (2012) Svensson & Mysen (2011)
Our organisation is content about its relationship with this bank.	
The relationship between this bank and us is satisfying.	
Our relationship with this bank reflects a happy situation.	
Trust	
We can rely on this bank to keep promises made to us.	Mpinganjira <i>et al.</i> (2015); Svensson <i>et al.</i> (2013); Svensson & Mysen (2011); Ulaga & Eggert, (2006); Zaheer <i>et al.</i> (1998).
This bank is fair in its negotiations with us.	
This bank is trustworthy.	
We are not hesitant to do business with this bank when the situation is vague.	
We trust this bank keeps our best interests in mind.	
Commitment	
We intend to do business with this bank well into the future.	Mpinganjira <i>et al.</i> (2015); Svensson <i>et al.</i> (2013); Svensson & Mysen (2011); Morgan & Hunt (1994), Anderson & Weitz (1992)
We are dedicated to continuing doing business with this bank.	
We are committed to doing business with this bank.	
The relationship we have with our bank is deserving of our maximum efforts to maintain.	
Overall Satisfaction	
Based on all of our experience with this bank, we are very satisfied with the banking services it provides.	Gremler & Gwinner (2000)
Our choice to use this bank was a wise one.	
Overall, we are satisfied with the decision to use this bank.	
We think we did the right thing when we decided to use this bank for our banking needs.	
Loyalty	
We will say positive things about this bank.	Mandhachitara & Poolthong (2011); Zeithaml <i>et al.</i> (1996); Taylor <i>et al.</i> (2004)
We will always consider this bank as our first choice.	
We consider ourselves loyal patrons of this bank.	
We will encourage other organisations to do business with this bank	
We will definitely keep using this bank.	
We will use this bank the next time we need a new banking products or services.	
We will do the majority of our banking with this bank.	
If we had to do it all over again, we would bank with another bank.	

In order to increase the response rate and keep up respondent motivation, apart from the above tactics, the questionnaire was kept as short as possible with completion time set at 15 minutes. Though the questions were adapted from various sources it was made understandable considering the South African demographics and the context of the study (Tustin *et al.*, 2005). A pilot study was launched by the initial researcher with the purpose of testing the structure in the questionnaire ensuring the respondents were able to understand the wording, as well assisting with ensuring that data obtained further on can be correctly analysed.

4.6 Analysis Approach

Wegner (2016) argues that the foundation of statistical analysis is that the data is relevant and accurate to allow for effective and correct decision making. SPSS allows for missing data to be totally excluded, exclude the respondent only where missing data is applicable to the question or to replace the missing value with the mean. The last option should preferably not be considered as it will distort the results (Pallant, 2013). Where data was missing, the first option was followed where the respondent was excluded only if it is missing answer is valid to the specific analysis required.

Data was tested for normality for each hypothesis by making use of P-P plots, indicating the departure from normality, and histograms (Wegner 2016). Pallant (2013) describes a normal distribution as a bell-shaped curve with the majority of the information to the centre of the curve and smaller frequencies are to the outside of the curve. The dispersion of data will also influence the final results and confidence of central location measures and as such descriptive statistics will be used to indicate and analyse variance and standard deviations.

Regression analysis was conducted to determine the relationship between dependent and independent variables and allow for conclusion and acceptance or rejection of the null hypothesis. Regression analysis according to Pallant (2013) is the ideal technique to measure the changes of an outcome and which a variable within a group is the best predictor of an outcome. A multiple regression was conducted to test hypothesis one to three while a simple regression was

conducted to test hypothesis four. Detailed presentation of the results is provided later in the study.

4.6.1 Assumptions

Pallant (2013) addresses samples size, multicollinearity, outliers, distribution and normality, homogeneity of variances and linearity as assumptions for multiple regression analysis, the technique employed to test if the relationship quality constructs, relationship satisfaction, trust and commitment has a significant influence on overall satisfaction. Respondents not having given consent were taken out along with respondents that gave the same rating on the Likert scale questions throughout the questionnaire. Respondents not having completed their annual turnover, where any data point that could influence the regression was missing and stated that they did not have sufficient knowledge to evaluate the bank was also excluded from the final data analysis. From a total respondent list of 1512 a total of 1087 was used to analyse the results with a total of 425 respondents having been taken out due to one of the above criteria. Regression analysis requires non-violation of the multicollinearity assumption confirmed through Variance Inflation Factor (VIF) above 10 and tolerance values higher than 0.1 (Pallant, 2013). Homogeneity of variances requires data to be normally distributed, confirmed through P-P plots, scatter plots and histograms. All assumptions were addressed in order to ensure the validity of the model.

4.5 Limitations

According to Tustin *et al.* (2005) a sample frame is unable to account for the whole population. As such this study and its findings is only valid within the South African business-to-business banking sector where small and medium organisations are customers to the appropriate bank.

Mediating and moderating factors has an influence on the relationship between the dependant and independent variables, but for the purpose of this study was not included or tested for.

A further limitation is that only responses from SMEs from a was major bank used and according to De Wulf, Odekerken-Schröder and Iacobucci (2001) some smaller banking branches may offer a more personalised service resulting in a

greater degree of social exchange and customer satisfaction potentially leading to increased customer loyalty. This study omitted to test for difference in business perceptions on a branch level.

With only access to the database of one major bank the perceptions of SME respondents are limited to SMEs within this particular bank, not covering perceptions from SMEs from other banks within South Africa.

Responses from large organisations and government run institutions was not included in the longitudinal study therefore not allowing for inference to be made relating to changes to banking policy and the influence of the adjustment and effect on customer loyalty over a period of time.

Although more a total of 1512 responses was obtained the limited time frame available for the study had an impact on the amount of customer responses and with secondary data used the author was limited to the questions asked and initially approved by the first researcher and therefore not able to add to or improve the questions and phrasing thereof.

With the marketing research firm, Consulta, being used to gather data there was not full control or information other than already depicted regarding the selection of respondents and data gathering methods.

