ESTABLISHING THE ANTECEDENTS AND OUTCOMES OF A VALUE CREATION STRATEGY IN BUSINESS BANKING

by

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REMARKS

The reader is informed of the following:

- The thesis is submitted in the format of three articles that were submitted to international academic journals.
- The first article (presented in Chapter 2) was submitted to the *International Journal of Bank Marketin*g, an Emerald Publication. The article was accepted by the journal, providing that minor changes suggested by the article's reviewers were addressed. The editorial policy and guidelines for authors used for referencing in the thesis are available in Appendix B.
- The second article (presented in Chapter 3) was submitted to the *Journal of Relationship Marketing*, a Taylor & Francis Publication and at the time of submission of this thesis was still under review by the journal. The guidelines for contributors used for referencing in the thesis are available in Appendix C.
- The third article (presented in Chapter 4) was submitted to the *Journal of Business and Industrial Marketing*, an Emerald Publication, and at the time of submission of this thesis was still under review by the journal. The guidelines for contributors used for referencing in the thesis are available in Appendix B.
- All three journals required the articles to be written in US English. Thus for Chapters 2, 3 and 4 US English spelling was used, while for the acknowledgments, abstract, list of key terms, and for Chapters 1 and 5, standard UK English spelling was applied.
- Referencing was done according to the each journal's editorial guidelines for the submission of manuscripts. However, as two out of the three journals required referencing to be done in Harvard style, this referencing style was also applied in the list of key terms, Chapter 1, Chapter 3, and Chapter 5, to provide greater consistency throughout the thesis.
- The thesis was language-edited by Mike McCoy from WriteRight Editing. The letter of confirmation of language editing is available in Appendix D.
- The declaration regarding plagiarism is available in Appendix E.

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ABSTRACT

Value is considered the core of business-to-business marketing, and creating superior value from the customers' perspective is key to gaining and maintaining a differentiating advantage in an increasingly competitive and price-sensitive business environment. The quest for differentiation has led to both business managers and researchers paying increasing attention to understanding the factors that shape business customers' perception of value, as well as perceived value's ensuing influence on long-term business relationships. Despite the growing interest in the concept of customer value creation in most business-to-business industries, the business banking industry seems to be lagging behind. In fact, most of the largest banks in the world (e.g., China Construction Bank, HSBC, Deutsche Bank, Barclays) only refer in their mission statements to value creation for the shareholder, while most banks fail to mention customer value at all. While scholarly articles on customer value have increased within the retail banking industry over the last few years, research specifically within the business banking industry remains limited.

In order to move banks away from a view of value as a way to optimise short-term financial performance, the purpose of this study is to establish the antecedents and outcomes of business banking customers' perceptions of value with the aim of developing a value creation strategy. The study accordingly develops and tests a conceptual model that depicts a value creation strategy in business banking. This model includes 'perceived value' as its central constituent, along with antecedent- and outcome-related variables. In this research, 'antecedents' relate to price fairness, perceived price, and service quality, while 'outcomes' relate to customer satisfaction and customer loyalty. This research differs from previous research, however, in that it incorporates the multidimensionality of both satisfaction and loyalty to establish how ultimately to secure future revenue through a value offering. Furthermore, this research differs from other research studies in that it was conducted among micro-enterprises – that is, businesses that employ only one to two people – which is an under-researched target group in the value-satisfaction-loyalty literature.

Considering the primary objective set for this study – that is, to establish the antecedents and outcomes of perceived value in business banking – a descriptive research design was employed, and an online, self-administered survey was used to collect primary data from the target population, which was business banking customers who employed only one to two people. The sample of micro-enterprises was drawn through convenience sampling (a non-probability sampling method) from a business customer database provided by one of the largest banks in South Africa. The final analysed sample consisted of 381 micro-enterprises.

Using confirmatory factor analysis to assess the validity of the research model and structural equation modelling to test the hypothesised relationships, the results of the study reveal that price fairness is an important construct to consider in a value creation strategy, as enhanced perceptions of price fairness among micro-enterprises were found to influence both their perceived price and service quality, which in turn influenced micro-enterprises' perception of value. In fact, perceived price and service quality were established as mediators between price fairness and perceived value in service encounters between micro-enterprises and their banks. The results further reveal that economic satisfaction and non-economic satisfaction are direct outcomes of micro-enterprises' perceived value, and that attitudinal and behavioural loyalty are indirect outcomes. The findings indicate that while perceived value had the strongest influence on economic satisfaction, economic satisfaction, in turn, did not lead to repurchase intentions (behavioural loyalty). Rather, non-economic satisfaction mediated the relationship between economic satisfaction and behavioural loyalty, indicating the importance of building personal connections and offering an enjoyable service experience in order to drive loyalty behaviours.

This research contributes to theory by being the first to investigate empirically the interrelationships between price fairness, perceived price, service quality, perceived value, economic satisfaction, non-economic satisfaction, attitudinal loyalty, and behavioural loyalty under micro-enterprise business customers. Also, the separation of economic and non-economic satisfaction, and of attitudinal and behavioural loyalty, provides theoretical and managerial insights into how to structure a value creation strategy in the business banking industry to ensure that value is translated into actual purchasing behaviour, resulting in increased revenues and profits for business banks. By specifically conducting this research among micro-enterprises in a developing country that depend on banks for access to finance on competitive terms for their business survival and expansion opportunities, this research further contributes to practice by providing banks with recommendations that, if followed, would ensure that a profitable customer base is retained that can contribute to economic growth and job creation. While the research made several important contributions to both theory and practice, statistically the findings cannot be generalised beyond the scope of this study – namely, micro-enterprises as business customers of South African banks. Future research should address this limitation, and address the other limitations reported in the study. Doing so could make for exciting research possibilities.

LIST OF KEY TERMS

The key terms used for the purpose of this thesis, which is aimed at establishing the antecedents and outcomes associated with a value creation strategy in business banking, are defined below in order to provide consistency throughout the study.

- **Business banking**

Business banking, also known as commercial banking, refers to exchanges between banks and businesses, including banks offering business loans, credit, and savings and cheque accounts (Perrien, Filiatrault and Ricard, 1993:43). According to PricewaterhouseCoopers (2016:1), 'business banking' only includes dealings with small, medium and micro-sized enterprises, while dealings with large corporate customers are referred to as 'corporate banking'.

- **Customer**

A customer is defined as a person or business that is engaged in a legal contract with the organisation to purchase products or services, including past, current and prospective customers (Shanks and Tay, 2001:725). In the business service context of this study, customers only refer to a business that purchases services from the organisation and thus 'customers' and 'business customers' are used interchangeably. Since this study was conducted among micro-enterprises as business customers, the findings of this study specifically refer to micro-enterprises. Micro-enterprises are defined as a registered, licensed, formal business with limited capital assets, that employs one or two people (Sharma and Gounder, 2011:49).

- **Relationship marketing**

Relationship marketing is a philosophy and set of principles reflecting an ongoing relationship-development process to achieve long-term profitability (Vegholm, 2011:326; Flambard-Ruad, 2005:53). Relationship marketing is defined in this study as the ongoing process of an organisation to proactively develop and strengthen collaborative relationships with both its immediate and end-user customers in order to create and enhance the mutual economic, social and psychological value found within marketing exchanges (Gummesson, 2004:136; Aijo, 1996:15; Gummesson, 1994:5).

- **Value creation strategy**

The importance of value creation is well documented in strategic management literature, and is regarded as the fundamental purpose for the establishment of long-term business-to-business relationships (Walter, Ritter and Gemünden, 2001:366). Vargo, Maglio and Akaka, (2008:148) define value creation as when organisations offer value through their products and services, with business customers continuing the value-creation process by using the products and services they acquire to strengthen their own market offering. Value creation, and what customers value, differs according to context (Smith and Colgate, 2007:7). According to Tournois (2015:91), customers' perception of value is thus at the centre of a customer value creation strategy. In the context of this study, a value creation strategy is defined as the strategy a bank follows to enhance the perceived value of its banking services.

- **Perceived value**

Zeithaml (1988:13) defines perceived value as customers' total assessment of the utility of a product or service, based on their perceptions of what is received and what is given. Perceived value is therefore generally said to be a positive function of what customers cognitively perceive they will get (i.e., benefits) and a negative function of what has to be given up (i.e., sacrifices) when obtaining a particular product or service (Oliver, 1999:45). In the context of business relationships in the service industry, the benefit component includes business customers' perceptions of service quality, while the sacrifice component refers to the price they have to pay (Lapierre, 2000:125), with the trade-off of service quality versus price resulting in value perceptions.

- **Service quality**

Service quality is defined as customers' global judgement or attitudes about a service's overall superiority that are formed subjectively at the time of use (Kang, 2006:38; Bennett and Barkensjo, 2005:89; Zeithaml, 1988:3). Since objective measures of the quality of a service is difficult to assess, an appropriate approach is to measure customers' perceptions of service quality (Bamert and Wehrli, 2005:135). Several authors propose that service quality comprises of numerous dimensions, however Brady and Cronin (2001:35) argue that customers combine evaluations at the dimensional level which share a common theme represented by an overall perceived service quality construct.

- **Perceived price**

Price is what a customer has to give up or sacrifice to obtain a product or service (Zeithaml, 1988:10). However, the price perceived by the customer is not the same as the actual price tagged for the service (Sánchez-Fernández and Iniesta-Bonillo, 2006:53). The perceived price indicates the price that is encoded by the customer in a comparative and subjective manner versus either internal or external reference prices (De Maeyer and Estelami, 2013:260; Jani and Han, 2011:1002). Thus perceived price is defined in this study as business customers' subjective judgements of the reasonableness of a price for a product or service in comparison with some reference price or price range (Lin, 2013:209; Oh and Jeong, 2004:343).

- **Price fairness**

Fairness is generally described as a judgement of whether an outcome or the process to achieve that outcome is reasonable or just, with fairness perceptions created when a customer compares their outcome with a counterpart's outcome (Nguyen and Klaus, 2013:312; Chung and Petrick, 2012:170). In the context of pricing, price fairness is conceptualised as a combination of both the comparison of the price offered and the customers' resulting outcomes, and the method for establishing the price or price changes (Ferguson and Ellen, 2013:404; Maxwell, 2002:192).

- **Economic satisfaction**

Economic satisfaction is defined as a business customer's evaluation of the financial outcomes that flow from the relationship with the organisation, such as increased revenue, growth potential, market opportunities and improved profits (Geyskens and Steenkamp, 2000:13; Gassenheimer and Ramsey, 1994:257). An economically satisfied customer regards the relationship successful when their economic goals are achieved efficiently and effectively (Ting, 2011:59).

- **Non-economic satisfaction**

Geyskens and Steenkamp (2000:13) defines non-economic satisfaction as a business customer's positive affective response to psychological and social aspects of its relationship, in that interactions with the organisation are pleasurable and simplistic. Customers' non-economic satisfaction may be determined by factors such as the integrity of the organisation, clear communication, and greater involvement, which make it easier for the organisation to fulfil customer expectations (Johnson and Grayson, 2005:502).

- **Behavioural loyalty**

Behavioural loyalty suggests defining loyalty through operative measures, and is concerned only with observable actions of customers' repeat purchasing of a product or service, discovered through actual spending behaviours and other patronage patterns (Rundle-Thiele and Mackay, 2001:529). Since actual behaviour is difficult to measure in survey research, researchers often employ behavioural intentions to measure customers' intention to execute future loyalty behaviours (Chen and Chen 2010:31). Thus behavioural loyalty is defined for the purpose of this study as a function of business customers' past purchasing behaviour and their intention to consistently repurchase the service in future (Mandhachitara and Poolthong, 2011:123; Rauyruen and Miller, 2007:22).

- **Attitudinal loyalty**

Attitudinal loyalty is conceptualised as a customer's predisposition towards an organisation as a function of psychological decision-making processes in which the customer ultimately develops a degree of commitment to the entity in question (Bennett and Rundle-Thiele, 2002:197; Jacoby and Chestnut, 1978:10; Jacoby and Kyner, 1973:3). Attitudinal loyalty is defined in this study as the level of a business customer's emotional attachments to and attitudinal advocacy of the organisation (Rauyruen and Miller, 2007:22).

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CHAPTER 1

CONTEXTUALISATION OF THE STUDY

1.1 INTRODUCTION

In recent years the global business environment has been characterised by an economic crisis that has affected almost all sectors of the economy, with volatile market conditions and resource constraints creating considerable challenges for organisational survival, let alone growth and profitability (Kuratko, Hornsby and Hayton, 2015:256; Samanta, 2014:1). With the banking industry particularly affected, the severity of the financial crisis and the length of the subsequent economic downturn in the Western world has led to an almost radical process of change in this industry (Clifton, García-Olalla and Molyneux, 2017:193). New regulatory requirements, innovative technologies, mergers and acquisitions, the entrance of foreign competitors, and new lending institutions have contributed to shaping an intensely competitive environment, in which it has become vital to build and maintain long-term relationships with profitable customer segments so as to retain a share of the financial market (Kumar, 2018:2; Martinez-Miera and Schliephake, 2017:2; Scarpi and Marco Visentin, 2015:96). In an effort to achieve closer relationships, the principles of relationship marketing have been embraced by business-to-business industries (Malarvizhi, Jayashree, Nahar and Manzoor, 2018:220; Rizan, Warokka and Listyawati, 2014:2), predominantly in the high-net-worth business banking markets (Howcroft, Durkin, Armstrong and Emerson, 2007:949; Madill, Feeney, Riding and Haines, 2002:86).

The introduction of relationship marketing principles to business banking, and other business-to-business relationships in service industries, underline the importance of socialisation in the service encounter, and recognises that business exchanges may result not only in economic but also in social outcomes (Ferro, Padin, Svensson and Payan, 2016:16). This is grounded in the social exchange theory, which postulates that the social exchange relationship between two exchange partners develops through social interactions that comprise an ‘exchange ratio’ of tangible or intangible actions (Boksberger and Melsen, 2011:231). Each exchange partner compares the economic and social outcomes from these interactions with other available exchange alternatives using a cost-benefit analysis, which over time produce reciprocal obligations (Lambe, Wittmann and Spekman, 2001:6; Emerson, 1976:335). In the context of business relationships, it is postulated that customers receiving greater benefits and higher value from a specific organisation should engage in closer relationships to maintain positive outcomes such as customer satisfaction, and, in turn, will reciprocate in the form of increased loyalty to the organisation (Lee, Capella, Taylor and Gabler, 2014:214).

The development of customer loyalty is thus the ultimate purpose of relationship marketing, with creating value from the customer's perspective, key to achieving it (Cossío-Silva, Revilla-Camacho, Vega-Vázquez and Palacios-Florencio, 2016:1621; Chai, Malhotra and Alpert, 2015:23; Callarisa Fiol, Bigne Alcañiz, Moliner Tena and Sánchez García, 2009:279). The importance of value creation is well documented in strategic management literature, where value is recognised as a primary purchase objective that forms the cornerstone of long-term exchange relationships and marketing strategy (Smith and Colgate, 2007:7; Anderson and Narus, 2004:20; Walter *et al*., 2001:366). Vargo *et al*. (2008:149) propose that organisations create value through their products and services, while business customers continue the value-creation process by using the products and services they acquire to strengthen their own market offering. While organisations use physical, human, structural and relational assets as resources to implement value creation strategies (Storbacka and Nenomen, 2009:361), value creation, and what customers value, differs according to context (Smith and Colgate, 2007:7). Thus customers' perception of value – reflecting the rational trade-off they make between the benefits and sacrifices associated with using a product or service (Lam, Shankar, Erramilli and Murthy, 2004:295) – is at the centre of customer value creation.

According to Hsieh, Lee and Ho (2012:422), service organisations' value creation strategies should foremost be focused on improving customer benefits and experiences. This is particularly true in the business banking industry, where intangibility of the offerings and complexity require banks to reorient their operations towards the creation of superior customer value if they are to differentiate themselves from their competitors (Gounaris, Tzempelikos, and Chatzipanagiotou, 2007:69; Wang, Lo, Chi and Yang, 2004:169). However, despite the advantages of a value creation strategy, many banks are trapped in an outdated approach to creating value, only viewing value creation as a way to optimise short-term financial performance, while overlooking essential customer needs, and other opportunities to strengthen long-term bonds with them (Tournois, 2015:83; Porter and Kramer, 2011:4).

This thesis proposes how to develop a value creation strategy in the business banking industry effectively. The research undertaken contributes to the debate on antecedents to consider in creating value for business banking customers, as well as the influence of perceptions of value on performance measures such as customer satisfaction and customer loyalty. This research differs from past research in that it incorporates the multidimensionality of both satisfaction and loyalty to establish how, ultimately, to secure future revenue through a value offering. Furthermore, this research contributes to the literature by specifically focusing on the relationship between micro-enterprises and their banks, which is an under-researched area in the field of relationship marketing (Saarela, Sirviö, Simunaniemi and Muhos, 2017:557). The micro-enterprise sector remains a vast untapped market for the financial service industry in developing countries like South Africa (Chimucheka and Rungani, 2011:5509), and is thus of interest to explore in relation to relationship marketing constructs such as value, satisfaction and loyalty.

The problem statement of the study in relation to micro-enterprises is discussed next. This chapter then progresses to the theoretical context, the objectives, the reason for conducting the research among micro-enterprises in the South African business banking industry, and the methodology followed for the empirical research. Finally, the demarcation of the study is provided.

1.2 PROBLEM STATEMENT

Previous research in the business banking industry highlights the importance of establishing and maintaining long-term relationships with small, medium and micro-enterprises (SMMEs), instead of focusing on large businesses (Silver and Vegholm, 2009:615; Lam and Burton, 2006:40; Madill *et al*. 2002:86). Despite their attractiveness, large businesses are more likely to have accounts with several banks simultaneously and as a result of their reduced dependence on a single bank, are less likely to engage in close business banking relationships (Lam, Burton and Lo, 2009:428; Zineldin, 1995:35). SMMEs, on the other hand, have a greater incentive to operate with one bank to maintain a long-term relationship that will yield benefits, such as greater access to finance, favourable rates on loans, evasion of switching costs, higher service quality and increased convenience (Madill *et al*., 2002:86; Ennew and Binks, 1996:5). Accounting for more than 90% of all businesses, SMMEs represent a nation's future and provide banks with valuable potential to maximise profits and reduce risk (Ferreira, Jalali, Meidutė-Kavaliauskienė and Viana, 2015:281. Then again banks represent an important and indispensable business partner for any SMME by facilitating entrepreneurial activity, business start-ups and job creation (Autio and Fu, 2015:67; Kozubíková, Belás, Bilan and Bartos, 2015:41; Lee and Hung, 2014:16).

However, Neuberger and Räthke (2009:208) stress that relationship banking is more important for micro-enterprises than for other small and medium-sized enterprises due to higher information opacity, credit risk and vulnerability. Despite this, research on the relationship between micro-enterprises and their banks is often neglected. Since micro-enterprises are typically businesses that employ one or two people and have limited capital assets, access to flexible finance on competitive and realistic terms is key to their survival and business growth (Prasad and Tata, 2009:235; Neuberger and Räthke, 2009:208; Yavas, Babakus and Eroglu, 2004:258). The success of a micro-enterprise is thus greatly dependent on the type of relationship it maintains with its bank, while the ability of banks to retain their micro-enterprise customers depends on an understanding of their needs and how to create greater value for them (Perry and Coetzer, 2009:307; Adamson, Chan and Handford, 2003:347).

In the context of business relationships in the service industry, a customer's perception of value is generally viewed as their judgements based on a comparison of the service quality they receive (benefits) with the price they pay (costs/sacrifices) (Lapierre, 2000:125). As a result, perceived service quality and perceived price have been regarded as key antecedents of a customer's perceived value (e.g., Jayawardhena, 2010:343; Gallarza and Saura, 2006:448; Varki and Colgate, 2001:238). While the component of service quality is considered a major factor for keeping the banking industry competitive and has been investigated in great depth (see Chen, Liu, Sheu and Yang, 2012; Hu, Kandampully and Juwaheer, 2009; Seth, Deshmukh and Vrat, 2005; Newman, 2001; Holmlund and Kock, 1996), relatively few studies have investigated the price component in detail (Varki and Colgate, 2001).

Kaura, Prasad and Sharma (2015:404; 2013:516) highlight that reasonability, transparency, and fairness in banks' service charges are major issues for customers in the banking industry, and that these affect their satisfaction levels and ultimately their decision to stay in, or exit, the relationship. This is particularly true for micro-enterprises, which need financial flexibility to maintain and grow their businesses, but are often faced with uncompromising loan terms, higher interest rates for those with limited collateral, and ambiguous service charges (Kuhn, Darroch, Ortmann and Graham, 2000:75). Previous research in a services setting has suggested that fair pricing and transparent price information can influence customers' perceptions of the reasonableness of the price, while at the same time enhancing their experiences to improve perceptions of service quality (Giovanis, Athanasopoulou and Tsoukatos, 2015:765; Mauri, 2007:286). Other studies have also established that price fairness perceptions tend to enhance value judgements through the mediating role of perceived price and perceived service quality (Oh, 2003:396). Despite these findings, these relationships were only ever tested in consumer industries. There is a need to determine the interrelationship between fairness, price, service quality and value judgements in a business banking context, which to date has not been done.

Moreover, further research is required on how price, service quality and value interact with other relationship marketing constructs in the business banking industry, such as satisfaction and loyalty (Ulaga, 2001:318). Due to the predominant role that performance plays in business-to-business industries (Anderson and Narus, 2004:20), perceived value (incorporating both price and service quality information) is often described as the most important determinant of customer satisfaction – a key business performance measure (Auka, 2012:186; Trasorras, Weinstein and Abratt, 2009:626; Lam *et al*., 2004:296; Fornell, Johnson, Anderson, Cha and Bryant, 1996:9). Geyskens and Steenkamp (2000:11) define satisfaction as a business customer's appraisal of all outcomes of its working relationship with another organisation, including economic and social outcomes. Thus satisfaction in business relationships is not a unitary construct; and several authors distinguish between economic satisfaction and non-economic satisfaction in their research on customer satisfaction (Mpinganjira, Roberts-Lombard and Svensson, 2017:422; Ferro *et al*., 2016:14; Del Bosque, Agudo and Gutiérrez, 2006:667; Farrelly and Quester, 2005:214; Sanzo, Santos, Vázquez and Álvarez, 2003:327; Geyskens, Steenkamp and Kumar, 1999:224).

Despite evidence that a distinction needs to be made between the two types of satisfaction, previous research has not specifically investigated the impact of perceived value on economic satisfaction and non-economic satisfaction as separate constructs. In fact, most satisfaction scales in the business-to-business industry still mainly consist of non-economic items. There is thus a need to measure the economic aspect of relationships separately – especially considering that the main reason that customers engage in business relationships is to create economic value for their businesses (Geyskens *et al*., 1999:225). According to Del Bosque *et al.* (2006:672), the majority of business relationships are thus mainly economic in nature, with satisfaction resulting from economic activities that positively impact affective and social elements as part of an ongoing exchange evaluation.

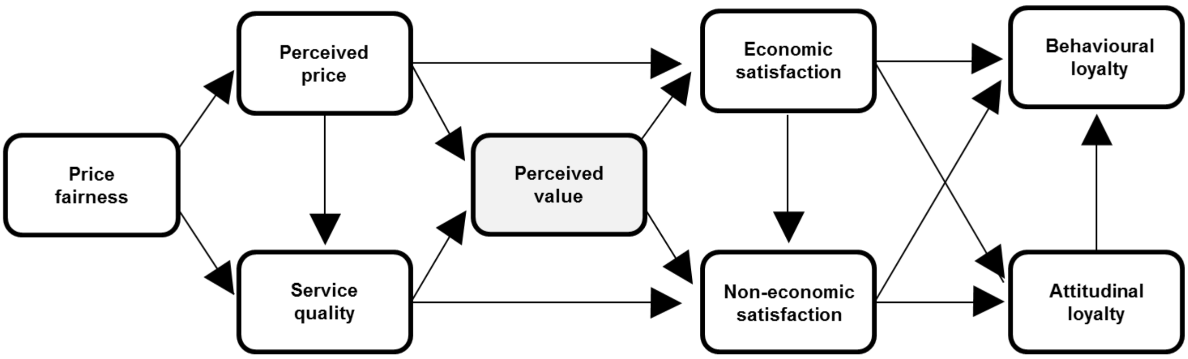
Satisfaction only matters to the extent to which it drives behaviour (Oliver, Rust and Varki, 1997:312; Zeithaml, Berry and Parasuraman, 1996:34), and a growing body of evidence supports the notion that satisfaction mediates the relationship between perceived value and loyalty behaviours in business-to-business industries (Tournois, 2015:91; Callarisa Fiol *et al*., 2009:279; Lam *et al*., 2004:297). Oliver (1999a:34), one of the most respected authors on loyalty, formally define loyalty as a customer's deeply held commitment to repurchase a product or service from the same organisation consistently in the future, regardless of situational influences and advertising efforts having the potential to cause switching behaviour. This definition incorporates both the attitudinal measurements of customer loyalty reflecting emotional and psychological attachments (Rauyruen and Miller, 2007:22; Bowen and Chen, 2001:213), and behavioural measures such as future repurchase behaviour (Tuu, Olsen and Linh, 2011:364; Hennig-Thurau, Gwinner and Gremler, 2002:231). Rauyruen and Miller (2007:22) therefore propose business customer loyalty as a multidimensional construct that combines both attitudinal loyalty and behavioural loyalty. While business customers' perception of value is regarded as a core trigger for both attitude and behaviour (Arslanagic-Kalajdzic and Zabkar, 2015:83; Ravald and Grönroos, 1996:19), both types of customer loyalty are rarely incorporated into perceived value research.

Although some studies (e.g., Erciş, Ünal, Candan and Yıldırım, 2012:1399; Russell-Bennett, McColl-Kennedy and Coote, 2007:1256) have investigated the multidimensional nature of loyalty as an outcome of satisfaction, the two types of satisfaction (economic and non-economic) have – to the researcher's best knowledge – also never been taken into account in the study of business banking customers' attitudinal and behavioural loyalty. With the business banking industry under pressure to maintain and grow its profitability due to increasing competition (Faryabi, Sadeghzadeh and Zakeri, 2015:38), there is significant advantages in ensuring that business customers such as micro-enterprises are not only satisfied, but also loyal. Loyal customers have the potential to contribute to an organisation's profitability by facilitating the development of incremental profits, such as profit from increased purchases (Lam *et al*., 2004:293; Bowen and Chen, 2001:213; Murphy, 2001:37); profit from price premiums (Lovelock and Wirtz, 2007:360; Reinartz and Kumar, 2002:91); profit from reduced operating costs (Little and Marandi, 2003:33); and profit from referrals (Hennig-Thurau *et al*., 2002:231; Kim, Han and Lee, 2001:276). While it is clear that there are significant advantages to value creation as a competitive strategy to achieve greater customer loyalty, particularly in the high-net-worth business banking industry (Howcroft *et al*., 2007:949; Cropanzano and Mitchell, 2005:875; Singh and Sirdeshmukh, 2000:159), from a theoretical point of view there is still a need to understand how business customers' perceived value interacts with related relationship marketing variables. Thus the aim of this study is to establish the antecedents and outcomes of perceived value in business banking.

With the notion that a value creation strategy drives long-term business relationships in the business banking industry, a conceptual model was developed that aims to depict the main antecedents and outcomes derived from business customers' overall value perceptions.

Contrary to most of the previous research in the value-satisfaction-loyalty chain, this study regards the outcomes of perceived value – namely, customer satisfaction and customer loyalty – to be multidimensional in nature. This study also incorporates perceptions of price and service quality, as well as price fairness, as antecedents of perceived value in the model. The theoretical model proposes that micro-enterprises that perceive high value in their business relationship with a bank (considering the ratio of customers' perception of service quality versus their perception of price, taking into account their assessments of what is right, fair, or deserved for the perceived price) will experience high economic and non-economic satisfaction that – in turn – will lead to higher customer loyalty, both behaviourally and attitudinally. The proposed conceptual model is presented in Figure 1. The constructs forming part of the conceptual model, and its positioning within broader social exchange theory, are discussed in more detail in the next section.

Figure 1: Conceptual model of perceived value's antecedents and outcomes



1.3 THEORETICAL CONTEXT

1.3.1 Social exchange theory

Different theoretical frameworks have been used to explain the nature of relationships, the development of perceived value, and its resulting outcomes in business-to-business relationships. Such frameworks include utility theory (Boksberger and Melsen, 2011:230), means-end theory (Flint, Woodruff and Gardial, 2002:107), equity theory (Jayawardhena, 2010:340; Patterson and Spreng, 1997:430), theory of reasoned action (Faroughian, Kalafatis, Ledden, Samouel and Tsogas, 2012:73), transaction costs theory (Biggemann and Buttle, 2011:1132), and social exchange theory (Chai *et al.*, 2015:24).

This study adopts the social exchange theory as its theoretical framework in order to gain a deeper understanding of perceived value, its antecedents and its resulting outcomes in a business banking environment. This theoretical orientation has its origin in utilitarianism on the one hand, and behaviourism on the other (Cook and Rice, 2003:53). Exchange is central to the marketing of banking services with a utilitarian or economic exchange – the exchanging of goods or money in return for something tangible such as interest, bonds, or credit – the cornerstone of any financial institution (Lambe *et al*., 2011:4; Zineldin, 1995:34; Bagozzi, 1975:36). Social exchange theory (Emerson, 1976:336; Blau, 1964:5; Homans, 1958:606) adds the dimensions of psychology and sociology to the utilitarian approach, viewing exchange as a form of social behaviour that – as a result of interaction between two parties – will not only be an exchange of tangible goods (economic outcomes), but also an exchange of intangible ones (social outcomes).

Social exchange theory essentially posits that two parties are motivated to obtain more of the outcomes that they value, that one party offers the other these valued benefits through exchange, and that the ‘exchange ratio’ of tangible and/or intangible actions between the exchange partners develops through ongoing exchange interactions (Molm, Takahashi and Peterson, 1999:876; Dwyer, Schurr and Oh, 1987:12). Exchange interactions over time constitute the history of an exchange relationship, which partners use to anticipate the future benefits and associated costs of continuing the relationship (Lambe *et al*., 2001:8). Social exchange relationships are thus formed on the basis of a cost-benefit analysis (i.e., the analysis of value) and the resulting economic and social outcomes are evaluated together and compared with other exchange alternatives (Homans, 1958:599; Blau,1964:5). Social exchange theory accordingly emphasises the voluntary social relationships between two parties that shape the exchange of resources (Cook, 1977:65).

Social exchange theory emphasises, furthermore, the role of equity in shaping subsequent exchanges (Smith, Bolton and Wagner, 1999:357; Blodgett, Hill and Tax, 1997:188). Both equity theory and the principle of distributive justice advocate that perceptions of fairness are prompted when an exchange partner compares their outcomes with a comparative other’s outcome (Herrmann, Xia, Monroe and Huber, 2007; Xia, Monroe and Cox, 2004). The social exchange theory thus informs us that a social relationship is about exchanges of value, with partners seeking to achieve equality during the exchange (Ahmad, 2005:321). Di Domenico, Tracey and Haugh (2009:891) highlight that when an organisation in a dyadic partnership holds resources that are deemed valuable by the other party (whether economic, political, or social), the norm of reciprocity is established as central to their interaction. This is because the party that has received something of value develops a sense of obligation to reciprocate (Masterson, Lewis, Goldman and Taylor, 2000:744). The social exchange relationship between two parties accordingly develops through a series of voluntary exchange interactions that evolve over time to produce a pattern of reciprocal obligations, in which the actions of one are interdependent and contingent on rewarding reactions from the others (Auka, 2012:190; Emerson, 1976:336; Blau, 1964:5; Homans, 1958:606).

This study treats business banking as a manifestation of close social exchange relationships between a bank and its business customers (Wan, Yiu, Hoskisson and Kim, 2008:410). The study posits that business banking relationships are not only economic in nature, but – as a result of enduring exchange processes – involve affective, non-economic dimensions that are built on enjoyable interactive experiences and personal relationships (Rutherford, 2012:966; Del Bosque *et al*., 2006:667; Dwyer *et al*., 1987:12). The presence of both economic and social outcomes will create a positive climate for business customers to reciprocate with high levels of customer loyalty towards the bank in the form of repeat purchases, recommendation and advocacy, with the expectation that in doing so they will be further rewarded (Evanschitzky, Ramaseshan, Woisetschläger, Richelsen, Blut and Backhaus, 2012:627; Ndubisi, Malhotra, Ulas and Ndubisi, 2012:323; Gounaris, 2005:128; Román, 2003:923; Singh and Sirdeshmukh, 2000:159; Bagozzi, 1995:276). In anticipation of valuable future outcomes, business banking customers will only reciprocate if they perceive a sufficient level of value in the first place (Auka, 2012:190), which, for the purpose of this study, includes the effect of price fairness, perceived price, and service quality on perceived value.

Thus, insights from social exchange theory will be used to explain the antecedents and outcomes associated with a value creation strategy within a social exchange structure (Lambe *et al.*, 2011:15). The social exchange theory is a central contributor to the development of relationship marketing, moving organisations away from transactional exchanges to relational exchanges, in which interactions and interpersonal relationships between customers and organisations are fundamental components of a relationship marketing approach (O'Malley and Tynan, 2000:797; Möller and Halinen, 2000:32). The next section will discuss relationship marketing in more detail.

1.3.2 Relationship marketing

While marketing practices can be traced back as far as the Neolithic period (±8000 – 5000 B.C.), marketing as a discipline in its own right was born out of economics around the start of the 1900's (Sheth and Parvatiyar, 1995:397). Since then marketing has evolved, and has continuously re-examined its focus, techniques, and objectives as society transforms and as new issues arise that require attention (Kotler, 1972:46). One such evolution of marketing came about as a result of deregulation, increased competition, shorter technology life-cycles, and low growth rates following the post-industrial era, which paved the way for an alternative paradigm focused on keeping customers instead of acquiring them (Andersen, 2005:39; Fernandes and Proença, 2005:2; Aijo, 1996:8). This new paradigm was called ‘relationship marketing’ and since the early 1980s it has become a matter of great interest to both academics and practitioners alike (Flambard-Ruad, 2005:53; Hibbard, Brunel, Dant and Iacobucci, 2001:29; Li and Nicholls, 2000:449; Sheth and Parvatiyar, 2002:3; Payne, Christopher, Clark and Peck, 1999:2).