Chapter 5: Results

5.1 Introduction

The current chapter builds on the research methodology depicted in Chapter 4 by reporting the results obtained from the empirical research undertaken through secondary data collection. This chapter seeks to analyse the secondary data obtained starting off with demographical representation of the data base, ensuring data reliability and testing the hypothesis from Chapter 3 through multiple and simple regression analysis. All data analyses mentioned in the ensuing sections were measured with the statistical program SPSS 24.0.

5.2 Data Validity and Reliability

In order to reduce measurement errors both data validity and reliability was addressed (Hair, Black, Babin & Anderson, 2014). Data validity is defined as the degree to which the questionnaire introduced measure accurately and represents what it is intended to represent while reliability addresses the true value and is error free (Hair *et al.*, 2014). For the purpose of this study the questionnaire reliability was tested through assessing the internal consistency reliability which according to Malhotra (2007) assesses the internal consistency of a set of items when more than one item is combined, forming a total score from the scale allowing for data analysis. For reliability testing Cronbach's Alpha was used, discussed in detail under section 5.3.3 in this chapter.

Malhotra (2007) dictates that construct validity, used within this study, requires a strong theoretical background of the nature of the construct to be measured as well as how well it relates to other constructs in order to determine if the measuring instrument is logically connected and representative of the observed phenomena. Through a thorough literature review and the use of questionnaires already confirming construct validity (Mpinganjira *et al.*, 2015; Svensson *et al.*, 2013; Hutchinson *et al.*, 2012; Mandhachitara & Poolthong, 2011; Svensson & Mysen, 2011; Ulaga & Eggert, 2006; Gremler & Gwinner 2000; Taylor *et al.*, 2004; Zaheer *et al.*, 1998; Zeithaml *et al.*, 1996; Morgan & Hunt, 1994; Anderson & Weitz 1992), construct validity is appropriately addressed.

5.3 Research Findings

The study was conducted among small and medium-sized enterprises that had a business banking account with a local South African bank. A total of 1512 respondents participated in the study, however during the data cleaning process, 425 respondents were excluded from the analysis with a total of 1087 respondents remaining. Respondents were first of all removed from the analysis if they indicated that they did not have sufficient knowledge about the relationship between the business and the bank. Thereafter respondents were excluded if they did not stipulate their turnover (a necessary criteria to define small and medium-sized enterprises), if their questionnaire contained any missing answers, and if all Likert-type questions were answered exactly the same. Malhotra (2007) states that discarding unsatisfactory responses is a necessary step to ensure quality data is maintained, but highlights that this step should always proceed the data analysis step in order to abide by ethics in marketing research. Cleaned data allowed this study an ideal chance to set select a confidence level of 95%.

5.3.1 Demographic composition

5.3.1.1 Turnover

The majority of SME respondents (31.1%) had a turnover of between R1 000 000 and R 5 000 000 per annum, followed by SMEs having less than R500 000 in turnover per annum (22.8%) while SMEs stating an annual turnover of between R 500 000 and R 1 000 000 accounted for 18.8% of the results. The results, presented in table 2, are therefore equally spread with the majority of respondents falling into the lower turnover or smaller contributor's bracket.

Table 2: Annual Turnover

Annual Turnover	Frequency	Percent	Valid Percent
Less than R500 000	248	22.8	22.8
R500 000 - R1 000 000	204	18.8	18.8
R1 000 000 - R5 000 000	340	31.3	31.3
R5 000 000 - R10 000 000	109	10	10
R10 000 000 - R20 000 000	50	4.6	4.6
R20 000 000 - R50 000 000	46	4.2	4.2
R50 000 000 and above	90	8.3	8.3
Total	1087	100	100

5.3.1.2 Industry

Table 3 presents the sample distribution by industry. The Most SMEs classified themselves as operating within professional, scientific and technical products or services, which accounted for 12.1% of the total respondents. This was followed by SMEs classifying their industry as wholesale and retail trade of motor vehicles and motorcycles (9.4%), financial and insurance activities (8.2%) and construction (8%). Public administration and defence (0.7%) and mining sectors (1.6%) contributed the least toward this study while a total of 7.4% of respondents did not fall within a code-able industry allowing the majority of data to be allocated to a sector present within the economy.

Table 3: Sample Distribution by industry

Industry	Frequency	Percent	Valid Percent
Agriculture, hunting, forestry and fishing	59	5.4	5.4
Mining and quarrying	17	1.6	1.6
Manufacturing	78	7.2	7.2
Electricity, gas, steam and air conditioning supply	15	1.4	1.4
Water supply; sewerage, waste management and remediation activities	14	1.3	1.3
Construction	87	8	8
Wholesale and retail trade; repair of motor vehicles and motorcycles	102	9.4	9.4
Transportation and storage	30	2.8	2.8
Accommodation and food service activities	71	6.5	6.5
Financial and insurance activities	89	8.2	8.2
Real estate activities	65	6	6
Professional, scientific and technical activities	131	12.1	12.1
Administrative and support service activities	63	5.8	5.8
Public administration and defence; compulsory social security	8	0.7	0.7
Education	56	5.2	5.2
Human health and social work activities	73	6.7	6.7
Arts, entertainment and recreation	28	2.6	2.6
Religious activities	21	1.9	1.9
Other	80	7.4	7.4
Total	1087	100	100

5.3.2 Descriptive Statistics

Data normality was tested through kurtosis and skewness of the data distribution and standard deviations from the mean and the means of the scores (Pallant, 2013). According to Field (2015) and Pallant (2013) kurtosis measures the “peakedness” of the distribution, where a positive kurtosis indicates that most scores lies within the tail of the distribution and a negative kurtosis indicates too few scores within the tail ends of the distribution. The skewness values indicate the symmetry of the distribution, with a positive value indicating that the data distribution is skewed to the lower values, while negative skewness values indicate that the clustering of scores occurs more to the high end of the distribution.

Table 4 depicts a complete breakdown of the standard deviations and means of the data analysed. The skewness values ranged between -0.341 and 0.085 while kurtosis values ranged between -1.110 to -0.272 and standard deviation. Values with higher skewness and kurtosis values were not removed from the data analysis as they were deemed acceptable and valid to the study.