The relationship marketing concept was officially introduced by Berry (1983:25), who defined it as the attracting, maintaining and enhancing of customer relationships (Sheth, Parvatiyar and Sinha, 2015:124; Grönroos, 1991:8). Many authors since then have defined relationship marketing, yet there is no general consensus on its definition or its conceptual foundation (Sheth *et al.*, 2015:124; Brun, Durif and Ricard, 2014:574; Harker, 1999:13). Grönroos (1990:5) defines relationship marketing as the establishment, maintenance, enhancement and commercialising of customer relationships so that the objectives of both organisation and customer are met through a process of mutual exchanges and the fulfilment of promises. Morgan and Hunt (1994:22), on the other hand, place a greater emphasis on the *process* of relationship marketing, defining it as all marketing activities focussed on establishing, developing, and maintaining successful relational exchanges. While relationship marketing is said also to embrace markets, society, and the internal organisation as networks of relationships within which exchange interaction takes place (Gummeson, 2004:136), such a broad definition risks diluting the value of the concept that is intended to guide marketing practice and research. Since certain aspects of organisational relationships are directly served by other management disciplines, relationship marketing has the greatest potential for becoming a discipline in its own right if it sets the limits of its domain solely to the organisation-customer aspect of the relationship through collaborative activities focused on serving customer needs (Sheth *et al.*, 2015:122; Peterson, 1995:279).

In this regard, the following definition of relationship marketing can be proposed: Relationship marketing is the ongoing process of an organisation to proactively develop and strengthen collaborative relationships with both its immediate and its end-user customers in order to create and enhance the mutual economic, social, and psychological value found within marketing exchanges (Sheth *et al.*, 2015:122; Harker, 1999:16; Aijo, 1996:15; Gummesson, 1994:5). Relationship marketing is therefore based on the idea that marketing exchanges transpire over time, reflecting an ongoing relationship-development process that differs from transactional type exchanges (Arnett, German and Hunt, 2003:89; Dwyer *et al.*, 1987:12). Relationship marketing is thus said to stand in contrast to a transactional approach, which has its roots in the 4Ps of marketing (product, price, promotion and place), in which the marketer makes decisions about these marketing mix variables to create exchanges, with individual transactions viewed as having no correlation to any past or future transactions (Peppers and Rogers, 2004:39; Little and Marandi, 2003:26; Gummesson, 2002:40; Li and Nicholls, 2000:446; Grönroos, 1991:7).

According to Sheth and Parvatiyar (1995:406), transactional marketing began as a result of mass production, in which economies of scale allowed organisations to produce in greater quantities, but that also meant that demand had to be created in order to acquire customers who could absorb the oversupply that was produced. According to Grönroos (1991:9), a transactional approach to marketing is relevant in many industries – for example, consumer packaged goods, which are driven by mass markets and where organisations have no direct contact with their ultimate end-user customers. However, in service industries, especially those operating in high credence business-to-business markets, a relationship marketing approach is more appropriate, since the intangible nature of services makes evaluation prior to purchase very difficult; consequently, customers' quality experiences and resulting satisfaction are outcomes of the interaction between the organisation's employees and the customer (Möller and Halinen, 2000:33; Patterson and Spreng, 1997:421; Berry, 1995:237). These outcomes consummate a relationship, which is seen as the container for the collective experiences of the exchange parties across numerous transactions (Ndubisi, 2006:132). Both organisation and customer can profit from these experiences through a process of decreased exchange uncertainty, value-adding activities at a reduced cost, mutual collaboration and interdependence and, in the case of the organisation, maximisation of customers' spend over each transaction (Andersen, 2005:41; Fernandes and Proença, 2005:3; Sheth and Parvatiyar, 2002:10).

It is clear that, for business-to-business service organisations to maximise their long-term performance in view of business growth and increased profitability, they must focus on building, maintaining, and enhancing mutually beneficial relationships that will retain customers in the long-run (Gummesson, 2008:5). However, Kumar, Bohling and Ladda (2003:668) highlight that not all long-term customers are profitable, and that incurring high costs to maintain unprofitable relationships will decrease those customers' profitability even further. Organisations should thus know when to terminate such relationships and when instead to follow a transactional marketing strategy, that could yield greater profits in certain situations (Kumar *et al.*, 2003:674; Reinartz and Kumar, 2003:86; Grönroos, 1991:12). Kumar, Sharma, Shah and Rajan (2013:58) support this view, adding that the focus should be on profitable customer loyalty. It is universally acknowledged that a positive relationship exists between customer loyalty and profitability (Ramaseshan, Rabbanee and Hui, 2013:335; Pepe, Abratt and Dion, 2011:33; Hallowell, 1996:36). Thus it is not surprising that customer loyalty is viewed as the primary goal of relationship marketing, and has been the focal point of numerous relationship marketing studies (Beck, Chapman and Palmatier, 2015; Nguyen, Leclerc and LeBlanc, 2013; Raza and Rehman, 2012; Palmatier, Dant Grewal and Evans, 2006; Hennig-Thurau *et al.*, 2002; Kandampully and Duddy, 1999).

Advances in relationship marketing have emphasised the role of perceived value in realising customer loyalty in business-to-business relationships (Callarisa Fiol *et al*., 2009:279; Ulaga and Eggert, 2006:119). While the value construct is an abstract concept with various meanings that depend on context (Patterson and Spreng, 1997:416), in marketing, value is defined from the customer's perspective, where obtaining value is the ultimate purchase goal, and central to successful exchange transactions (Chen and Hu, 2010:406; Lai, Griffin and Babin, 2009:981; Grönroos, 2004:108; Holbrook, 1994:22; Bagozzi, 1975:33). This holds especially true in business markets where business customers are depended on the products and services they acquire from organisations to improve their offering to the market and to grow their business' profitability (Ulaga, 2001:315). As marketing becomes increasingly customer-centric, creating value for customers during service delivery becomes a necessity to gain a competitive advantage and achieve performance outcomes such as higher customer satisfaction and customer loyalty (Sheth, 2017:9; Tournois, 2015:92; Sirdeshmukh, Singh and Sabol, 2000:33). Value is, however, subjectively perceived by customers and, as a result, organisations need to gain a deeper understanding of how customers perceive value with the aim of creating and delivering greater value for their business customers (Ulaga, 2003:678). Standing at the core of a value creation strategy, perceived value is the main construct in this study, and is discussed in more detail in the next section.

1.3.3 Perceived value

Perceived value research is an interdisciplinary area in the business-to-business and services marketing literature, entailing sociology, psychology, and economic concepts (Boksberger and Melsen, 2011:229; Sánchez-Fernández and Iniesta-Bonillo, 2006:41). Since the emergence of the concept in the 1990s, it has remained an issue of growing interest to academics and practitioners alike (Parente, Costa and Leocádio, 2015:494; Leroi-Werelds, Streukens, Brady and Swinnen, 2014:430). In an exceedingly competitive business environment, with ever more demanding and value-conscious customers, organisations are constantly searching for ways to gain and maintain a competitive advantage by differentiating their market offerings. This quest leads to the need for a deeper understanding of how organisations can create customer value (Eggert, Ulaga, Frow and Payne, 2018:80; Sánchez-Fernández and Iniesta-Bonillo, 2009:425; LeBlanc and Nguyen, 2001:49; Woodruff, 1997:140). While many ideas in marketing have turned out to be short-lived fads, Eggert *et al*. (2018:80) are of the opinion that customer value is here to stay. Marketing exchanges take place because all exchange partners expect to gain value; thus the organisation exists to create value for customers and then to harvest some of that customer value in the form of turnover and profit, thereby creating value for the organisation (Kumar and Reinartz, 2016:3; Holbrook, 1994:22).

Customer value is generated in a reciprocal process between organisations and customers through the use of resources (Grönroos, 2011:244; Vargo *et al*., 2008:139), and is dependent on customers' situations and their interaction with their environment (Song, Cadeaux and Yu, 2016:116; Sánchez-Fernández and Iniesta-Bonillo, 2006:51; Bourdeau, Chebat and Couturier, 2002:61). Value is therefore a higher level abstraction on the means-end chain, and is idiosyncratic for most customers, making it an elusive concept (Woodall, 2003:1; Zeithaml, 1988:13). While the literature offers various definitions of perceived value (Paguio and Ali, 2011:59), the most commonly used definition by business scholars is that of Zeithaml (1988:13), who defines perceived value as customers' overall assessment of the utility of a product or service, based on their perceptions of what is received and what is given. Perceived value is therefore generally said to be a positive function of what customers cognitively perceive they will get (i.e. benefits) and a negative function of what has to be given up (i.e., sacrifices) when obtaining a particular product or service (Choi, Cho, Lee, Lee and Kim, 2004:915; Oliver, 1999b:45).

The literature identifies two approaches to benefits and sacrifices in the conceptualisation of perceived value: 1) perceived value as a construct configured from a functional or utilitarian perspective (unidimensional); and 2) perceived value as a construct that incorporates both a functional and an affective dimension (multidimensional) (Chai *et al.*, 2015:24; Mayr and Zins, 2012:358; Boksberger and Melsen, 2011:230; Moliner, 2009:78; Lin, Sher and Shih, 2005:319).

In a unidimensional approach, economic and cognitive reasoning is used to assess the related benefits and costs of the purchase which results in perceptions of value (Jahanzeb, Fatima and Butt, 2013:129; Sánchez-Fernández and Iniesta-Bonillo, 2007:431; Sweeney, Soutar and Johnson, 1999:79). This original conception of perceived value was based on utility theory (Boksberger and Melsen, 2011:232; Caruana, Money and Berthon, 2000:1342; Lichtenstein, Netemeyer and Burton, 1990:56). Utility theory states that the rational customer will not spend on an additional unit of product or service unless its marginal utility is equal to or greater than that of a unit of another product or service (Fishburn, 1970:158). Early studies in the utilitarian approach focused mainly on price and the analysis of the price-quality relationship, defining value as the ratio of quality to price (Lichtenstein *et al*., 1990:54), the balance between the quality or perceived benefits compared with the sacrifice by the payment of price (Monroe, 1990:51), and the cognitive trade-off among perceptions of sacrifice and quality (Gooding, 1995:24; Dodds, Monroe and Grewal, 1991:308). Lin *et al*. (2005:319) are of the opinion that the unidimensional conceptualisation of perceived value is effective and clear-cut in that both the 'get' and the 'give' components constitute the perceived value construct. Converted into a business service setting, these 'get' and 'give' components focus on the value embedded in the service offering and conceptualise perceived value as an evaluation of the service quality (benefit) versus the price paid (sacrifice) (Eggert *et al*., 2018:82).

The second approach to perceived value recognises the complexity associated with the construct and conceptualises it as multidimensional (Chen and Hu, 2010:410; Sánchez-Fernández and Iniesta-Bonillo, 2006:53; Petrick, 2002:123; Sweeney and Soutar, 2001:206). This approach incorporates a functional dimension and an affective dimension, that captures customers' emotional and social aspects, all of which interact with and influence each other to produce the overall value assessment of a service (Callarisa Fiol, Moliner Tena and Sánchez García, 2011:133, Fandos Roig, Sanchez Garcia, Moliner Tena and Llorens Monzonis, 2006:269). Sheth, Newman and Gross (1991:160) were some of the first authors to consider the multidimensionality of perceived value; they identified up to five dimensions in their theory of consumption value, namely social, emotional, functional, conditional and epistemic value. Sweeney and Soutar's (2001:216) subsequent PERVAL scale identifies three basic dimensions of value: social value (the utility obtained from the product or service's ability to enhance the customer's social self-concept); emotional value (affective feelings generated by the product or service); and functional value (utility derived from the product's reduction of perceived costs and its quality/performance). In order to operationalise a suitable measurement for the perceived value of services as opposed to products after purchase, Petrick (2002:129) developed a multi-item instrument called SERV-PERVAL. Sánchez, Callarisa, Rodríguez and Moliner (2006:395) later developed the 24-item GLOVAL scale, which measures the same three underlying dimensions, but also considers the overall perceived value of a service purchase. Subsequently, Holbrook (2006:716) pushed the limits to eight types of customer value: excellence, efficiency, status, esteem, play, aesthetics, ethics, and spirituality.

Gallarza, Gil-Saura and Holbrook (2011:184) criticise the existing multidimensional models, stating that the number of relevant dimensions reveal as much about the imagination of the researcher as they do about the fundamental nature of the value construct itself. Despite the richness that multidimensional models offer, it has been argued that they cannot specify the abstraction of overall value, which is inconsistent with the conceptual definition of perceived value as a 'give-versus-get' trade-off experience (Ulaga and Eggert, 2006:314). In their critical review of unidimensional and multidimensional models, Lin *et al*. (2005:322) are of the opinion that it is not persuasive to base the effects of perceived value on other consequence constructs unless empirical analyses are conducted at the overall perceived value level instead of at the component level. Consistent with the majority of studies in the perceived value literature (Sánchez-Fernández and Iniesta-Bonillo, 2007:443), the unidimensional, economic-based approach – that of defining perceived value as a trade-off between perceived service quality (benefits) and perceived price (costs/sacrifices) (Tournois, 2015:85; Gallarza *et al*., 2011:184; Ulaga and Eggert, 2006:314) – will be adopted to assess the factors influencing value creation from the customer's perspective, as well as the consequences of the value creation process in business relationships.

With regard to its consequences, empirical research in business research has shown that perceived value is a significant predictor of customer satisfaction (Faroughian *et al*., 2012:72; Biggemann and Buttle, 2011:1136) and customer loyalty (Jayawardhena, 2010:340; Molinari, Abratt and Dion, 2008:369; Lam *et al*., 2004:296). These consequence constructs will be discussed in more detail in the ensuing sections. Before this, however, service quality and perceived price as antecedents of perceived value will be discussed, as well as the role of price fairness in the interrelationship between business customers' price, service quality and value perceptions.

1.3.4 Service quality

Delivering high service quality is essential for success in a competitive organisational environment (Su, Linderman, Schroeder and Van den Ven, 2014:429; Hossain and Leo, 2009:338; Wang, Lo and Hui, 2003:72). Service quality has been shown to form the most important positive benefit driver of perceived value (Callarisa Fiol *et al*., 2011:132; Hu *et al*., 2009:114), as a means for competitive differentiation (Chenet, Dagger and O'Sullivan, 2010:336; Bamert and Wehrli, 2005:134), and has been linked to key organisational outcomes such as sales growth, market share, financial performance, and customer retention (Ngo and O'Cass, 2013:1134; Bell, Auh and Smalley, 2005:169).

Zeithaml (1988:3) broadly defines quality as superiority or excellence. According to Bamert and Wehrli (2005:135), in the absence of objective measures, an approach to assessing quality is to measure customers' perceptions of quality. Perceived service quality can accordingly be defined as customers' global judgements about a service's overall superiority that are formed subjectively at the time of use (Kang, 2006:38; Bennett and Barkensjo, 2005:89; Zeithaml, 1988:3). Unlike product quality, which can be measured by tangible indicators such as durability and number of defects (Garvin, 1983:240), service quality is an abstract construct because of the typical service characteristics of inseparability, intangibility, and heterogeneity (Parasuraman, Zeithaml and Berry, 1988:13).

The conceptualisation and measurement of service quality perceptions are among the most studied and debated topics in the services marketing literature (Prakash and Mohanty, 2013:1051; Caceres and Paparoidamis, 2007:840; Dagger, Sweeney and Johnson, 2007:124; Kang, 2006:37; Brady and Cronin, 2001:34; Zins, 2001:274; Lee, Lee and Yoo, 2000:217). Early models of service quality are based on the disconfirmation of expectations paradigm, which suggests that service quality results from a comparison of expectations with perceived performance (Caceres and Paparoidamis, 2007:840; Collier and Bienstock, 2006:261; Brady and Cronin, 2001:34; Bolton and Drew, 1991:376; Parasuraman, Zeithaml and Berry, 1985:49), with the two main service quality models being those of Grönroos (1984:40) and Parasuraman *et al.* (1988:25; 1985:48).

Grönroos (1984:37) views service quality as the outcome of an evaluation process in which the customer compares their expectations with the service perceived to have been received, and identifies two service quality dimensions: functional quality and technical quality. Functional quality represents customers' perceptions of the interactions that take place during service delivery, while technical quality reflects the outcome of those service interactions (Brady and Cronin, 2001:35; Grönroos, 1984:38). The disconfirmation of expectations paradigm is also the basis for the SERVQUAL model of Parasuraman *et al.* (1988:17), which views service quality as the degree and discrepancy between customers' expectations and their perceptions (Parasuraman, Zeithaml and Berry, 1994:112). Parasuraman *et al.* (1988:34) propose five dimensions to measuring service quality: the reliability, responsiveness, assurances, empathy and tangible characteristics of the service experience, all of which ultimately consider the quality of service interaction, the physical environment and the service outcome.

Since the disconfirmation of expectations paradigm is also widely adopted in the customer satisfaction literature, service quality has been criticised for its theoretical confusion with the construct of customer satisfaction (Bloemer, De Ruyter and Peeters, 1998:278; Cronin and Taylor, 1992:56). Subsequently, expectations began to be excluded from the measurement of service quality. The focus then turned to perceptions alone, moving the theoretical background of service quality towards a theory of reasoned action (Chenet *et al*., 2010:337; Han and Kim, 2010:660; Collier and Bienstock, 2006:261; Cronin and Taylor, 1992:57). Bloemer *et al.* (1998:278) explain that the main difference between satisfaction and service quality is that, in order to form a satisfaction judgement, customers must have first experienced a service and have undergone various affective and cognitive processes; whereas perceived service quality is generally viewed as not being experience-based.

According to Brady and Cronin (2001:37), customers combine various evaluations of service quality sub-dimensions to arrive at an overall service quality perception. In support of this view, Dagger *et al*. (2007:137) established a hierarchical service quality scale that allows researchers to measure service quality on three levels: an overall level, a dimensional level, and a sub-dimensional level. This hierarchal structure allows researchers to choose the level of detail to be measured. The present study follows this approach, and only measures service quality at the overall level to obtain a broad indication of an organisation's overall service quality performance.

Several researchers agree that business customers' perceived value of a service can be increased by enhancing their overall perception of the organisation's service quality (Jayawardhena, 2010:343; Flint *et al*., 2002:114; Lapierre, Filiatrault and Chebat, 1999:235; Ravald and Grönroos, 1996:25). Despite several authors noting the conceptual confusion that often exists between perceived service quality and perceived value (Oliver, 1999b:43; Bolton and Drew, 1991:375), there is a general consensus in the literature that 'quality' and 'value' are discrete constructs (Molinari *et al*., 2008:365;Sánchez-Fernández and Iniesta-Bonillo, 2007:429). Value differs conceptually from quality in that value is a construct that is more distinctive and subjective than quality, and that value involves a cognitive trade-off between benefits (quality) and sacrifices (price) (Zeithaml, 1988:10). With pricing information incorporated into the equation, perceived value enhances the predictive power of service quality on relationship marketing constructs such as satisfaction and loyalty (Fornell *et al*., 1996:9). The concept of perceived price, as a sacrifice component of perceived value, and its interaction with service quality, are discussed next.

1.3.5 Perceived price

Pricing is the only element of the marketing mix that secures revenues and profits for an organisation, and, since it directly impacts profitability it also determines the ability of an organisation to expand, improve offerings and better serve its customers and stakeholders (Monroe, Rikala and Somervuori, 2015:18; Rao and Kartono, 2009:9; Vaidyanathan and Aggarwal, 2003:453). In business-to-business exchanges, each organisation in the exchange relationship seeks to improve its own profit (Coughlan, Anderson, Stern and El-Ansary, 2001:202) and thus price is the dominant criterion for organisational purchasing decisions (Homburg, Allmann and Klarmann, 2014:1581). Despite this fact, research on price remains scarce in business-to-business research, compared with business-consumer research (Zablah, Brown and Donthu, 2010:249).

Purchases in business markets are utilitarian in nature, typically involving a formal, group decision-making process with complex interactions related to various individual and organisational goals (Ferguson, Brown and Johnston, 2017:80; Monroe *et al*., 2015:18). Members of the buying u in organisations may include influencers, gate keepers, purchasing specialists, users, and the final decision maker who will sign off a purchase (Webster and Wind, 1972:12). Culkin and Smith (2000:147) point out, however, that the size of the buying division varies with the size of the organisation. Corporate organisations may operate as part of a large decision-making unit, while in a small business, pricing decisions are essentially made by the owner or manager (Culkin and Smith, 2000:147). As a result, certain business customers do not simply follow rational choice models during pricing decision-making; psychological aspects and emotions may also play a role in customers' evaluation of a price (Ferguson *et al*., 2017:80; LaPlaca and da Silva, 2016:237).

From customers' viewpoints, price is what they need to give up or sacrificed in order to acquire a specific product or service (Zeithaml, 1988:10). The sacrifice that a business customer makes typically consists of transaction and life cycle costs, as well as some degree of risk (Lam *et al*., 2004:295). Price as the main sacrifice component of perceived value is well-documented in the literature (e.g. Sánchez-Fernández and Iniesta-Bonillo, 2009:425; Lapierre, 2000:123; Patterson and Spreng, 1997:426; Monroe, 1990:51). However when assessing customers' perceived value, a distinction needs to be made between objective price and perceived price (Kim, Xu and Gupta, 2012:243). The objective price refers to the actual marked price of the product or service, while the perceived price indicates the price that is encoded by the customer in a subjectively comparative manner (Jani and Han, 2011:1002). According to Zeithaml (1988:10), the objective price only becomes meaningful when the customer evaluates its acceptability as ‘too high’, ‘acceptable’, or ‘very reasonable’ (Lichtenstein, Bloch and Black, 1988:243).

Several researchers agree that a customer holds an internal reference price that works as a standard against which all newly encoded prices are compared (De Maeyer and Estelami, 2013:260; Varki and Colgate, 2001:238; Monroe, 1973:76). An internal reference price is defined here as customers’ perceived current price of a service, which is anticipated at point-of-purchase (Lichtenstein and Bearden, 1989:57; Winer, 1986:251). These internal reference prices are often characterised as being historically based (Erdem, Katz and Sun, 2009:304).

External reference prices, in contrast, are clearly visible to the customer, and are provided by observed stimuli in the purchase environment, as well as through channels such as catalogue listings, price guides and advertising (Mayhew and Winer, 1992:62; Biswas and Blair, 1991:1). According to Chandrashekaran and Grewal (2006:1064), customers often use external reference prices as anchors and change their internal reference prices to be closer to the anchor; and this influences how willing they are to pay for the product or service. External reference prices are therefore a proxy, and are used as a comparison for the total differential value (Kanagal, 2013:5).

Thus perceived price can be defined here as business customers’ subjective judgements of the reasonableness of a price for a product or service, compared with some reference price or price range (Lin, 2013:209; Oh and Jeong, 2004:343). This is based on the assimilation-contrast theory (Sherif, Taub and Hovland, 1958:150), which assumes that customers have ranges or latitudes of acceptance, rejection, and neutrality, with the size of the disparity between expectations and actual results determining whether assimilation or contrast effects will develop (Anderson, 1973:41). Therefore, a price that is greater than the range of price acceptance may not be assimilated by the customer, and may subsequently be rejected, while a price positioned within the range of acceptance may be assimilated and believed to be justifiable (Huang, 2016:412).

While price is usually seen as a monetary sacrifice for obtaining a product or service, it also serves as an important extrinsic signal for quality judgements (Kwun and Oh, 2004:33; Lichtenstein, Ridgway and Netemeyer, 1993:234, Zeithaml, 1988:11; Milgrom and Roberts, 1986:819). Thus customers expect high quality when the perceived price is high – or, on the contrary, it can induce a feeling of being overcharged (Andaleeb and Conway, 2006:6; Suri, Long and Monroe, 2003:381). Also based on the assimilation-contrast theory, Dodds *et al*. (1991:381) explain that customers may not only cease to purchase if they consider the price too high for the level of quality, but may also be suspicious if the price is lower than what they find acceptable for the product or service quality offered by the organisation. They add that, if a price is not within the range of acceptance (i.e., unacceptable to pay), the inference is that the offer must have little or no value.

Thus comparative judgements lead customers to make a trade-off between price and quality, which subsequently gives rise to value perceptions (Levin and Johnson, 1984:599). The more customers perceive the organisation’s set prices to be reasonable, the greater the customers’ perceptions of value and their intention to repurchase (Han and Hyun, 2015:22; Lam *et al*., 2004:296; Ranaweera and Neely, 2003:232; Bei and Chiao, 2001:130; Grewal, Monroe and Krishnan, 1998:56). Rao and Kartono (2009:29) are of the opinion that customers who believe that they are receiving value for the price they have paid are more likely to remain loyal; however, Matzler, Würtele and Renzl (2006:217) argue that customers first have to be satisfied with the organisation’s price for a behavioural outcome such as loyalty to occur.

Dissatisfaction with pricing has been reported to be one of the main reasons that customers switch organisations (Gupta and Dev, 2012:618; Clemes, Gan and Zhang, 2010:554; Docters, Reopel, Sun and Tanny, 2004:24; Colgate and Hedge, 2001:209; Hallowell, 1996:38). However, dissatisfaction is triggered not only by the perception of the organisation’s price, but also if feelings of injustice or unfairness are experienced about price setting practices (Ferguson and Ellen, 2013:404). The fairness judgement in a pricing context is thus an important psychological factor influencing customers’ reaction to the perceived price (Oh, 2003:388). The following section discusses the concept of price fairness as an important factor to consider in understanding customers’ perceptions of price, service quality, value and the resulting outcomes.

1.3.6 Price fairness

The subject of price fairness has received growing attention from marketing researchers (Chung and Petrick, 2013:168; Kukar-Kinney, Xia and Monroe, 2007:325). Understanding customers’ perceptions of price fairness is imperative to organisations as these perceptions have been connected to a variety of both positive and negative outcomes, including customer satisfaction, intention to repurchase, switching behaviour, word-of-mouth behaviour, and organisational profitability (Bolton, Warlop and Alba, 2003:474). While price fairness has been identified as an important factor influencing customer decision-making and buying behaviour, most of the extant research takes place in consumer industries, with very little being done in business-to-business industries (Ferguson *et al*., 2017:82).

Fairness refers to the extent to which an outcome – and/or the process to reach that outcome – is deemed just, reasonable and acceptable (Xia *et al*., 2004:2; Bolton *et al*., 2003:475). Fairness judgements can be divided into two parts: the outcome (distributive justice) and the procedure leading to the outcome (procedural justice) (Ferguson and Ellen, 2013:404; Kukar-Kinney *et al*., 2007:326).

Fairness of outcomes, or the principle of distributive justice, is derived from the early work on social exchange (Adams, 1965; Homans, 1958) and maintains that partners in an exchange relationship judge fairness based on the just allocation of rewards in proportion to what they have invested in the exchange relationship (Herrmann, Xia, Monroe and Huber, 2007:50; Xia *et al*., 2004:2). In other words, equal ratios of outcomes to investments between exchange partners result in perceptions of fairness, while unequal ratios create perceived unfairness (Kukar-Kinney *et al*., 2007:326). Conversely, the principle of procedural justice concerns judgements of formal policies or processes through which outcomes are allocated (Cropanzano, Prehar and Chen, 2002:325; Maxwell, 2002:195). These procedures or processes are based on dominant norms and behaviours (Xia *et al*., 2004:2). Fairness heuristic theory proposes that distributive fairness and procedural fairness do not function independently, but rather that exchange partners' fairness judgements are shaped on the basis of the fairness of the procedure and that outcome information is then incorporated into their fairness perceptions (Van den Bos, Vermunt and Wilke, 1997:97).

In the context of customer-organisation relationships, price fairness is conceptualised as a combination of distributive fairness (i.e., the assessment of the price offered with the customers' resulting outcomes) and procedural fairness (i.e., the judgement of whether the organisation followed prevailing social norms when establishing the price) (Ferguson *et al*., 2017:82; Gielissen, Dutilh and Graafland, 2008:371; Maxwell, 2002:192). Xia *et al*. (2004:1) highlight that all price fairness judgments thus include a comparison of a price or procedure with a pertinent standard, reference, or norm, with price comparisons being either explicit (customers' comparison of one price with another price or with a range of prices) or implicit (customers' comparison with an unspecified price but one that is expected to be lower to that which they believe they are entitled).

When evaluating an offer, customers use available information on which they can make comparisons to evaluate the offer and build fairness judgements (Ferguson *et al*., 2017:81;

Van den Bos *et al*., 1997:96). According to Ferguson and Ellen (2013:404), information such as competitors' prices and the price other customers have paid is more freely available to customers when evaluating the organisation's offered price than the means used to set prices, and thus customers should perceive greater transparency about the price itself than about an organisation's internal price-setting processes and policies. In this sense, an organisation's implementation of pricing strategies would be easier if customers foremost considered the offered price as fair and transparent, with no hidden charges, and by ensuring customers understand why a specific price was set (Kaura, Prasad and Sharma, 2014:130; Heussler, Frank and Meyer, 2009:336; Mauri, 2007:286).

The same goes for the implementation of price increases. A price increase leads to a higher sacrifice for the customer, and thus to inequality in the input-outcome equation (Heussler *et al*., 2009:333). Therefore, a price increase will only be perceived as fair if the increase to the customer is matched by a cost increase to the organisation (Bolton, Lemon and Verhoef, 2008:51). This is based on the principle of dual entitlement, which states that customers believe themselves entitled to a reasonable price and organisations to a reasonable profit, with prices violating this reference transaction perceived as unfair (Kahneman, Knetsch and Thaler, 1986:729). In turbulent economic times, business costs are bound to result in price increases; however it is often experienced worse in business-to-business markets, where throughout the supply chain businesses are facing increasing pressure from the price-sensitive end-consumer (Ferguson, 2014:2733; Boyd and Bhat, 1998:12). When faced with the challenge of increasing prices while remaining sensitive to their business customers' own economic difficulties, selling organisations need to offer transparency and adequate communication about why price changes are occurring (Ferguson, 2014:2734; Heusler *et al*., 2009:334). Organisations that fail to be transparent about price changes can raise customers' distrust, while greater transparency can be perceived by customers as carrying more persuasive power and can increase customers' service quality perceptions (Mauri, 2007:286; Miao and Mattila, 2007:534).

Thus, by providing ongoing information about their pricing policies, organisations can enhance customers' service experience and improve their service quality and value perceptions (Giovanis *et al*., 2015:765; Oh, 2003:397). Several researchers' findings support the notion that customers' perceptions of price fairness effect their perceived value (Kukar-Kinney *et al*., 2007:334; Oh and Jeong, 2004:356; Xia *et al*., 2004:6; Martins and Monroe, 1994:77). Oh (2003:396) also studied the asymmetric effects of price fairness on overall price, service quality, and value judgements, and found that asymmetric effects on perceptions of value were mediated by perceptions of price and service quality.

With its origins in equity theory, perceived value considers the ratio of the customer's outcome/input to that of the organisation's outcome/input, and thus also takes into account the customer's assessments of what is right and fair for the perceived price (Jayawardhena, 2010:339; Oliver and DeSarbo, 1988:496). Customers accordingly judge price and service quality by this concept of equity, which they then compare with their initial expectations to arrive at a satisfaction judgement (Bei and Chiao, 2001:135). The fairness judgement in a pricing context thus largely determines the level of satisfaction or dissatisfaction, which in turn influences future behavioural intentions and purchase decisions (Xia *et al*., 2004:7; Chung and Petrick, 2013:169; Oliver and Swan, 1989:380). Kaura *et al*. (2015:417) also found empirical support for the important role price fairness plays in determining customers' satisfaction and loyalty. Customer satisfaction and customer loyalty, as outcomes of the value creation process – derived from positive perceptions of price fairness, reasonable pricing, and service quality – are discussed in more detail in the next two sections.

1.3.7 Customer satisfaction

Satisfaction is a well-researched topic in the field of social and applied psychology, with almost all researchers in the areas of job, life, self, and patient satisfaction agreeing that satisfaction is a function of the difference between the initial reference point and the outcome (e.g. Morgeson, 2013:291; Ghiselli, Lopa and Bai, 2001:29; Sitzia and Wood, 1997:142; Williams, 1994:510; Oliver, 1980:460; Ilgen and Hamstra, 1972:359; Ilgen, 1971:345; Locke, 1969:309). In a marketing context, the initial reference point refers to customers' expectations, with satisfaction judgements arising from the disconfirmation of pre-purchase performance expectations in relation to post-purchase perceived performance – known as the disconfirmation of expectations paradigm (Churchill and Suprenant, 1982:492).

The disconfirmation of expectations paradigm is the leading conceptual model in both the consumer and the business satisfaction literature. It theorises that customer satisfaction is related to both the size and the direction of disconfirmation (Patterson, Johnson and Spreng, 1996:5). When a customer's perception of the organisation's performance exceeds their expectations, the disconfirmation results in a positive affect (satisfaction), whereas a negative affect (dissatisfaction) occurs when expectations exceed the perceived performance (Malhotra, Sahadev, Purani, 2017:20; Hu *et al*., 2009:115; Oliver, 1980:461).

Measures of customer satisfaction can be defined either according to a specific evaluation of performance (i.e., transaction-specific) or according to its cumulative aspects. As the name suggests, cumulative satisfaction observes the cumulative impact of a set of distinct service encounters rather than focusing solely on the post-purchase evaluation of a specific purchase transaction (Johnson, Gustafsson, Andreassen, Lervik and Cha, 2001:219; Johnson, Anderson and Fornell, 1995:699). Jones and Suh (2000:149) note that cumulative satisfaction, also called overall satisfaction, is similar to an overall attitude since customers may at times have a low transaction-specific satisfaction, but may still be satisfied with an organisation in general. Overall satisfaction is therefore an essential indicator of an organisation’s current and long-term performance, since it is seen as the key mediating construct between component attitudes forming the overall attitude, other global evaluations and future intentions (Garbarino and Johnson, 1999:75; Johnson *et al*., 1995:699).