Table 4: Descriptive Statistics

	Mean	Std. Deviation
	Statistic	Statistic
Relationship Satisfaction		
The relationship between this bank and our business is positive.	3.27	1.163
We are content about our relationship with this bank.	3.14	1.175
The relationship between this bank and our business is satisfying.	3.1	1.185
Our relationship with this bank reflects a happy situation.	3.05	1.185
The relationship between our business and this bank is trouble-free.	3	1.215
Trust		
We can rely on this bank to keep the promises it makes to us.	3.19	1.147
This bank is fair in its negotiations with us.	3.14	1.09
This bank is trustworthy.	3.41	1.07
This bank can be counted on to do what is right.	3.23	1.081
We trust this bank to keep our best interests in mind.	3	1.177

Table 5: Descriptive Statistics (continues)

Commitment		
We intend to do business with this bank well into the future.	3.21	1.201
The relationship we have with this bank deserves our maximum efforts to maintain it.	3.01	1.155
We are dedicated to continue doing business with this bank.	3.08	1.213
We would not drop this bank because we like being associated with them.	2.89	1.199
The relationship that we have with this bank is something we are very committed to.	2.95	1.19
We would like to continue our work with this bank.	3.2	1.172
Overall Satisfaction		
Based on all of our experience with this bank, we are very satisfied with the banking services it provides.	2.97	1.184
Our choice to use this bank was a wise one.	3.05	1.182
Overall, we are satisfied with the decision to use this bank.	3.12	1.178
We think we did the right thing when we decided to use this bank for our banking needs.	3.13	1.202
Loyalty		
We will say positive things about this bank.	3.22	1.086
We are proud to tell others that we bank with this bank.	3.16	1.161
We consider ourselves loyal patrons of this bank.	3.58	1.143
We will encourage other businesses to do business with this bank.	3.07	1.168
We will do the majority of our banking with this bank.	3.55	1.104
We will use this bank the next time we need new banking products or services.	3.11	1.241
We will definitely keep using this bank.	3.24	1.186
If we had to do it all over again, we would choose this bank.	2.99	1.322

In order to ensure data normality, Pallant (2013) suggests that histograms, indicating the distribution of data, forms part of descriptive statistics and as such, data was tested for normality of the dependant variables (namely overall satisfaction and overall loyalty), as well as the independent variables (namely relationship satisfaction, trust and commitment), by first deriving at the mean scores of all data thereafter transforming the appropriate clusters of data within SPSS. The means range between 2.89 and 3.58 while deviation from the mean ranges between 1.07 and 1.215. Questions related to overall satisfaction had high means with SMEs considering themselves loyal patrons of the bank, and furthermore stating that they will do the majority of their banking with this particular bank, having mean scores of 3.58 and 3.55 respectively. Relationship satisfaction's means ranged from 3.0 to 3.27 with the highest mean score relating to the fact that the SME deems itself to have a positive relationship with the bank.

Mean scores for commitment were above 2.95, the lowest being that the SME considered their relationship with the bank something that they are very committed to (2.95). Trust's highest mean indicated that the bank is trustworthy (3.41) followed the fact that organisations believe that the bank can be counted on to do what is right (3.23) and that organisations perceive that they can rely on the bank to keep to its promises (3.19).

Loyalty means ranged from 2.99 to 3.58 with organisations stating that they may have chosen other banks if they were to do it all over again (2.99) having the lowest mean followed by the fact that the organisations stating that they will encourage other businesses to do business with the bank (3.07). The highest means scores indicated that the organisations considered themselves as loyal patrons (3.58), the organisations to the majority of their banking with the bank evaluated (3.55) and that the organisations will keep using the bank in the future (3.24).

Table 6: Descriptive Statistics- Transformed Constructs

	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Overall Loyalty	3.239	1.01407	-0.176	0.07	-0.671	0.15
Overall Satisfaction	3.0669	1.13076	-0.142	0.07	-0.8	0.15
Relationship Satisfaction	3.113	1.09882	-0.182	0.07	-0.759	0.15
Trust	3.1941	0.99666	-0.254	0.07	-0.489	0.15
Commitment	3.0544	1.091	-0.047	0.07	-0.776	0.15

Data for both dependant variables and the three independent variables reflected as normal with only a couple of outliers toward the negative tail end of each of the distributions. These data points were not excluded from the data but monitored to ensure that they do not significantly skew the results from the data obtained.

5.3.3 Validity and reliability analyses

Assessment of reliability was done using Cronbach's Alpha allowing for the assessment of the internal consistency of various items grouped together to obtain a total score for the appropriate single testable variable (Malhotra, 2007). Table 6 provides evidence of the internal consistency within this study.

Table 7: Cronbach's Alpha

Indicator Coding	Cronbach's Alpha
Relationship Satisfaction	
The relationship between this bank and our business is positive.	0.959
We are content about our relationship with this bank.	
The relationship between this bank and our business is satisfying.	
Our relationship with this bank reflects a happy situation.	
The relationship between our business and this bank is trouble-free.	
Trust	
We can rely on this bank to keep the promises it makes to us.	0.966
This bank is fair in its negotiations with us.	
This bank is trustworthy.	
This bank can be counted on to do what is right.	
We trust this bank to keep our best interests in mind.	
Commitment	
We intend to do business with this bank well into the future.	0.963
The relationship we have with this bank deserves our maximum efforts to maintain it.	
We are dedicated to continue doing business with this bank.	
We would not drop this bank because we like being associated with them.	
The relationship that we have with this bank is something we are very committed to.	
We would like to continue our work with this bank.	
Overall Satisfaction	
Based on all of our experience with this bank, we are very satisfied with the banking services it provides.	0.938
Our choice to use this bank was a wise one.	
Overall, we are satisfied with the decision to use this bank.	
We think we did the right thing when we decided to use this bank for our banking needs.	
Loyalty	
We will say positive things about this bank.	0.95
We are proud to tell others that we bank with this bank.	
We consider ourselves loyal patrons of this bank.	
We will encourage other businesses to do business with this bank.	
We will do the majority of our banking with this bank.	
We will use this bank the next time we need new banking products or services.	
We will definitely keep using this bank.	
If we had to do it all over again, we would choose this bank.	