In a business-to-business context, overall customer satisfaction represents an overall evaluation of or attitude about the other party in a relationship (Selnes, 1998:308). Anderson and Narus (1984:62) thus define overall satisfaction as customers’ affective state which results from the evaluation of all aspects of an organisation’s operational relationship with another organisation. This global satisfaction construct results not only from satisfaction with products and services, but also from satisfaction with financial, welfare, or social aspects (Del Bosque *et al*., 2006:667). As a result, several authors support the notion that two types of satisfaction exist in business relationships: economic satisfaction and social (or non-economic) satisfaction (Mpinganjira *et al*., 2017:422; Farrelly and Quester, 2005:216; Geyskens *et al*., 1999:224). Failure to differentiate between these two types of satisfaction will lead to conflicting research results and will reduce the organisation’s ability to manage its customer relationships effectively (Geyskens and Steenkamp, 2000:13).

Satisfaction therefore includes an evaluation of both the economic and the non-economic aspects of the business relationship (Sanzo *et al*., 2003:327; Geyskens *et al*., 1999:234). This broader view of satisfaction has been linked to long-term customer value creation and increased cash flows, and so it can be expected that a positive relationship exists between satisfaction and overall organisational performance (Aksoy, Cooil, Groening, Keiningham and Yalçın, 2008:108).

1.3.7.1. Economic satisfaction

Geyskens and Steenkamp (2000:13) define economic satisfaction as a business customer’s positive evaluation of the economic results derived from the relationship. Such economic rewards include increased revenue, growth potential, market opportunities, and improved profits (Geyskens *et al*. 1999:224; Gassenheimer and Ramsey, 1994:257). According to Armstrong, Adam, Denize and Kotler (2014:5), the achievement of organisational goals depends on organisations' ability to determine the needs and wants of their target markets, and then delivering the desired satisfaction more resourcefully than competitors. Thus an economically satisfied customer views the relationship as being successful if it results in goal achievement, partnership efficiency and effectiveness, and other resulting financial outcomes (Ting, 2011:59; Siguaw, Baker and Simpson, 2003:311).

The significance of economic satisfaction in business relationships is highlighted by Coughlan, Anderson, Stern and El-Ansary (2001:202) who state that economic satisfaction is the prime reason that businesses engage in exchange with other businesses, as each is seeking to improve its own profit. Profitability is an organisation's most important economic performance indicator, therefore economic satisfaction has also been defined as the discrepancy between actual profits and prior expectations (Brown, Lusch and Smith, 1991:16) or, more simply, satisfaction with margins (Jap, 2001:98). Since pricing has economic implications for the margins of business customers, it is conceivable that customers' perception of price affects their economic satisfaction (Anderson, Fornell and Lehmann, 1994:56). This is because cognitive and economic evaluations made by business customers about any benefit-sacrifice discrepancy affects the perceived financial rewards flowing from the relationship (Jap, 2001:98).

Given the importance of economic satisfaction, it is anticipated that business customers' evaluation of economic results versus their initial expectations is especially critical at the start of the relationship (Ferro *et al*., 2016:16). Business relationships are primarily economic relationships in which the partners depend on the economic results to survive and grow (Del Bosque *et al*., 2006:669; Geyskens and Steenkamp, 2000:17; Dwyer *et al*., 1987:18). Once there has been evidence of economic outcomes, non-economic satisfaction may then be sought in a relationship (Farrelly and Quester, 2005:216). However, as pointed out by Ferro *et al*. (2016:16), high levels of economic satisfaction does not automatically mean high levels of non-economic satisfaction are present in the business relationship.

1.3.7.2. Non-economic satisfaction

Non-economic satisfaction, also called social satisfaction, is defined as a business customer's positive evaluation of the psychosocial aspects of its exchange relationship, in that relations with its partner are uncomplicated and pleasing (Geyskens and Steenkamp, 2000:13). This type of satisfaction refers to the evaluation of interactive experiences, and focuses on aspects such as communication, social interactions or shared values (Del Bosque *et al*., 2006:667). A customer satisfied with the social outcomes of the relationship appreciates building personal connections with their partner, has favourable impressions, and likes working together because they believe there is genuine concern, respect, and a willingness to exchange ideas (Geyskens *et al*., 1999:224). Non-economic satisfaction in a relationship may be determined by factors such as the integrity of the exchange partner, clearer communication, and greater involvement, making it easier for the organisation to fulfil its customer's expectations (Lee, Jeong, Lee and Sung, 2008:13).

As an emotional state, non-economic satisfaction judgements are viewed here as a cumulative, abstract construct that describes customers' overall experience in a service relationship, arising from a subjective process of comparing expectations with service performance or quality (Johnson and Grayson, 2005:502; Johnson *et al*., 1995:699). Service quality highlights customers' more recent service experiences, and has been established to have a positive effect on business customers' evaluation of future service quality experiences (Fornell *et al*., 1996:9). Perceived value, on the other hand, goes beyond the concern for service quality, as it also takes into account the costs associated with the offer, and thereby enhances the predictive power of service quality judgements on satisfaction (Chen, 2008:715; Lam *et al*., 2004:296; Sanzo *et al*., 2003:341). Value as an inherent trade-off assessment of 'what you get for what you give', allows marketing researchers to examine how both tangible and intangible variables interact with perceptions of value (Hansen, Samuelsen and Silseth, 2008:207; Ulaga and Chacour, 2001:529).

1.3.7.3. The relationship between economic and non-economic satisfaction

Thus, as an outcome of perceived value, customer satisfaction is proposed to be influenced by both the economic and the social aspects of value creation (Callarisa Fiol *et al.*, 2009:286; Gallarza and Saura, 2006:439). While economic and non-economic satisfaction have been established to be conceptually distinct (Geyskens and Steenkamp, 2000:13), satisfaction as a multidimensional construct – as well as the relationship between its two dimensions – has not received sufficient attention in marketing literature (Mpinganjira *et al*., 2017:420; Del Bosque *et al*., 2006:669). This is perhaps because the link between economic and non-economic satisfaction is difficult to predict, given the cyclical nature of the relationship (Farrelly and Quester, 2005:214).

However, the achievement of economic outcomes early in the relationship should create a positive climate to influence how the quality of the interchange is evaluated, thus enhancing experiences, building trust, and promoting commitment, and thereby increasing customer loyalty (Mpinganjira *et al*., 2017:423; Ferro *et al*., 2016:21). Most researchers have established that satisfaction, as customers' affective state of mind shaped by cognitive processes of comparing their expectations with the actual performance they received, is the most important determinant of repurchase behaviour, and a necessary condition for the development of customer loyalty (Yang, 2015:124; Rauyruen and Miller, 2007:28; Hennig-Thurau *et al*., 2002:233, McIlroy and Barnett, 2000:349). Growing evidence supports the notion that satisfaction plays a mediating role in the relationship between customers' perception of value and their loyalty (Tournois, 2015:86; Lam *et al*., 2004:307). The next section gives an overview of customer loyalty, and its two dimensions, as the main outcome of a value creation strategy.

1.3.8 Customer loyalty

Loyalty has been one of the most studied constructs in the marketing discipline since it was first identified by Brown in 1953 (McConnell, 1968:13; Brown, 1953:251). Most authors agree that customer loyalty is a source of competitive advantage that has a powerful impact on organisational performance (Lam *et al*., 2004:293; Dick and Basu, 1994:99). Enhanced customer loyalty in service organisations result in increased revenue, lower costs of serving repeat purchasers , and reduced customer acquisition costs, all of which have a direct impact on profitability (Reichheld, 1996:57). If one considers these economic benefits to the organisation together with the nature of large purchases and transactional exchanges in business-to-business markets (translating into higher turnover and greater mass of margin), there are, without doubt, massive rewards for those organisations that succeed in creating and maintaining loyal customers (Rauyruen and Miller, 2007:22). Despite the significance of customer loyalty, there is still no consensus on how loyalty should be defined and measured – particularly within a business-to-business context (Caceres and Paparoidamis, 2007:838).

Two schools of thought have been identified to define and operationalise loyalty, namely behavioural loyalty (e.g., Inoue, Funk and McDonald, 2017; Leenheer, van Heerde, Bijmolt and Smidts, 2007; Liang and Wen-Hung, 2004; Rundle-Thiele and Mackay, 2001; Fader and Schmittlein, 1993); and attitudinal loyalty (e.g. Ramaswami and Arunachalam, 2016; Russell-Bennett, Härtel and Worthington, 2013; Fitzgibbon and White, 2005; Bennett and Rundle-Thiele, 2002).

1.3.8.1 Behavioural loyalty

The majority of existing loyalty studies operationalise loyalty on its behavioural dimension. Behavioural loyalty suggests defining loyalty through operative measures, with some of the earlier studies considering the relative frequency with which a customer chooses one product over another (Tucker, 1964:32), the probability of repeat purchase (McConnell, 1968:14), and the purchase sequence (Sheth, 1968:400). In this approach, loyalty is concerned only with the observable actions of recurring purchases of a brand, product or service, revealed through patterns of actual spending behaviours and ongoing organisational support (Russell-Bennett *et al*., 2007:1255; Uncles, Ehrenberg and Hammond, 1995:75). Since actual behaviour is difficult to measure in survey research, researchers often employ behavioural intentions to measure customers' intention to execute future loyalty behaviours (Chen and Chen, 2010:31). The concept of behavioural intentions is rooted in the theory of planned behaviour (Ajzen, 1991:182), which postulates that intentions capture the motivational factors effecting actual behaviour, with past behaviour considered the best predictor of future behaviour. Thus behavioural loyalty is defined for the purpose of this study as a function of business customers' past purchasing behaviour and their intention consistently to repurchase the service in future (Mandhachitara and Poolthong, 2011:123; Rauyruen and Miller, 2007:22; Oliver, 1999a:34).

Kumar and Shah (2004:320) highlight how important it is for organisations to build behavioural loyalty, as actual purchase behaviour generates direct and tangible returns for the organisation. It is argued, however, that operational definitions of loyalty provide only a superficial understanding of loyalty, and do not enable organisations to tell whether repeat purchases have been made out of habit, due to the customer's situation or for more complex psychological reasons (Odin, Odin and Valette-Florence, 2001:76). Thus it is difficult to develop marketing activities aimed at changing behavioural loyalty without knowledge of the attitude towards the act of purchasing from a specific organisation (Bennett and Rundle-Thiele, 2002:196; Dick and Basu, 1994:100). Subsequently, researchers have questioned the suitability of using repeat purchase behaviour as the one and only indicator of customer loyalty, and have turned instead to attitudinal measures to better understand the complex phenomenon that is customer loyalty (Gremler and Brown, 1996:172; Jacoby and Kyner, 1973:1; Day, 1969:30).

1.3.8.2 Attitudinal loyalty

Attitudinal loyalty is conceptualised as a customer's predisposition towards an organisation as a function of psychological decision-making processes in which the customer ultimately develops a degree of commitment to the entity in question (Umashankar, Bhagwat, and Kumar, 2017:812; Bennett and Rundle-Thiele, 2002:197; Jacoby and Kyner, 1973:3). It can be understood as a favourable attitude towards the organisation, and as a result is likely to produce positive bonding with the entity based on psychological attachments (Evanschitzky *et al*., 2012:629; Rauyruen and Miller, 2007:22). Oliver (1999a:35) emphasises that preference lies at the heart of attitudinal loyalty; the product or service attribute ratings must be preferable to competitors' offerings, and must combine a positive attitude to the organisation with a higher intention to buy the brand, product, or service than alternatives from other organisations. Attitudinal loyalty thus indicates not only higher repurchase intentions but also resistance to adverse expert opinion, a willingness to pay a price premium and a willingness to recommend the product or organisation to others (Cheng, 2011:150; Shankar, Smith and Rangaswamy, 2003:155). Attitudinal loyalty is defined in this study as the level of a business customer's psychological attachments to and attitudinal advocacy of the organisation (Rauyruen and Miller, 2007:22; Russell-Bennett, McColl-Kennedy and Coote, 2000:90).

Attitudes towards the organisation are primarily formed after purchase, and thus an understanding of the role of previous service experiences is important to fully understand the development of attitudinal loyalty (Chen and Hu, 2010:407; Russell-Bennett *et al*., 2007:1253). Non-economic satisfaction, resulting from positive affective evaluations of prior experiences in a service relationship (Ganesan, 1994:4), has been referred to in the literature as an affective attitude (Chiou and Droge, 2006:616); and thus from an affective perspective, it is intrinsically linked to attitudinal loyalty. Since economic satisfaction highlights the social context in which the relationship develops (Sanzo *et al*., 2003:329), a business customer who is satisfied with social outcomes, such as personal connections and enjoyable interactions, is more likely to reciprocate by maintaining the relationship and engaging in behaviours such as organisational advocacy (Lee, Hsu, Chen and Huang, 2010:572; Geyskens and Steenkamp 2000:13). Similarly, a customer's satisfaction with economic rewards, based on expectations, performance, and value, will be associated with a positive attitude towards the organisation, which in turn builds attachment and intention to advocate, and ultimately to engage in repurchase behaviour (Ferro *et al*., 2016:16; Lee *et al*., 2010:572).

1.3.8.3 The relationship between behavioural and attitudinal loyalty

Bandyopadhyay and Martell (2007:43) point out that measurements of attitudinal loyalty provide more insight into the possible reasons that a customer exhibits behavioural loyalty, in respect of why customers purchase from a specific organisation, as well as the strengths and vulnerabilities of its products and services. Based on the theory of planned behaviour, the intention to perform a given behaviour is determined by attitude towards that behaviour (Ajzen, 1991:182). Attitudinal loyalty is therefore an antecedent of behavioural loyalty, as has been established in several studies (e.g., Kang, 2015:2; Russell-Bennett *et al*., 2007:1255).

Thus, to achieve 'true' loyalty, organisations should focus on building both attitudinal loyalty (favourable attitude) and behavioural loyalty (translating into actual purchase behaviour) at the same time (Moolla and Bisschoff, 2012:73; Kursunluoglu, 2011:53; Kumar and Shah, 2004:320).

In business-to-business markets, customers' perception of value is regarded as a core trigger for both attitudes and behaviour (Arslanagic-Kalajdzic and Zabkar, 2015:83). Empirical research has shown that perceived value is an important predictor of customer loyalty among business customers (Lam *et al*., 2004:296; Parasuraman and Grewal, 2000:169). Other studies have found that perceived value's influence on customer loyalty is only indirectly through customer satisfaction (Tournois, 2015:86; Cronin, Brady and Hult, 2000:195; Patterson and Spreng, 1997:428). Moliner, Sánchez, Rodríguez and Callarisa (2007:1398) explain that perceived value influences the development of the customer's attitude towards the organisation and interacts with their affective feelings of satisfaction, thus leading to certain loyalty behaviours. Despite a long-term interest in the understanding of perceived value and its relationship with satisfaction and loyalty, the majority of empirical studies have neglected to differentiate between economic satisfaction and non-economic satisfaction, and between attitudinal and behavioural loyalty.

This study is possibly the first to investigate customer satisfaction and loyalty together as outcomes of the value creation process, in which satisfaction and loyalty each are two distinct types. In order to fill the gap in research, the empirical research was conducted in the South African business banking industry. The following section will give an overview of the banking industry of South Africa.

1.4 RESEARCH CONTEXT

1.4.1 The South African business banking industry

More than a decade on from the global financial crisis of 2008, the international business landscape has still not convincingly returned to the state it was in prior to the crisis, with the financial service industry – especially the banking industry – severely affected (Schwab, 2018:14; PricewaterhouseCoopers, 2016:1). The recent financial crisis has brought renewed attention to the stability of the banking industry, with levels of concentration, the degree of competition, the ratio of private vs. state banks and domestic vs. foreign banks linked to banking industry stability and efficiency (Egan, Hortaçsu and Matvos, 2017:169; Claessens and Van Horen, 2015:871).

The South African banking industry weathered the 2008 financial crisis remarkably well, compared with other developing countries (Otchere, Senbet and Simbanegavi, 2017:1). While the South African financial sector is well integrated into the rest of the global economy, any deteriorating effect of the crisis was minimal on account of a sound regulatory framework and robust macroeconomic policies (Maredza and Ikhide, 2013:14). Based on results from the 2015/2016 World Economic Forum (WEF) Global Competitiveness Survey, South Africa was ranked 12th out of 140 countries in Financial Sector Development, and was ranked first in financing through the local equity market, second in the regulation of security exchanges, and eighth in the soundness of its banks (Schwab, 2015:327). However, political uncertainty surrounding the ruling party's elective conference in December 2017, high levels of corruption, governmental instability, and a standstill in economic growth have reduced the confidence of business leaders and foreign investors, resulting in a drop in South Africa's Financial Sector Development ranking from 12th to 44th out of 140 countries in the WEF'S 2017/2018 report (Schwab, 2018:33). While South Africa's banking industry is no longer comparable with those of first world economies, it is still relatively good in an emerging market context (The Banking Association South Africa, 2018; Schwab, 2015:30; Maredza and Ikhide, 2013:2).

At the core of the South African banking system is the South African Reserve Bank (SARB) (Kumbirai and Webb, 2010:42). Established in 1921, its principal purpose is to achieve and maintain price stability in the interest of balanced and sustainable economic growth (South African Reserve Bank, 2018). The SARB adopts various market-orientated policies, such as the SARB repo (repurchase) rate, to assist the banking industry and effectively influence interest rates in the economy (Matemilola, Bany-Ariffin and Muhtar, 2015:54). Banks operating in South Africa rely on their current balances with the South African Reserve Bank for liquidity in order to finance loans, as well as on customers' deposits, with loans and deposits coming from both commercial and retail portfolios (Kumbirai and Webb, 2010:42).

The South African banking industry is thus considered the cornerstone of the South African economy, with banks acting as the primary channel of monetary policy, mediating between savers and borrowers and, as with any other organisation, selling products and services to customers that need to promote efficiency (Hussain, 2015:384; Simbanegavi, Greenberg and Gwatidzo, 2014:1; Demirgüç-Kunt and Huizinga, 1999:379). According to Okeahalam (2001:2), high levels of concentration reduce the overall level of efficiency in the sector. The banking industry of South Africa is characterised as highly concentrated, being dominated by four major banks: Barclays Africa (trading as ABSA), First National Bank (FNB), Standard Bank, and Nedbank (Mlambo and Ncube, 2011:7; Kumbirai and Webb, 2010:39). These 'Big

Four' banks control over 80% of total banking assets (The Banking Association of South Africa, 2018).

The introduction of the Banks Act (94 of 1990) and the attainment of constitutional democracy in 1994 led to a large number of banks, especially large foreign banks, entering the South African market and challenging traditional ways of operating (Matemilola, Bany-Ariffin and Muhtar, 2015:54; Kumbirai and Webb, 2010:30). At present, the South African banking industry comprises 17 registered banks, two mutual banks, two co-operative banks, 14 local branches of foreign banks and 43 foreign banks with approved local representative offices (The Banking Association of South Africa, 2018; South African Reserve Bank, 2018:1). According to PriceWaterhouseCoopers (2018:1), newly licensed South African banks that intend to start their operations in 2018, are likely to disrupt the local banking industry, through an approach of simplified interfaces, reduced complexity, fast-tracked processes, and lower overheads to attract new customers.

Given the increasing level of competition in the South African banking industry, it is in each bank's interest to build long-term, intimate, and open relationships with their customers in order to practise relationship banking and to affect customer loyalty positively (Ackermann and van Ravesteyn, 2006:153). Customer loyalty, in turn, enables banks to maintain profits (Smith and Mpinganjira, 2015:36). Bank profitability – expressed as a function of internal and external factors and measured by, among other things, the return on average assets, return on equity, and net interest margin – can be maximised by allocating available resources to those customers who will provide the highest risk-adjusted returns (Dietrich and Wanzenried, 2014:338; Kumbirai and Webb, 2010:39; Demirgiiç-Kunt and Huizinga, 1999:380). Business customers undeniably offer the greatest profit opportunities, since their banking requirements can include an extensive list of complex banking product and service packages (O'Donnell, Durkin and McCartan-Quinn, 2002:273; Zineldin, 1995:30).

The nature of banking is embedded in service provision and by improving service levels and offering reasonable pricing (including interest rates on loans), banks can improve customers' overall perception of the value of banking services (Zameer, Tara, Kauar and Mohsin, 2015:443; Coetzee, Van Zyl and Tait, 2013:10), with the concept of 'value creation' a topic of growing importance to the business banking industry.

Value should, however, not only be created for large businesses, which hold the most power, but also for SMMEs (Lam and Burton, 2006:40; Madill *et al*., 2002:86). The inaccessibility of bank finance and lack of financial management is a major challenge, particularly for micro-enterprises in South Africa (Chimucheka and Rungani, 2011:5509), contributing to low business creation and ultimate failure. With South Africa's economy tainted by low gross domestic product (GDP) growth and an unemployment rate of over 25% (Schwab, 2018:34), banks need to provide opportunities for micro-enterprises to gain access to finance so that they can contribute to economic growth and job creation. Banks should, however, not merely take on micro-enterprises as business customers, but focus on retaining them as a way to increase profitability by satisfying their needs and practising the principles of relationship marketing. Micro-enterprises' main needs are for financial flexibility in meeting their business obligations and growth objectives, and banks can satisfy these needs by offering more flexible loan terms, reasonable interest rates for those micro-enterprises with limited collateral, and fair service charges. Such relationship pricing could be a way of enhancing the perceived quality of the service offering and adding value (Perry and Coetzer, 2009:307). If micro-enterprises expect the perceived benefits to outweigh the costs of doing business with a specific bank, they will experience a sense of security and reciprocate their perceived value by staying with the bank (Auka, 2012:190).

The focus of the current study is to examine both the antecedents and the outcomes of creating higher perceived value for micro-enterprise business banking customers in order to determine ways to increase efficiency and profitability within the South African business banking market segment.

1.5 PURPOSE OF THE STUDY

Based on the problem statement and literature review, both the primary objective and the secondary objectives for the study are presented below.

1.5.1 Primary objective of the study

The primary objective of this study is to establish the antecedents and outcomes of perceived value in business banking.

1.5.2 Secondary objectives of the study

To support the primary objective of this study, the following secondary objectives are formulated:

1) Determine the validity and reliability of the questionnaire used for this study among micro-enterprises within the business banking industry.

2) Establish perceived price and service quality as antecedents of micro-enterprises' perceived value in business banking.
3) Determine the role of price fairness in the interrelationship between micro-enterprises' price, service quality, and value perceptions within the business banking industry.
4) Establish whether economic and non-economic satisfaction are distinct outcomes of micro-enterprises' perception of the value of business banking services.
5) Determine the interrelationship between micro-enterprises' price, service quality, and value perceptions, and their economic and non-economic satisfaction within the business banking industry.
6) Establish attitudinal loyalty and behavioural loyalty as distinct outcomes of micro-enterprises' perception of value and their satisfaction with business banking services.
7) Develop a model depicting the interrelationships between micro-enterprises' perceptions of price fairness, perceived price, service quality, perceived value, economic satisfaction, non-economic satisfaction, attitudinal loyalty, and behavioural loyalty in the business banking industry.

1.6 RESEARCH METHODOLOGY

The previous section outlined the objectives for the study, based on a review of the literature and the problem defined in the problem statement. This section describes the research methodology by highlighting the methods used to conduct a literature review, and the method of empirical investigation that was followed to achieve the study's objectives.

A literature study was conducted first in order to collect secondary data that provides a theoretical background to the problem statement, and the constructs that relate to the study. Secondary data consists of information on the external environment, the industry, and the customers who already exist, collected by academic institutions, trade association, government agencies, or marketing research organisations (Kolb, 2008:100). One of the major advantages of secondary data is that it provides necessary background information on the theoretical constructs (McDaniel and Gates, 2010:73). The main constructs of this study are fundamental in the relationship marketing literature and include price fairness, perceived price, service quality, perceived value, customer satisfaction (separated into two types: economic satisfaction and non-economic satisfaction), and customer loyalty (separated into two types: attitudinal loyalty and behavioural loyalty). The literature was obtained from various scientific journals, research papers, books and research documents.

Databases that were consulted include:

- EbscoHost: International journals on Academic Search Premier, Business Source Premier, Communication and Mass Media Complete and EconLit
- Science Direct: International journals
- Emerald: International journals
- ProQuest: International dissertations in full text
- Internet: Google Scholar
- Nexus: Databases compiled by the NRF of current and completed research in South Africa
- SAePublications: South African journals
- SACAT: National catalogues of books and journals in South Africa

In addition to the secondary data, primary data was collected in the form of an empirical investigation with the aim of adequately addressing the research problem and its objectives. The empirical investigation is discussed in detail below, and includes an outline of the proposed research design and data collection method, the development of the sampling plan, details of the measurement instrument used, and, finally, the procedure for data analysis.

1.6.1 Research design and method of data collection

A research design is the framework for a study that is used as a guide in the collection and analysing of data that will ultimately provide the required information to solve the research problem and meet its objectives (Churchill, Brown and Suter, 2010:79; Tustin, Lighthelm, Martins and Van Wyk, 2005:82). Malhotra (2007:78) states that, although a general approach to the research problem has already been formulated, the research design provides specific details of how to implement the approach. Such details include the type of information that needs to be collected, possible data sources, and the collection procedures (McDaniel and Gates, 2010:49). According to the literature, three distinct types of research designs can be identified: exploratory research, causal research and descriptive research (Feinberg, Kinnear and Taylor, 2013:54; Hair, Celsi, Oritinau and Bush, 2013:36; Burns and Bush, 2006:116). Tustin *et al.* (2005:83) note that the choice of research design depends on the purpose of the research, the research questions, and the precision of the formed hypotheses.

Exploratory research, as the name implies, is exploratory in nature; it discovers ideas about and insights into the overall nature of the problem in order to find explanations and possible decision alternatives (Churchill *et al*., 2010:79; Aaker, Kumar and Day, 2007:79). Exploratory research is characterised by flexibility and relies on wide-ranging, versatile approaches in order to get to a point where formal, testable hypotheses can be generated for the potential problems (Feinberg *et al*., 2013:55). In causal research, the research design is more planned and structured, aimed at determining the cause-and-effect relationship among two or more variables in an experimental setting (Iacobucci and Churchill, 2010:584). Hair *et al*. (2013:37) add that causal research is fitting when the research objective is to determine which independent variable causes a dependent variable to change.

With the final type of research design, descriptive research, the variables are known, and the research is conducted for reasons such as describing the characteristics of a specific target group; determining the frequency with which a variable occurs; estimating the percentage of units in the target population exhibiting certain behaviours; and making specific predictions (Malhotra, 2007:83). Studies that follow a descriptive research design are accordingly dedicated to answer ‘what’, ‘when’, ‘where’ and ‘how’ questions, which can only be answered with clearly specified information needs, a well-defined problem, specific research objectives and precisely formulated hypotheses (Feinberg *et al.*, 2013:58; Churchill *et al*., 2010:107; Shao, 2002:44). **For the purpose of this study, a descriptive research design** was suitable in establishing the antecedents and outcomes of perceived value in the business banking industry.

Methods used in descriptive research designs are generally structured and quantitative in nature; therefore, quantitative research is structured in line with a descriptive research design (Berndt and Petzer, 2011:53). Quantitative research methods are variable-centred, seeking to quantify the magnitude of the relationships between different variables using measurement and scaling, which is then statistically analysed, allowing conclusions to be drawn that are scientifically valid (Hair *et al*., 2013:217; Kent, 2007:250). Quantitative research stands in contrast to qualitative research, which is normally used to provide insight into, and understanding of, the problem setting, and better suits an exploratory research design (Malhotra, 2007:143). Feinberg *et al.* (2013:218) add that qualitative research techniques are relatively unstructured; no strict format is followed and the respondent(s) are allowed to answer at length about the focal issue. Thus small samples are most often used and data analyses are textual rather than numerical, resulting in data that is not statistically significant or conclusive (Hair *et al*., 2013:217; Shiu, Hair, Bush and Ortinau, 2009:63;

Malhotra, 2007:143). In line with the descriptive research design chosen for this study, **this study made use of quantitative research**.

Quantitative research is most often conducted using one of two basic approaches: surveys or observations (Kent, 2007:182). Since the data collection procedures of descriptive research designs usually depend on asking respondents structured questions about how they think, feel and act rather than observing what they do, **it was appropriate that this study followed the survey research method**.

The survey method involves using a structured questionnaire to elicit specified information from the respondents who form part of the sample of the population (Malhotra, 2007:121; Kent, 2007:182). There are four subcategories of the survey method: personal interviews, telephone interviews, mail surveys and Internet-based surveys (Wiid and Diggines, 2009:112; Parasuraman, Grewal and Krishnan, 2007:153). The choice of the most appropriate survey method in a given situation includes factors such as precision of sampling, incidence rates, length and structure of the questionnaire, time available to complete the questionnaire, and the researcher's budget (McDaniel and Gates, 2010:138).

For the purpose of this study, **an online survey method was followed**. This method was chosen in light of the study's business-to-business setting, in which business professionals rely daily on the Internet for communication (Feinberg *et al*. 2013:220). The advantages of online surveys include speed (their return is faster than a postal survey with automatic data entry), coverage (geographical area has no significance on the Internet), cost (no interviewers are involved, and no postage has to be paid), anonymity (respondents can respond to sensitive issues in privacy), and 24/7 convenience (respondents can complete their survey at any time that is convenient to them) (Kent, 2007:193).

Even though this method has its disadvantages versus the personal interviewing method – for example, that the interviewer cannot verify that the question was clearly understood and, that respondents cannot be persuaded to complete the questionnaire by an interviewer – the online survey method was the most appropriate, given business professionals' time constraints, and the study's budgetary constraints that did not allow for interviews to be conducted nation-wide (McDaniel and Gates, 2010:164). Further advantages of using an online survey method are that visuals can be incorporated, the sequence of questions can easily be varied, the number of responses can be effortlessly tracked, and email reminders can be sent to those in the sample who have not responded (Kolb, 2008:218). The target population of this study and the sampling plan are expanded on in detail in the next section.

1.6.2 Target population and development of the sample plan

The first step in the developing a sampling plan is to define the target population under investigation (Churchill *et al*., 2010:327; Burns and Bush, 2006:327). A target population is the collection of elements that possess the required information in order to meet the research objectives and obtain satisfactory results (Aaker *et al*., 2007:380; Malhotra, 2007:326).

As stated earlier, the business banking industry was designated as the field of study, with the **target population of this study specifically comprising micro-enterprises as business banking customers**. There is a lack of universal applicability when describing the size of an enterprise (Abor and Quartey, 2010:219), with size defined from annual turnover, number of employees, the industry the enterprise operates in, ownership of the enterprise, and the value of fixed assets, among other criteria (Weston and Copeland, 1998). However, Abor and Quartey (2010:220) note that the number of employees remains the most common basis for definition. **In this study**, a micro-enterprise is understood to be a registered, licensed, formal business with limited capital assets, that employs one or two people (Sharma and Gounder, 2011:49; Neuberger and Räthke, 2009:208). Micro-enterprise operations in developing countries such as South Africa are important in driving entrepreneurial development and future job creation (Prasad and Tata, 2009:236). Up to now the majority of empirical studies on business banking relationships refer to small and medium-sized enterprises, and tend to ignore micro-enterprises (Neuberger and Räthke, 2009:209). This under-researched target group was thus chosen to make a contribution to both theory and practice.

Since data cannot be gathered from every micro-sized business banking customer in South Africa, a sample, or subgroup of the population with the same characteristics, has to be drawn in order to reach conclusions about the population at large. In order to begin sampling, a sampling frame is required, which is a list containing all eligible sampling units (Shiu *et al.*, 2009:451; McDaniel and Gates, 2010:359; Proctor, 2005:110). **The sampling frame for this study** was provided by one of the major four banks in South Africa that allowed the researcher – in partnership with a well-known research company – access to their business customer database. The sampling frame provided by the bank included not only micro-enterprises, but also small, medium and large enterprises.

After a sampling frame has been developed, the next step in the development of a sampling plan is to select whether probability or non-probability sampling methods will be used to draw the sample (Tustin *et al*., 2005:344). Probability sampling is an objective approach in which each element in the population has a known chance of being included in the sample and random process is used to draw the final sample (Burns and Bush, 2006:332). Simple random sampling, systematic sampling, stratified sampling and cluster sampling are examples of probability sampling methods (McDaniel and Gates, 2010:183). With non-probability sampling it is not possible to estimate the probability of an element being included in the sample, and thus the sample is selected based on the discretion of the researcher (Feinberg *et al*., 2013:304; Churchill *et al*., 2010:333; Malhotra, 2007:340). According to Tustin *et al*. (2005:346), non-probability sampling methods available to researchers include convenience sampling, judgemental sampling, purposive sampling, quota sampling, and snowball or multiplicity sampling.

This study employed non-probability, convenience sampling methods to determine the sample of micro-enterprises. In convenience sampling, sample members are chosen on the basis of being readily available to the researcher, allowing a sample to be obtained quickly and inexpensively (Wiid and Diggines, 2009:200; Malhotra, 2007:341). This sample method was used since the sampling frame provided for this research study included not only micro-enterprises, but also small, medium, and large enterprises. There was thus no possibility of determining which business customers from the database were micro-enterprises; and so the researcher had to email all the business customers on the bank's database. Two screening questions were put in place to ensure that micro-enterprises were reached: the first ensured that respondents had satisfactory knowledge about their business' perception of its main bank, while the second question required respondents to indicate the number of full-time people the business employed. Those who indicated that they employed one to two people became part of the micro-enterprises sample.

1.6.3 Measuring instrument

Tustin *et al*. (2005:98) explain that the measuring instrument is what is finally used in the survey research method to collect information from the sample. **For the purpose of this study the measuring instrument was a questionnaire**. A questionnaire is a structured technique for collecting data from respondents, consisting of a series of written or verbal questions that a respondent must answer (Malhotra, 2007:299). Substantial thought is required when designing a questionnaire so that established sets of measurement scales can by formatted into a valid and reliable instrument for collecting raw data from a sufficient number of respondents (Shiu *et al.,* 2009:440). The researcher must ensure that the wording of the measurement items are understandable, unambiguous and unbiased, and that pretesting is done to ensure problems are identified and corrected (Aaker *et al*., 2007:86; Burns and Busch, 2006:306).