The higher the value of the Cronbach's Alpha, a measure of reliability, the better the questions explain the construct to which it is grouped (Wegner, 2016; Hair *et al.*, 2014). All Cronbach's Alpha values are above 0.900 ranging between 0.938

to 0.966 above the 0.6 to 0.7 indicated by Hair *et al.*, (2014) as the lower limits of acceptability. This allows for the conclusion that all questions have an excellent internal consistency and as such is accurate in testing the appropriate construct and therefore hypothesis.

5.2.4 Regression Analysis

Pallant (2013) advises that in order to measure an outcome of multiple variables and to determine the effect of an independent variable on the dependant variable regression analysis should be done. Given the theoretical model discussed in Chapter 3 and the hypothesis formulated, multiple regression was employed in order to determine the effect of the relationship quality constructs, relationship satisfaction, trust and commitment, on overall satisfaction while simple linear regression was used to determine the effect of overall satisfaction on total customer loyalty.

The assumptions, assessment thereof and treatment of data related to assumptions related to regression analyses is discussed in detail in the following section.

5.2.4.1 Data Assumptions

Given the sample size being significantly more than the 90 cases as indicated by Pallant (2013), the findings can be repeated with other samples and therefore the sample size assumption has not been violated.

In order for SPSS to generate a decent regression model, the relationships between independent variables has to be checked to ensure that multicollinearity (when variables are highly correlated), and singularity (when an independent variable is a combination of others), does not exist (Pallant, 2013). The independent variables are highly correlated to each other. Pearson Correlation results range between 0.826 and 0.856 for independent variables. As a result, trust, commitment and relationship satisfaction indicate a potential for multicollinearity. According to Pallant (2013) collinearity can be checked through tolerance and VIF values. The former is an indicator of the variability within one dependent variable explained by the other while the VIF value is derived as the

inverse of the tolerance value. The author suggests that the tolerance values should be less than 0.10 while the VIF values should not be above 10 in order to disprove collinearity. The following tolerance and VIF values were achieved:

Table 8: Collinearity Statistics

Construct	Tolerance	VIF
Relationship Satisfaction	0.228	4.389
Trust	0.251	3.976
Commitment	0.153	4.729

Given that all tolerance values were above 0.100 and all VIF values are below 10.000 and therefore it can be concluded that the multicollinearity assumption has not been violated.

With regression analysis being sensitive to outliers, the data cleaning process included out-of-range data with extreme values, i.e. outliers. In this study outliers were identified by means of histograms, and given that there were very few outliers identified with the outliers getting less in an even slope, outliers were not deleted from the analysis. This provided a more accurate reflection of the data collected (Wegner, 2016; Pallant, 2013). Histograms furthermore provided evidence of normality for the dependant and independent variables and it is concluded that the data is normally distributed and that the outlier and distribution has not been violated (Wegner, 2016)

Linearity and homoscedasticity, where residuals are given as the differences between the predicted and gathered variables, were checked through evaluation of P-P plots and scatterplots respectively, generated during regression analysis and found to be acceptable and within tolerance according to values suggested by Pallant (2013).

5.2.3.1 Multiple Regression

A multiple regression analysis was completed in order to determine whether relationship satisfaction, trust and commitment are predictors of overall satisfaction, aiming to prove the following hypotheses:

H₁: Relationship satisfaction of SME banking customers predicts their overall satisfaction with the bank.

H₂: Trust of SME banking customers predicts their overall satisfaction with the bank.

H₃: Commitment of SME banking customers predicts their overall satisfaction with the bank

Table 9: Model summary multiple regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.915 ^a	0.838	0.837	0.45629

a. Predictors: (Constant), Commitment, Trust, Relationship Satisfaction

b. Dependent Variable: Overall Satisfaction

The adjusted R square indicates a value of 0.838 indicating that the results obtained from relationship quality constructs, relationship satisfaction, commitment and trust explain 83.8% of the variance in overall satisfaction. The model is therefore a good fit in explaining the dependant variable – overall satisfaction – through the interpretation of the dependent variables including relationship satisfaction, trust and commitment.

Table 10: ANOVA multiple regression

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1163.084	3	387.695	1862.09	.000 ^b
	Residual	225.485	1083	0.208		
	Total	1388.569	1086			

a. Dependent Variable: Overall Satisfaction

b. Predictors: (Constant), Commitment, Trust, Relationship Satisfaction

The resulting p-value of the ANOVA relating to predictor variables, relationship satisfaction, trust and commitment to the dependant variable of overall satisfaction is less than the required 0.05, the conclusion being that this model is statistically significant in explaining factors leading to overall satisfaction.

Table 11: Coefficients multiple regression

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.	95% Confidence Interval for B	
		B	Std. Error	Beta			Lower bound	Upper bound
1	(Constant)	0.010	0.047		0.213	0.831	-0.082	0.102
	RelationSatis	0.589	0.026	0.572	22.309	0	0.537	0.641
	Trust	0.052	0.028	0.046	1.89	0.059	-0.002	0.107
	Commitment	0.346	0.028	0.334	12.531	0	0.292	0.4

a. Dependent Variable: Overall Satisfaction

Both relationship satisfaction ($\beta=0.572$) and commitment ($\beta=0.334$) as predictors of overall satisfaction are proven significant while trust, with a Beta value of 0.046 is not proven to be significant. As such it is concluded that relationship satisfaction is the best predictor of overall satisfaction, followed by commitment, while trust is not found to be a predictor of overall satisfaction at a 95% confidence level.

The following hypothesis is subsequently accepted at a significance level of smaller or equal to 0.05 ($p \leq 0.05$):

H₁: Relationship satisfaction of SME banking customers predicts their overall satisfaction with the bank.

H₃: Commitment of SME banking customers predicts their overall satisfaction with the bank

The following hypothesis failed to be accepted at a significance level of $p \leq 0.05$:

H₂: Trust of SME banking customers predicts their overall satisfaction with the bank.

Trust, however, does prove to be significant within a 90% confidence interval, and by excluding trust as an independent variable, the R squared value is reduced to 83%. Therefore, despite its insignificance, trust is still valid with regards to this model.

5.2.3.2 Simple linear regression

A simple linear regression was conducted in order to test the whether overall satisfaction is a predictor of loyalty, allowing for the below hypothesis to be tested:

Table 12: Coefficients linear regression

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.	95% Confidence Interval for B		
	B	Std. Error	Beta			Lower bound	Upper bound	
1	(Constant)	0.763	0.039		19.691	0	0.687	0.839
	OverallSatis	0.807	0.012	0.9	68.128	0	0.784	0.831

a. Dependent Variable: Loyalty

Overall satisfaction is proven significant with a Beta value of 0.9 providing evidence that overall satisfaction is a significant predictor of loyalty. Therefore the following hypothesis is accepted at a significance level of ($p \leq 0.05$) with a significance value of 0.000.

H₄: Overall satisfaction of SME banking customers predicts their loyalty to the bank

Table 13: Summary of Hypothesis

Hypothesis	Outcome	Significance Level
H₁: Relationship satisfaction of SME banking customers predicts their overall satisfaction with the bank.	Supported	$p \leq 0.05$
H₂: Trust of SME banking customers predicts their overall satisfaction with the bank.	Not Supported	$p \leq 0.10$
H₃: Commitment of SME banking customers predicts their overall satisfaction with the bank	Supported	$p \leq 0.05$
H₄: Overall satisfaction of SME banking customers predicts their loyalty to the bank	Supported	$p \leq 0.05$

Chapter 6: Discussion of Results

6.1 Introduction

Chapter 6 reconnoitres the hypothesis as depicted within chapter 3 of the research document in combination with the statistical results and findings of data provided within chapter 5, as well as discussing and comparing the research results to the literature review broken down in chapter 2.

6.2 Hypothesis Discussion

6.2.1 Hypothesis 1

H₁: Relationship satisfaction of SME banking customers predicts their overall satisfaction with the bank.

The hypothesis proposed the relationship between relationship satisfaction and overall satisfaction of SME organisations with the bank within an emerging market context. The finding is that relationship satisfaction is a significant predictor of overall satisfaction with a p-value of 0.00 and a Beta value of 0.572.

This finding supports literature indicating that relationship satisfaction is a key predictor variable within relationship quality (Dant *et al.*, 2013; Clark, Vorhies & Bentley, 2011; Palmatier *et al.*, 2006; Ulaga & Eggert, 2006; De Wulf *et al.*, 2001; Smith, 1998) and supports the emphasis by Ferro *et al.* (2016) in that relationship satisfaction is at the core of building long-term future relationships within the business-to-business industry. Although this study is not longitudinal in nature, it can be stated that customers positively appraise all aspects of the current relationship with the bank over a period of time and not an outcome of a specific transaction (Palmatier *et al.*, 2006; Geyskens, *et al.*, 1999; Anderson *et al.*, 1997; Anderson and Narus, 1990). This is of great importance within the business banking industry as according to Dant *et al.* (2013), the assessment of previous experiences by customers with the bank itself, the interactions between customers and the bank's staff, as well as the primary service offered by the bank, is imperative for future relationship preservation (Crosby & Stevens, 1987). This then entails that banks has to ensure customers are overall satisfied with

past interaction relating to both the physical service and perhaps more importantly the intangible aspects such as communication, service delivery and technical quality related to the service offering (Chumpitaz & Paparoidamis, 2007; Hyun, 2010; Moliner *et al.*, 2007; Varey, 2002). Further to this the study found that there is a high correlation between trust and commitment with a Pearson Correlation value of 0.826, which supports to finding by Chumpitaz and Paparoidamis (2007) and Leverin and Liljander (2006) that this singular relationship quality influences all others within the study and as such banks has to view them as a combination in order to enhance the chances of increasing banking customer's loyalty.

6.2.2 Hypothesis 2

H₂: Trust of SME banking customers predicts their overall satisfaction with the bank.

The hypothesis proposed the relationship between trust and overall satisfaction of SME organisations with the bank within an emerging market context, finding that trust is not a predictor of overall satisfaction with a p-value of 0.059 and a Beta value of 0.046. Trust is, however, a significant predictor of overall satisfaction within a 10% confidence interval. Given the fact that the goodness-of-fit test value reduces when trust is left out of the statistical analysis, the hypothesis trust has some impact on the overall model, however the hypothesis stating that trust of SME banking customer predicts overall satisfaction with their bank is not supported.

With trust being viewed as core to the relationship marketing theory and the theory of social exchange, playing a pivotal role in customer loyalty, failing to accept the hypothesis is in contrast to claims by Nguyen *et al.* (2013) and Davies *et al.* (2011) . It may however be as a result of the difficulty to assess the service offering's relationship with trust that this hypothesis could not be accepted. Failing to accept this hypothesis also violates the statement made by Palmatier *et al.* (2006) noting that trust plays a pivotal part in the enhancement of overall satisfaction.

With trust being a promise by the bank toward a customer relating to a certain outcome, and given that trust may even trump transactional value, it is of critical importance that this promise is adhered to by organisations (Doney *et al.*, 2007; Rousseau *et al.*, 1998; Rotter, 1967). In contrast with this finding previous studies indicate that there is a clear link between trust and the tangible and non-tangible aspects of relationship satisfaction (Haung and Wilkenson, 2013; Delgado-Ballester & Luis Munuera-Alemán, 2005; Gounaris, 2005; Zaheer *et al.*, 1998). Despite this fact, there is a high correlation between trust and relationship satisfaction given the value of the Pearson Correlation of 0.826. Given the results and the reduction in the goodness-of-fit test if trust is removed it is critical for banks to not only focus on trust as a single aspect but pivotal to focus more on commitment and relationship satisfaction in order to drive through the relationship marketing theory, ultimately leading to customer loyalty (Nguyen *et al.*, 2013; Chumpitaz & Papparoidamis, 2004; Bennett, McColl-Kennedy & Coote, 2000; Morgan & Hunt, 1994).

6.2.3 Hypothesis 3

H₃: Commitment of SME banking customers predicts their overall satisfaction with the bank.