For the purpose of this study, the questionnaire was divided into three sections. Section A collected classification information about the respondents' business operations and banking service providers. Table 1 presents the questionnaire section and number, the measuring items, response format and scale type.

Table 1: Measurement of classification information

Section A	Questions	Response format	Scale
1	Do you have a satisfactory amount of knowledge about your business' perception of its main bank?	Dichotomous	Nominal
2	Approximately how many full-time people does your business employ?	Open ended	Ordinal
3	What is your position in the business?	Multiple choice	Nominal
4	Where does your business do most of its banking?	Multiple choice	Nominal
5	How long has your business been banking with this bank?	Open ended	Ordinal
6	Which industry does your business operate in?	Multiple choice	Nominal
7	What is your business' annual turnover?	Multiple choice	Ordinal

Section B of the questionnaire measured business customers' perceptions of their main bank with regard to price, price fairness, and service quality and value. The measures of perceived value were modified from Lai *et al*. (2009:683) to suit the banking context, while those of overall service quality were adapted from an instrument developed by Dagger *et al*. (2007:137), who recommended its use with a range of service providers offering high involvement services. The measures of perceived price and price fairness were drawn from research by Kaura *et al*. (2015:412; 2013:518), which took place in a banking setting.

Even though Kaura and colleagues' study was conducted amongst retail banking customers and not business banking customers, the measurement items nevertheless suited the target group under investigation (i.e., micro-enterprises). In order to improve the content validity of the study, the decision was taken to use the same measurement items, instead of completely altering the items from other industries such as airline, automotive, tourism and hospitality. Each item was measured using a five-point Likert-type scale with anchors at (1) strongly disagree, (2) disagree, (3) neither agree nor disagree, (4) agree, and (5) strongly agree. Table 2 presents the questionnaire section and number, the measurement items, construct measured, and the response format and scale used.

Table 2: Measurement of perceived value and its antecedents

Section B	Questions	Construct	Response format	Scale
1	This bank pays reasonable interest rates on deposits.	Perceived Price	Scaled	Likert
2	This bank charges reasonable service fees.			
3	This bank charges reasonable interest rates on loans.			
4	This bank is transparent about its service charges.	Price Fairness	Scaled	Likert
5	There are no hidden charges for the products and services offered by this bank.			
6	This bank keeps customers informed of price changes.			
7	The overall quality of the service provided by this bank is excellent.	Service Quality	Scaled	Likert
8	The quality of service provided at this bank is impressive.			
9	The service provided by this bank is of a high standard.			
10	Overall, the service we receive from this bank is valuable.	Perceived Value	Scaled	Likert
11	This bank offers us good value for our money.			
12	Overall, our business receives good value from this bank.			

Section C of the questionnaire measured business customers' economic and non-economic satisfaction with their main bank, as well as their attitudinal and behavioural loyalty to their main bank. Each item was also measured using a five-point Likert-type scale, with anchors at (1) strongly disagree, (2) disagree, (3) neither agree nor disagree, (4) agree, and (5) strongly agree. All constructs of interest were measured using established scales that were adapted from previous studies.

The economic satisfaction measure was adapted from the studies of Geyskens and Steenkamp (2000:21) and Ferro *et al*. (2016:17), while the measure of non-economic satisfaction was modified from the study of Gremler and Gwinner (2000:95). Customer loyalty as an outcome comprising both attitudinal and behavioural aspects was drawn from the original behavioural intentions scale of Zeithaml *et al*. (1996:38), which was adapted by

Mandhachitara and Poolthong (2011:131) for use in a banking context. Table 3 presents the questionnaire section and number, the measurement items, the construct measured, and the response format and scale used.

Table 3: Measurement of perceived value's outcomes

Section C	Questions	Construct	Response format	Scale
1	We will say positive things about this bank.	Attitudinal loyalty	Scaled	Likert
2	We are proud to tell others that we bank with this bank.			
3	We consider ourselves loyal patrons of this bank.			
4	We will do the majority of our banking with this bank.	Behavioural loyalty	Scaled	Likert
5	We will use this bank the next time we need new banking products or services.			
6	We will definitely keep using this bank.			
7	This bank contributes to our financial performance.	Economic satisfaction	Scaled	Likert
8	This bank generates economic growth for us.			
9	This bank gives us attractive discounts.			
10	Based on all of our experience with this bank, we are very satisfied with the banking services it provides.	Non-economic satisfaction	Scaled	Likert
11	Our choice to use this bank was a wise one.			
12	Overall, we are satisfied with the decision to use this bank.			

1.6.4 Ethics in research

Researchers have several ethical obligations to respondents and other stakeholders of the research project, and ethical issues pertaining to questionnaire design and data collection methods need to be addressed before research can commence (Malhotra, 2007:28; Tustin *et al*., 2005:46). Obligations toward participants of the research include that they should not be harmed or deceived, they should be willing to participate with informed consent relating to the purpose of the study and the time to complete the survey, and their privacy be respected and their answers held in confidence (Saunders, Lewis and Thornhill, 2009:185; Tustin *et al*., 2005:46). As a stakeholder in the current research study, the University of Pretoria's Code of Ethics for Researchers (1999) was followed to guide the research process, and an application for ethical approval was submitted to the Research Ethics Committee of the

Faculty of Economic and Management Sciences at the University of Pretoria before the commencement of a pilot study and final data collection. Ethical clearance was subsequently granted by the committee on the 19th of September 2016.

1.6.5 Pilot study

After obtaining ethical clearance, a pilot study – a small-scale research project in which data is collected from similar respondents to those of the study population (Zikmund and Babin, 2010:61) – was conducted among selected business customers. The purpose of the pilot study was to test the questionnaire structure and wording to ensure that respondents understood it in the intended way (Iacobucci and Churchill, 2010:257). While the pilot test did reveal minor aspects that had to be addressed – e.g., changing from an open-ended question to a closed-ended question – the pilot study fulfilled its purpose of testing the feasibility and comprehensibility of the questionnaire to ensure that data obtained from the final questionnaires could be accurately analysed (Aaker *et al*., 2007:86).

1.6.6 Data collection

Data was collected in partnership with a well-known research company in South Africa, who had obtained access to their banking client's customer database. The questionnaire was hosted on an electronic platform, and the company's advanced system emailed the questionnaire in batches to randomly selected members of the database. The email was entitled "Business Customers' Banking Perceptions Questionnaire" and contained a cover letter explaining the purpose of the research and the time required to complete the questionnaire. An incentive to participate was also offered in the form of a lucky draw to obtain a sufficient number of responses. As mentioned previously, a screening question was in place to ensure only micro-enterprises completed the questionnaire, and the final realised sample of micro-enterprises consisted of 381 respondents.

1.6.7 Data analysis

After the data has been obtained from the completed questionnaires in the full roll out of the study, it was analysed in order to make it manageable and interpretable (Tustin *et al*., 2005:451). The data collected for this study was analysed with the Statistical Package for Social Sciences (SPSS) and Analysis of Moment Structure (AMOS) software (versions 23). In order to test the measurement and structural properties of the proposed research model, confirmatory factor analyses and structural equation modelling were performed in a two-step approach (Anderson and Gerbing, 1988:411).

Confirmatory factor analysis, or the measurement model, as it is sometimes called, is used to test hypotheses about unmeasured sources of variability responsible for the communality among a set of scores, and specifies the relationships of the observed measures with their theorised underlying constructs (Malhotra, 2007:285; Hoyle, 2000:465; Anderson and Gerbing, 1988:411). A confirmatory factor analysis not only estimates multiple and interrelated dependence relationships, but is also used to examine the validity and reliability of the constructs (Harrington, 2009:6; Kent, 2007:421).

Construct validity – the extent to which a set of measured items actually reflects the theoretical latent constructs those items are designed to measure – was assessed by investigating the underlying constructs' relationship with other latent constructs (Pallant, 2013:7). An assessment of construct validity includes the investigation of both the related relationships (convergent validity) and the unrelated relationships (discriminant validity) (Hair, Anderson, Tatham and Black, 2014:618).

Convergent validity is the extent to which scale items converge or share a high variance with other measures of the same construct (Malhotra, 2007:287), and can be assessed by means of a reliability analysis and by calculating the mean variance extracted for the items loading on a construct (Hair *et al*., 2014:618). One approach to a reliability analysis is internal consistency reliability, which assesses the internal consistency of the set of items when several items are summated to form a total score for the scale (Malhotra, 2007:285). To measure internal consistency, Cronbach's alpha (also known as the coefficient alpha) is often used. Cronbach's alpha is the average of all possible split-half coefficients resulting from different ways of splitting the scale items, ranging from 0 to 1.0, with a value of 0.7 or higher indicating reliability (Pallant, 2013:6; Malhotra, 2007:285). Another approach to measuring reliability is the composite trait reliability measure, which is said to be superior to the commonly used Cronbach's coefficient alpha in estimating true reliability (Petrick, 2002:128; Osburn, 2000:344). In internal consistency reliability, construct loadings or weights for the coefficient alpha are constrained to be equal, while in composite reliability measures the loadings or weights are allowed to vary (Peterson and Kim, 2013:194). Interpreted like a Cronbach's alpha, composite reliability coefficients of 0.70 or higher indicate high levels of reliability (Hair *et al*., 2013:458). For the purpose of this study, composite reliability coefficients were used in all analyses of the micro-enterprise sample.

In addition to a reliability analysis, convergent validity can also be assessed through the average variance extracted (AVE), with an AVE of 0.50 or higher being a good indicator of convergent validity. The average variance extracted per construct should be larger than the corresponding square inter-construct correlations in order to achieve discriminant validity (Hair *et al*., 2013:458; MacKenzie, Podsakoff and Podsakoff, 2011:293; Bagozzi and Phillips, 1982:476). Malhotra (2007:287) explains discriminant validity as the degree to which a measure does not correlate with other constructs from which it is supposed to differ. In addition to convergent validity and discriminant validity, nomological validity – the extent to which the scale correlates in a theoretically predicted way – needs to be assessed to determine whether the constructs are consistent with theory (Hair *et al*. 2013:617; Harrington, 2009:7; Malhotra, 2007:287). This is done by estimating the model fit.

The indices considered for goodness-of-fit included the Chi-square statistic (χ^2 or CMIN), degrees of freedom, the normed fit index (NFI), the relative fit index (RFI), the Tucker-Lewis index (TLI), the comparative fit index (CFI), and the root mean square error of approximation (RMSEA). Incremental fit measures such as NFI, CFI and RFI with values of 0.90 or greater are considered acceptable (Hooper, Coughlan and Mullen, 2008:54; Hair *et al*., 2014:657). The RMSEA is used as an absolute fit measure, where a value ranging up to 0.08 indicates a good fit (Hooper *et al*., 2008:54; Meyers, Gamst and Guarino, 2006:608; Steiger, 1998:411).

Once a satisfactory fit in the measurement model had been achieved, the structural model based on a path analysis was estimated with structural equation modelling. Structural equation modelling (SEM) is a sophisticated technique based on correlation and multiple regression, that allows the simultaneous testing of construct relationships with multiple variables in order to evaluate the importance of each independent variable, and to test the overall robustness of the model (Pallant, 2013:109; Woo and Ennew, 2004:1263). The research models included in this thesis considered the relationships between price fairness, perceived price, service quality, perceived value, economic satisfaction, non-economic satisfaction, attitudinal loyalty and behavioural loyalty. In assessing the structural model, the CMIN, DF, CMIN/DF, NFI, RFI, IFI, TLI CFI and RMSEA were also used as goodness-of-fit measures to determine the overall model fit of the structural model. Finally, when examining the path coefficients of the SEM analyses, path coefficients (β) of 0.3 or greater were considered to be practical (Meyers *et al*., 2006:590). This study used a confidence level of 95% and thus a consequent significance level of $p \leq 0.05$.

In addition to the analysis of the measurement model and the structural model, other data analysis to be performed included frequencies and descriptive statistics for categorical data (Aaker, Kumar, Day and Leone, 2011:389; Malhotra, 2007:468) in order to determine the sample profile.

1.7 DEMARCATION OF THE STUDY

This section provides an overview of the preliminary chapter classification for this thesis, which is presented in the five chapters described below:

Chapter 1 is the introductory chapter and provides a contextual overview of the study. It presents the theoretical and practical context of the study, the research problem and the primary and secondary objectives of this study. This chapter also discussed in detail the research methodology that was followed, and presents the structure of the rest of this thesis, which includes three articles in the form of research papers, that were written and submitted to international academic journals.

Chapter 2 presents the first article of this thesis, “Perceived price and service quality as mediators between price fairness and perceived value in business banking relationships: A micro-enterprise perspective”. It explores the antecedents of micro-enterprises’ perceived value of banking services in order to form an understanding of how to structure a value creation strategy in business banking. The purpose of this research paper was to establish perceived price and service quality as antecedents of micro-enterprises’ perceived value in business banking and also to determine the role of price fairness in the interrelationship between micro-enterprises’ price, service quality, and value perceptions within the business banking industry. This article was submitted to the *International Journal of Bank Marketing*, a B-rated journal according to the Australian Deans’ Business Council’s journal quality list (ABDC-list), and was accepted for publication, providing that the minor changes suggested by the article’s reviewers were addressed.

Chapter 3 presents the second article, “Economic and non-economic satisfaction as outcomes of micro-enterprises’ perceived value from banking relationships”. It analyses the relationship between micro-enterprises’ perceived value, its antecedents and economic and non-economic satisfaction as outcomes of the value creation process. The purpose of this research paper was to establish whether economic and non-economic satisfaction are distinct outcomes of micro-enterprises’ perception of value of business banking services, and also to determine the interrelationship between micro-enterprises’ price, service quality, and value perceptions, and their economic and non-economic satisfaction within the business banking industry. This article was submitted to the *Journal of Relationship Marketing*, a C-rated journal according to the ABDC-journal quality list, and was under review by the journal at the time of the submission of this thesis.

Chapter 4 presents the third and final article of this thesis, “Outcomes of perceived value in business banking relationships: A multidimensional approach to satisfaction and loyalty”. It explores the behavioural outcomes of micro-enterprises’ perceived value, economic satisfaction, and non-economic satisfaction, by incorporating attitudinal and behavioural loyalty. The purpose of this research paper was to establish whether economic and non-economic satisfaction are distinct outcomes of micro-enterprises’ perception of value of business banking services, and to establish attitudinal loyalty and behavioural loyalty as distinct outcomes of micro-enterprises’ perception of value and their satisfaction with business banking services. This article was submitted to the *Journal of Business and Industrial Marketing*, an A-rated journal according to the ABDC-journal quality list, and was also under review by the journal at the time of the submission of this thesis.

Chapter 5, the final chapter of this thesis, is based on the overall findings of this study, and presents its conclusions and recommendations. Chapter 5 also proposes a model depicting the interrelationships between micro-enterprises’ price fairness, perceived price, service quality, perceived value, economic satisfaction, non-economic satisfaction, attitudinal loyalty, and behavioural loyalty in the business banking industry. The study’s contribution to both theory and practice, its limitations, and suggestions for future research are concluded in chapter 5.

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CHAPTER 2

PERCEIVED PRICE AND SERVICE QUALITY AS MEDIATORS BETWEEN PRICE FAIRNESS AND PERCEIVED VALUE IN BUSINESS BANKING RELATIONSHIPS: A MICRO-ENTERPRISE PERSPECTIVE

Chapter 2 presents the first article of this study, where the antecedents of perceived value amongst micro-enterprises in a business banking setting were examined, thus building the foundation of the thesis. The purpose of this research paper was to establish perceived price and service quality as antecedents of micro-enterprises' perceived value in business banking and also to determine the role of price fairness in the interrelationship between micro-enterprises' price, service quality, and value perceptions within the business banking industry.

This article was submitted to the *International Journal of Bank Marketing* (a B-rated journal according to the ABDC journal quality list) and was accepted for publication providing that minor changes suggested by the article's reviewers were addressed. While the reviewers' comments enhanced the overall value of the paper, the article presented in this chapter remains in its original form as first submitted to the International Journal of Bank Marketing (an Emerald Publication). Consistent with Emerald Publishing guidelines, this article was written in US English and its referencing was done in Harvard Style. Headings, page margins, font and font size are presented here not according to editorial guidelines, but were kept consistent throughout the thesis. For a copy of editorial guidelines, see Appendix B.

Chapter 2 concludes with main findings from this article contributing to the overall objectives of this doctoral thesis.

CHAPTER 2

PERCEIVED PRICE AND SERVICE QUALITY AS MEDIATORS BETWEEN PRICE FAIRNESS AND PERCEIVED VALUE IN BUSINESS BANKING RELATIONSHIPS: A MICRO-ENTERPRISE PERSPECTIVE

ABSTRACT

Paper type – Research Paper

Purpose – The purpose of this paper is to determine whether perceived price and service quality are mediators in the relationship between price fairness and perceived value in service encounters between micro-enterprises and their banks.

Design/methodology/approach – The study is based on a self-administered and Internet-based questionnaire conducted in the banking industry. The sample consists of 381 micro-enterprises in South Africa that employ one or two people.