The hypothesis proposed the relationship between commitment and overall satisfaction of SME organisations with the bank within an emerging market context. The study found that commitment is a significant predictor of overall satisfaction with a p-value of 0.00, and a Beta value of 0.334 toward overall satisfaction indicating that commitment is a significant predictor of overall satisfaction. This hypothesis is therefore accepted.

The acceptance of this hypothesis substantiates findings by Čater and Čater (2010), Sharma *et al.*, (2006) and Morgan and Hunt (1994) stating that commitment is core to relationship marketing and long-term loyalty, and is also in line with Palmatier *et al.* (2006) who indicate that commitment is critical to overall satisfaction. Commitment also has a strong relevance to loyalty as Oliver (1999) describes commitment to repurchase within his definition of overall loyalty. It is pivotal for organisations to ensure that they retain the correct amount of customer facing staff as well as to understand how SME organisations conduct the cost-

benefit evaluation and what forms part of this analysis (Gounaris, 2005; Geyskens *et al.*, 1996). Consistent with findings of Gao *et al.* (2005), commitment also showed a strong correlation with trust.

6.2.4 Hypothesis 4

H₄: Overall satisfaction of SME banking customers predicts their loyalty to the bank.

The hypothesis proposed the relationship between overall satisfaction and loyalty of SME organisations with the bank within an emerging market context. The finding is that overall is a significant predictor of loyalty with a p-value of 0.00, and a Beta value of 0.9. This hypothesis is therefore accepted.

The acceptance of this hypothesis substantiates findings that long-term loyalty has been proven to increase future profits, the positive role of overall satisfaction on overall profits and the importance of SMEs toward economic growth it is critical for banks to realise that overall satisfaction is imperative to long-term business-to-business loyalty and therefore future sustainability and profits (Keiningham, *et al.*, 2014; Garbarino & Johnson, 1999; Johnson, Anderson & Fornell, 1995; Anderson *et al.*, 1994; Rust & Zahorik, 1993; Fornell, 1992). Given that overall satisfaction is the comparison between expectations and actual service performance, it is imperative that banks realise how their performance is evaluated in order to ensure significant overall satisfaction, ensuring positive disconfirmation, leading ultimately to business-to-business loyalty (Saleem & Raja, 2014; Yoon & Uysal, 2005; Schiffman & Kanuk, 2004; Szymanski & Henard, 2001; Fornell, 1992; Churchill & Suprenant, 1982).

The subsequent concludes the research through a summary of the principle findings of this research, a discussion for the implications of this research for banking managers, as well as offering insights to future research possibilities and the limitations of this research paper above those already noted within the methodology section.

Chapter 7: Research Conclusion

7.1 Introduction

This chapter presents the conclusions drawn from the main findings of the empirical research. Thereafter, this chapter discuss the implications of the findings focussing on both a managerial and theoretical perspective whilst indicating limitations to the research as well as making recommendations for future research.

The purpose of this study was to determine if the relationship of relationship quality constructs (namely relationship satisfaction, trust and commitment) with overall satisfaction and loyalty within an emerging market with the focus on SME banking customers. Four hypothesis were accordingly developed and empirically tested through secondary data. The data was originally collected within the business banking industry of South Africa, through a database offered by one of the largest banks in South Africa

The hypotheses relating to relationship satisfaction, trust and commitment, and whether they predict overall satisfaction, was tested through a multiple regression, while overall satisfaction and as a predictor of overall loyalty was tested through linear regression. All models were a good fit for the research model, however the hypothesis related to trust as a predictor of overall satisfaction was not supported. All other hypothesis were supported at a 95% confidence interval.

7.2 Principle findings and theoretical implications

The results give significant insights into the relationship quality constructs, overall satisfaction and ultimately loyalty within the business banking industry. Similar to findings from most authors on relationship quality constructs, relationship satisfaction and commitment, was found to be significant predictors of overall satisfaction with relationship satisfaction having the strongest influence. Contrary to findings from most authors on trust; trust was not found to be a significant predictor of overall satisfaction. Should trust however be removed from the model

the goodness-of-fit reduces, indicating that trust, although not significant, still plays a role in how well the relationship quality constructs predict overall loyalty.

Similar to other findings overall satisfaction from the SME respondents toward the bank is found to be a predictor of loyalty to the bank. Given the multitude of research done relating to loyalty, this finding allows researchers to understand similarities in different markets related to business-to-business service organisations.

The contribution of this study to literature is therefore both related to the supported hypotheses and not supported hypothesis given the fact the study was conducted in an emerging market between banks and SMEs allowing researchers to understand the relationship marketing mix within context and the differences to findings mainly from studies conducted in first world markets.

7.3 Recommendations to bank managers

With relationship marketing in the service sector is in general overly consumer focussed (Chumpitaz & Paparoidamis, 2007) banking managers should realise the importance of the retention of SMEs and increase their focus on customers' satisfaction and loyalty. It is imperative for bank managers to understand how SMEs evaluate their interaction and experiences with the bank as this is critical to overall satisfaction as a positive post-purchase evaluation over several encounters (Goode, 1995). The importance of the role of overall satisfaction for loyalty means that banks need to analyse continuously and systematically the factors generating customer satisfaction as in the end, more satisfied customers mean more profit for the bank (Aldas-Manzano, 2011). Because overall satisfaction is pivotal in predicting future loyalty and customer retention (Kim & Cha, 2002), overall satisfaction is therefore a fundamental indicator of an organisation's current and long-term performance.

To enhance overall satisfaction, SMEs need to first of all be content about its relationship with the bank, which needs to reflect a happy and positive relationship. This relationship must also be deserving of SMEs who will offer their maximum efforts to maintain the relationship and be dedicated and committed to do business with the bank in future. The bank must furthermore consider that

SMEs must be able to reply on their bank to keep their promises, to be fair, to be trustworthy and to keep SMEs best interest in mind.

Although the study found trust no to be a significant predictor of overall satisfaction, a trusting relationship is nevertheless important for building commitment and satisfaction with the relationship (Fullerton, 2005; Gounaris, 2005; De Ruyter *et al.*, 2001). Banking managers need to ensure that after a trusting relationship is established, they continually monitor SMEs satisfaction with and commitment towards the relationship so as to achieve higher levels of overall satisfaction and loyalty.

Also of importance for bank managers is to realise that the theory of social exchange can enhance loyalty given that emotions, as a result of the evaluation of a service, during and after an exchange and given that positive disconfirmation of this service will result in overall satisfaction, where more than one encounter has been made (Mpinganjira, Svensson & Mysen, 2015; Goyal, Rahman & Kazmi, 2013; Sierra & McQuitty, 2005; Shankar *et al.*, 2003; Szymanski & Henard, 2001; Bagozzi, 1975). It is therefore imperative for banking managers to ensure that the quality of interaction with the SME is on a higher level than that of competitive banking institutions.

7.4 Research limitations and recommendations for future research

Findings from this study provided various insights for both theorists and those in industry from a relationship marketing and social exchange theory perspective, but as with any study has certain inherent limitations. The following research limitations and recommendations for future research are elaborated on.

7.4.1 Data Limitations

Given the limited time frame, the constructs within this study was measured without conducting a structural equation model (SEM). Structural equation modelling (SEM) is a sophisticated technique based on correlation and multiple regression, which allows simultaneous test of construct relationships with multiple variables in order to evaluate how well dependent variables relates to their

explanatory variables and to test the overall robustness of the model (Hair *et al.*, 2014; Pallant, 2013). It is therefore proposed that, for future research, a SEM is conducted to ensure that the model fits the data acquired.

7.4.2 Conceptual Limitations

Despite the fact that relationship quality is defined as a higher-order construct represented by relationship satisfaction, trust and commitment as distinct, interrelated, dimensions (see Dant *et al.*, 2013; Palmatier *et al.*, 2006; De Wulf *et al.*, 2001), this research did not allow for the testing of relationship quality as a second-order construct. Rather the focus was on the first-order constructs and its relationship with overall satisfaction. The interrelationships of the constructs as emphasised by Rauyruen and Miller (2007) and Hennig-Thurau *et al.* (2002), were also not accounted for and therefore future research can expand on relationship quality accordingly.

Furthermore, this study only focussed on the three constructs of relationship satisfaction, trust and commitment as relationship quality constructs; however due to the complexity associated with the business-to-business relationships, several other dimensions have also been identified. As an example Svensson and Mysen (2011) identified ten dimensions namely relationship satisfaction, trust, commitment, cooperation, coordination, formalisation, specific assets, dependence, continuity and opportunism. Thus future research can look into more relationship quality constructs allowing for a much deeper understanding into the predictors of overall satisfaction and ultimately loyalty.

It is proposed that not only relationship satisfaction, trust and commitment then plays significant roles in long-term loyalty, but mediating and moderating factors can influence the strength of constructs which lead to loyalty (Kumar, Pozza & Ganesh, 2013; Evanschitzky *et al.*, 2012). For example, overall satisfaction as a predictor of loyalty may be a possible mediator in the relationship between relationship quality constructs and loyalty. Future research can subsequently incorporate mediation and moderation into the research model.

Finally, no distinction was made between behavioural and attitudinal loyalty, instead focussing only on loyalty as a composite construct. Given the importance of both components of loyalty and that the paths leading to each from an

attitudinal and behavioural perspective may differ, these constructs can be separated for future analysis. Within the context of this study this needs to be done to determine the motivation of SMEs to continue banking with the bank, as well as their attitudinal support and psychological affection toward the bank (Rauyruen & Miller, 2007).

7.5 Conclusion to Study

Banks often struggle in maintaining long-term relationships with business-to-business customers with the industry characterised by many customers engaging in multiple banking relationships and therefore loyalty is an issue (Lam *et al.*, 2009). This is particularly true for SMEs, who require access to finance and better financial services. Given the role that SMEs play for a country's economic growth, this study looked into understanding the complex construct of loyalty within a business banking environment in order to ensure increased levels of patronage (Ferreira, 2015; Char *et al.*, 2010; Abor & Quartey, 2010; Ackermann & van Ravensteyn, 2006; Lam *et al.*, 2003; Brink *et al.*, 2003).

Most authors agree that overall satisfaction is a necessary condition for developing loyalty; however satisfaction does not equal loyalty (Little & Marandi, 2003, Bowen & Chen, 2001:215). Overall satisfaction as a predictor of loyalty is only as good as the factors leading to the development of overall satisfaction, and therefore this study made use of the statements made by authors such as Palmatier *et al.*, (2006); Ulaga and Eggert, (2006); Garbarino and Johnson, (1999); Morgan and Hunt (1994) and Selnes (1998) who stated that in order to enhance overall satisfaction, organisations need to develop customers' trust, commitment and satisfaction with the relationship

Findings of the research supported most of these claims proving relationship satisfaction and commitment to be predictors of overall satisfaction, while overall satisfaction was found to be a predictor of loyalty between the business and the bank. These findings are similar to statements and conclusions by Dant *et al.* (2013); Clark *et al.* (2011); Čater and Čater (2010); Palmatier *et al.* (2006); Sharma *et al.* (2006); Ulaga and Eggert (2006); De Wulf *et al.* (2001); Smith (1998) and Morgan and Hunt (1994). Trust, however was not found to be a significant predictor of overall satisfaction, and this finding is dissimilar to most

research and in contrast to findings by Nguyen *et al.*, (2013) and Davies *et al.*, (2011). However trust does influence to overall model and goodness-of-fit positively when not removed from the regression analysis. Trust should not be discarded by banks since Rauyruen and Miller (2007) claims that trust influences commitment and relationship satisfaction, however, banks within emerging markets must put more emphasis on relationship satisfaction and commitment in order to achieve overall satisfaction and ultimately long-term loyalty from SMEs.

It is apparent from the results that bank managers has to focus on aspects related to relationship satisfaction and commitment when dealing with SMEs in order to enhance SMEs cumulative evaluation of service encounters (Shankar *et al.*, 2003). This positive affective state of mind will increase chances of businesses to remain loyal and provide long-term and sustainable profits (Ramaseshan *et al.*, 2013; Van Vuuren *et al.*, 2012; Chumpitaz & Pappardamis, 2007; Sheth & Parvatlyar, 1994).

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Appendices

APPENDIX A: Questionnaire



Dear Participant

You are invited to participate in an academic research study conducted by Mariëtte Zietsman, Doctoral student from the Department of Marketing at the University of Pretoria.

The purpose of the study is to measure business customers' banking perceptions.

Please note the following:

- * This is an anonymous study survey: your name will not appear on the questionnaire, and you will not be personally identifiable from the answers you give. Your answers will be treated as strictly confidential.
- * Your participation in this study is very important to us. You may, however, choose not to participate, and you may also stop participating at any time without any negative consequences.
- * Please answer the questions in the questionnaire as completely and honestly as possible. This should not take more than 15 minutes of your time.
- * The results of the study will be used for academic purposes only, and may be published in an academic journal. We will provide you with a summary of our findings on request.

Thank you for your time and your contribution to this research study. Please contact my study leader, Prof Pierre Mostert (pierre.mostert@up.ac.za), if you have any questions or comments about the study.

All 100% completed questionnaires will be entered into a draw to win one of three Jamie Oliver by Tefal Hard Anodized eight-piece cookware sets, valued at R4 999!

Please submit your email address at the end of the questionnaire, should you wish to enter for the draw. Your email address will be used only to get in touch with you after the draw, should you be one of the winners.

I have read and understood the information provided above, and agree to participate in the study voluntarily:

- Yes
- No

Questionnaire (adapted from original Internet based survey)

Section A

What is your position in the business?

- Owner
- CEO / MD
- Director
- Manager
- Other: Please Specify

Do you have a satisfactory amount of knowledge about your business' perception of its main bank?

- Yes
- No

Where does your business do most of its banking? (choose only one answer)

- ABSA
- Bidvest
- Capitec
- Citibank
- First National Bank
- Investec
- Nedbank
- Standard Bank
- Other: please specify

How long has your business been banking with this bank?
In years

Which industry does your business operate in?

- Agriculture, hunting, forestry and fishing
- Mining and quarrying
- Manufacturing
- Electricity, gas, steam and air conditioning supply
- Water supply; sewerage, waste management and remediation activities
- Construction
- Wholesale and retail trade; repair of motor vehicles and motorcycles
- Transportation and storage
- Accommodation and food service activities
- Financial and insurance activities
- Real estate activities
- Professional, scientific and technical activities
- Administrative and support service activities
- Public administration and defence; compulsory social security
- Education
- Human health and social work activities
- Arts, entertainment and recreation
- Religious activities
- Other: please specify _____

What is your business' annual turnover?

- Less than R500 000
- R500 000 – R1 000 000
- R1 000 000 – R5 000 000
- R5 000 000 – R10 000 000
- R10 000 000 – R20 000 000
- R20 000 000 – R50 000 000
- Not specified

Approximately how many full-time people does your business employ?

Approximately how many full-time people does your business employ?

Section B

Please indicate the extent to which your business agrees with each of the following statements on a scale of 1 to 5 /9where 1 is strongly disagree, 2 is disagree, 3 is neither agree nor disagree, 4 is agree, and 5 is strongly agree):

Statement	1	2	3	4	5
We will say positive things about this bank.	1	2	3	4	5
We are proud to tell others that we bank with this bank.	1	2	3	4	5
We consider ourselves loyal patrons of this bank.	1	2	3	4	5
We will encourage other businesses to do business with this bank.	1	2	3	4	5
We will do the majority of our banking with this bank.	1	2	3	4	5
We will use this bank the next time we need new banking products or services.	1	2	3	4	5
We will definitely keep using this bank.	1	2	3	4	5
If we had to do it all over again, we would choose this bank.	1	2	3	4	5
Our choice to use this bank was a wise one.	1	2	3	4	5
Overall, we are satisfied with the decision to use this bank.	1	2	3	4	5
We think we did the right thing when we decided to use this bank for our banking needs.	1	2	3	4	5
The relationship between this bank and our business is positive.	1	2	3	4	5
We are content about our relationship with this bank.	1	2	3	4	5
The relationship between this bank and our business is satisfying.	1	2	3	4	5
Our relationship with this bank reflects a happy situation.	1	2	3	4	5
The relationship between our business and this bank is trouble-free.	1	2	3	4	5
We can rely on this bank to keep the promises it makes to us.	1	2	3	4	5
This bank is fair in its negotiations with us.	1	2	3	4	5
This bank is trustworthy.	1	2	3	4	5
This bank can be counted on to do what is right.	1	2	3	4	5
We trust this bank to keep our best interests in mind.	1	2	3	4	5
We intend to do business with this bank well into the future.	1	2	3	4	5
The relationship we have with this bank deserves our maximum efforts to maintain it.	1	2	3	4	5
We are dedicated to continue doing business with this bank.	1	2	3	4	5
We would not drop this bank because we like being associated with them.	1	2	3	4	5
The relationship that we have with this bank is something we are very committed to.	1	2	3	4	5

Appendix B: Letter of consent for use of data



UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA
Faculty of Economic and Management
Sciences

DEPARTMENT OF MARKETING MANAGEMENT

10 July 2017

Prof DJ Petzer
The University of Pretoria's Gordon Institute of Business Science
26 Melville Road
Illovo
Johannesburg

Dear Prof Petzer,

RE: PERMISSION TO USE PhD DATA

I hereby give permission that Mr Joubert Zietman may use the data collected for Ms ML Zietman (student number: 15311938) by Consulta for her PhD (Marketing Management) for his MBA dissertation.

Ethical clearance was obtained for the research project from the Research Ethics Committee in the Faculty of Economic and Management Sciences at our University on 23 August 2016 (the approval is attached for your information).

You are welcome to contact me, should you require additional information.

Yours sincerely,



Prof PG Mostert

Appendix C: GIBS Ethical Clearance Approval Letter

**Gordon
Institute
of Business
Science**
University
of Pretoria

27 July 2017

Pieter Joubert Zietsman

Dear Pieter,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards

GIBS MBA Research Ethical Clearance Committee