Findings – Provides evidence for both theory and practice that perceived price and service quality influence the relationship between business banking customers' perception of price fairness and the value of the service offered.

Research limitations/implications – The measurement and structural properties reported are satisfactory. Confirms the hypothesized relationships in the tested research model, and rejects a tested rival model. Limitations are reported, and suggestions for further research are provided.

Managerial implications – The study offers banking executives guidance in managing the pricing structure of their services, and highlights the value of offering greater transparency with regards to service charges and interest rates.

Originality/value – Contributes to insights into the mediating effects of perceived price and service quality between price fairness and perceived value in business relationships between micro-enterprises and their banks.

Keywords: price fairness, perceived value, perceived price, service quality, micro-enterprises, banking industry

2.1 INTRODUCTION

Small, medium, and micro-enterprises (SMMEs) play an essential role in any economy, as they are viewed as the key drivers of economic growth, innovation, and job creation (Kozubíková *et al*., 2015:41). Micro-enterprises, in particular, provide rich entrepreneurial opportunities that contribute to economic growth; however, this growth is largely impacted by the development and spread of bank infrastructure, which in turn is essential to facilitate entrepreneurial activity and business start-ups (Autio and Fu, 2015:67; Lee and Hung, 2014:16).

Since micro-enterprises are dependent on banks for loans and trade credit, they provide valuable opportunities for profitable growth if a loyal customer base is retained (Baas and Schrooten, 2006:127; Zineldin, 1995:30). According to Ibbotson and Moran (2003:94), business customers are increasingly more demanding; and as a result banks must focus on the creation of greater value for micro-enterprises to gain a competitive advantage and ensure customer retention.

In order to enhance the perceived value of banking services, perceived service quality must exceed perceived price, as customers generally attribute value to a product or service based on to their perception of these two elements (Matzler *et al.*, 2006:220; Lichtenstein *et al.*, 1990:54). While the component of service quality has been investigated in great depth in the banking industry (see Chen *et al.*, 2012; Hu *et al.*, 2009; Seth *et al.*, 2005; Newman, 2001; Holmlund and Kock, 1996), relatively few studies have investigated the price component in detail (Varki and Colgate, 2001:223).

This is surprising, given the central role that price plays in business customers' selection of a bank and the complexity of pricing structures in the banking industry. This complexity results in reasonability, transparency, and fairness in banks' service charges being major issues for customers in this industry (Kaura *et al.*, 2014:130; Kaura *et al.*, 2013:516). However, little attention has been paid to analyzing how business customers' perceptions of price fairness might shape their perceived value, with almost no studies specifically investigating it within a micro-enterprise banking environment.

To fill the gap in the literature, this study aims to determine the role of price fairness in micro-enterprises' overall perceptions of price, service quality, and value. By combining price fairness into the value creation model, the current study adds to research efforts on the relationship of perceived value with perceived benefits and perceived sacrifices (Jaakkola and Hakanen, 2013:48).

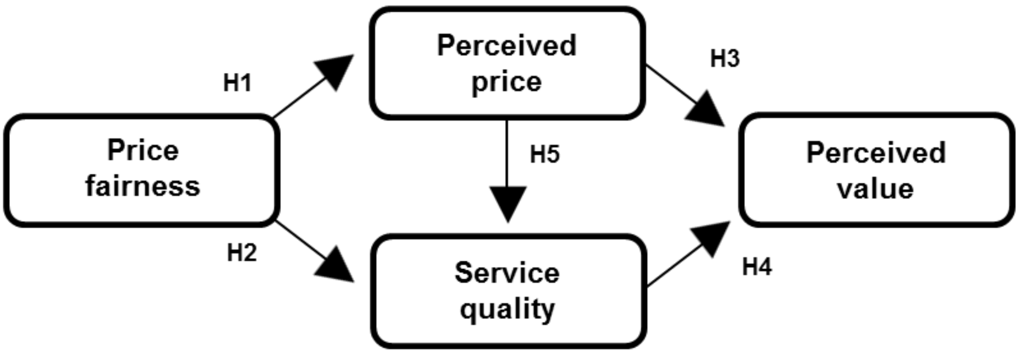
The research objective, therefore, is to test perceived price and service quality as mediators between price fairness and perceived value in service encounters between micro-enterprises and their banks. This study could thus provide guidelines to determine which essential constructs to consider in the development of a business' banking value creation strategy.

The rest of the paper is organized as follows: First, the theoretical framework is described and the existing literature is reviewed. In this section, the concepts of price fairness, perceived price, and service quality are explained and linked to perceived value. This is followed by an explanation of the methodology adopted. Thereafter, the study's results and conclusions are presented. Finally, research and managerial implications, are offered and conclusions, limitations of the research, and suggestions for further research are provided.

2.2 THEORETICAL FRAMEWORK AND HYPOTHESES

The research model used in this study, illustrated in Figure 1, postulates that a positive assessment of price fairness leads to a positive view of customers' perception of price and service quality, which in turn results in a positive view of perceived value. These relationships are based on existing research on what drives the perceived value of a service offering (Zeithaml, 1988), how service quality is evaluated (Parasuraman *et al*., 1988), how customers arrive at a perception of a reasonable price (Martins and Monroe, 1994), and the impact of price fairness on perceptions of price, service quality, and value (Oh, 2003). Detailed theoretical foundations for the research model are offered next.

Figure 1: Research model



2.2.1 Price fairness

Bolton *et al.* (2003:475) define fairness as the extent to which outcomes are judged reasonable and just. Although researchers have developed various theories to acquire an understanding of how and when customers form their judgment of price fairness, there is still no clear understanding of the factors contributing to its development (Xia *et al.*, 2004:1).

Studies of the notion of outcome are derived from Adam's (1965:278) primary work on social exchange. A key component of social exchange is distributive justice, which maintains that the fairness of an exchange relationship is judged based on the just allocation of rewards in proportion to what the customer have been invested in the relationship (Herrmann *et al.*, 2007:50; Xia *et al*., 2004:2).

More recently, the concept of procedural justice has gained attention, relating to whether the organization has 'played fair' by following process rules when setting the price (Maxwell, 2002:192; Gielissen *et al.*, 2008:371). Ferguson and Ellen (2013:404) conclude that customers can therefore judge the overall fairness of a price by the outcome fairness of the offered price and by the procedural fairness of the process for setting prices or making price changes.

2.2.2 Price fairness and perceived price

Price signifies an extrinsic cue that is a key source of information for customers when making a purchasing decision and their subsequent evaluation of services (Ryu and Han, 2010:314; Lin *et al.*, 2005:324). While price essentially refers to the amount of money charged for a product or service (Khandelwal and Bajpai, 2012:94), from the customer's view, price is what has to be sacrificed to obtain that product or service (Zeithaml, 1988:10).

Defining price as a sacrifice is consistent with the conceptualizations of other pricing researchers. However, most researchers agree that a distinction needs to be made between *actual price* and *perceived price* (Kim *et al.*, 2012:243; Bei and Chiao, 2001:129; Lichtenstein *et al.*, 1988:243).

Zeithaml (1988:10) explains that customers do not always know or remember the actual pricing of products and services, but rather encode pricing in ways that are meaningful to them. This encoding converts into subjectively interpreted information, with the actual price becoming significant only when the customer evaluates it as being 'high', 'acceptable', or 'reasonable' (Monroe and Lee, 1999:208).

Oh and Jeong (2004:343) highlight that subjective perceptions of price are formed *comparatively*, in other words against a price range or reference price. Perceived price is thus customers' subjective evaluations of the reasonableness of a price for a product or service in comparison with competitors' reference prices (Han and Hyun, 2015:22; Lin, 2013:209).

According to Ferguson and Ellen (2013:404), competitors' prices and the price other customers have paid is freely available to customers when evaluating the organization's offered pricing. In this sense, an organization's implementation of pricing strategies would be easier if customers considered the offered price as fair and transparent (Heussler *et al*., 2009:336).

If organizations fail to be transparent about pricing it can result in customers' distrust, while greater transparency about price information can be perceived by customers as carrying more persuasive power (Miao and Mattila, 2007:534). Customers may also view secrecy and hidden charges as unfair pricing practices, with the question raised of what the organization has to hide (Kaura *et al*. 2014:130; Ferguson and Ellen, 2013:411).

Therefore, how pricing information is presented in varying degrees of transparency can influence customers' perceptions of the reasonableness of the price (Miao and Mattila, 2007:532). This is based on the principle of dual entitlement, which states that customers are entitled to a reasonable price and organizations to a reasonable profit, with prices violating this reference transaction perceived as unfair (Oh, 2003:390; Kahneman *et al*., 1986:729). In light of the preceding discussion and findings, it is hypothesized that:

> *H_1: Price fairness relates positively to perceived price.*

2.2.3 Price fairness and service quality

Service quality is one of the most studied and debated topics in the services marketing literature (Prakash and Mohanty, 2013:1051; Caceres and Paparoidamis, 2007:840; Zins, 2001:274; Lee *et al*., 2000:217). Unlike product quality, which has tangible indicators for measuring quality objectively (Garvin, 1983:68), service quality is an abstract construct because of its service characteristics of inseparability, intangibility, and heterogeneity (Parasuraman *et al*., 1988:13).

Thus, in the absence of objective measures, Bamert and Wehrli (2005:135) suggest that an appropriate approach to measuring service quality is to measure customers' perceptions thereof. In this regard, service quality perceptions are generally defined as customers' global judgments or attitudes about a service's overall superiority that are formed subjectively at the time of use (Kang, 2006:38; Zeithaml, 1988:3). This judgment is based on the disconfirmation of expectations paradigm, which suggests that service quality results from an evaluation of expectations with perceived performance (Bolton and Drew, 1991:376; Parasuraman *et al*., 1985:49; Grönroos, 1984:36).

Bennett and Barkensjo (2005:90) argue that perceptions of service quality develop over a period of time, not from a single encounter. So customers evaluate performance at multiple levels, and ultimately combine these evaluations to form an overall service quality perception (Brady and Cronin, 2001:37). In support of this view, Dagger *et al*. (2007:135) established a hierarchical service quality scale that allows researchers to measure service quality on three levels: an overall level, a dimensional level, and a subdimensional level. This hierarchical structure offers researchers a choice about the level of detail to be measured. The present study follows this approach, and only measures service quality at the overall level to get a broader indication of an organization's service quality.

According to Singh and Sirdeshmukh (2000:164), in the absence of adequate information to formulate confident expectations, customers generally rely on organizations' pricing to judge overall service quality. While there is a common belief that a higher price means better quality (Scitovszky, 1944:100), Oh (2003:397) found that significant overpricing is inclined to lower customers' overall service quality perceptions.

Carr (2007:108) adds that customers do not only evaluate services against expectations, but also through comparisons with the norms of fairness. In view of this, Matzler *et al*. (2006:227) urge service organizations to focus on providing high service quality at an appropriate price, and on treating customers fairly by offering transparent price information.

Apart from the precise communication, having a clear pricing policy should also be a major goal for organizations, thereby enhancing customers' experience of price fairness and subsequently improving overall service quality perceptions. Hence, it is hypothesized that:

> *H_2: Price fairness relates positively to service quality.*

2.2.4 Perceived price, service quality, and perceived value

Perceived value research is an interdisciplinary area in the services marketing literature, derived from psychology, sociology, economics, and business concepts, and recognized to be a fundamental aspect of strategic management (Boksberger and Melsen, 2011:229; Sánchez-Fernández and Iniesta-Bonillo, 2006:41). From the customer's viewpoint, obtaining value is a primary purchase objective that is therefore pivotal to successful exchange transactions (Chen and Hu, 2010:406; Grönroos, 2004:108; Patterson and Spreng, 1997:414; Holbrook, 1994:22; Bagozzi, 1975:33).

Based on social exchange theory (Emerson, 1976:336; Blau, 1964:5; Homans, 1958:606), perceived value is derived from reciprocal exchange transactions containing a ratio of tangible and intangible exchange actions. Thus, perceived value is commonly defined as customers' overall evaluation of the utility of a service based on perceptions of what is given and what is received (Boksberger and Melsen, 2011:23; Patterson and Spreng, 1997:416; Zeithaml, 1988:13).

Perceived value is subsequently regarded from a utilitarian perspective, whereby cognitive and economic reasoning is used to measure the costs and possible benefits associated with the purchase (Jahanzeb *et al*., 2013:129; Sánchez-Fernández and Iniesta-Bonillo, 2007:431). Early studies in the utilitarian approach focused mainly on price, and on an analysis of the price-quality relationship, defining value as the ratio of quality to price (Lichtenstein *et al*., 1990:54); the balance between the quality and the sacrifice by the payment of price (Monroe, 1990:51); and the cognitive trade-off between quality and sacrifice perceptions (Dodds *et al*., 1991:308).

In a service context, the benefits component – what customers receive from the purchase – is mostly conceptualized as the cognitive response of service quality (Lapierre, 2000:125). For example, several researchers agree that customers' perceived value of a service can be improved either by offering superior service quality or by reducing customers' perceived cost associated with obtaining such services (Cronin *et al*., 2000:196; Ravald and Grönroos, 1996:24).

Price, therefore, tends to offset service quality perceptions toward customers' value perceptions, whereas price fairness perceptions tend to enhance value perceptions (Oh, 2002:136). Several researchers' findings support the notion that perceptions of price fairness effect customers' perceptions of value (Kukar-Kinney *et al*., 2007:334; Oh and Jeong, 2004:356; Xia *et al*., 2004:6; Martins and Monroe, 1994:77). Also, Oh (2003:396) studied the effects of price fairness on overall price, service quality, and value judgments, and found that asymmetric effects on perceived value were mediated by perceived price and perceived service quality. Thus, it is hypothesized that:

H_3: Perceived price relates positively to perceived value.
H_4: Service quality relates positively to perceived value.

Brady and Cronin (2001:34) highlight that a customer's assessment of value is defined by the combination of perceived price as a sacrifice component, and perceived service quality as a benefit component. While price is usually seen as a monetary sacrifice for obtaining a product or service, it also serves as an important extrinsic signal for quality judgments (Kwun and Oh, 2004:34). The custom of using price as an indicator of quality stems from the belief that market prices are determined by the forces of competitive supply and demand (Dodds *et al*., 1991:308). Thus customers expect high quality when the perceived price is high (Suri *et al*., 2003:381). At the same time, however, the higher the perceived price, the greater the sacrifice that the customer needs to make, thus possibly resulting in a negative influence on perceived value (Oh, 1999:75). The relationship between perceived price, service quality, and perceived value can be explained in part by the assimilation-contrast theory, which hold that customers have a range of prices that are acceptable to pay, and customers can refrain from purchasing if the price is considered too high, while being suspicious of the quality if the price is lower than what is considered acceptable (Dodds *et al*., 1991:381; Kalyanaram and Winer, 1995:162; Kosenko and Rahtz, 1988:328). Finally, if a price is unacceptable, it can be inferred that the offer holds little or no value for the customer. Therefore, perceptions of the reasonableness of a price influence perceptions of service quality, which in turn has a positive influence on value (Sweeney *et al*., 1999:85). It is therefore hypothesized that:

H_5: Perceived price relates positively to service quality.

2.3 METHODOLOGY

2.3.1 Research context and sample

This study was conducted in a business banking environment, with the sample comprising South African micro-enterprises that employed one or two people. The sample was extracted from a database provided by one of South Africa's largest banks and convienence sampling methods were followed to obtain a sample of micro-enterprises. The study follwed a descriptive research design, and an online, self-administered questionnaire was used to gather data from respondents. The data collection phase yielded a total of 381 usable questionnaires, obtained from micro-enterprises operating in various business sectors. The majority (14.2 per cent) were from professional, scientific, and technical industries, followed by financial and insurance activities (9.2 per cent), wholesale and retail trade (8.7 per cent), and human health and social work activities (7.6 per cent). the wholesale and retail trade (9 percent). Almost half of the participating businesses (43 per cent) had an annual turnover of less than R500,000 ($35,700). Respondents were predominantly the owner of their respective business (72 per cent). An initial screening question ensured that respondents had satisfactory knowledge about their business' perception of its main bank, as per Campbell's (1955:340) recommendation that respondents need to be competent enough in the subject matter under investigation.

2.3.2 Measures and scale items

Table 1 provides a detailed description of the items and related original sources of each construct. Each item was measured using a five-point Likert-type scale where 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, and 5 = strongly agree.

Table 1: Items, sources, factor loadings, and explained variance per item

Construct and items	Related sources	Factor loading	Explained variance
Perceived price	Kaura *et al. (*2013:518)		
(a) This bank pays reasonable interest rates on deposits.		0.59	0.77
(b) This bank charges reasonable service fees.		0.68	0.82
(c) This bank charges reasonable interest rates on loans.		0.48	0.69
Price fairness	Kaura *et al*. (2013:518)		
(a) This bank is transparent about its service charges.		0.72	0.85
(b) There are no hidden charges for the products and services offered by this bank.		0.74	0.86
(c) This bank keeps customers informed of price changes.		0.42	0.65
Service quality	Dagger *et al.* (2007:137)		
(a) The overall quality of the service provided by this bank is excellent.		0.82	0.91
(b) The quality of service provided at this bank is impressive.		0.86	0.93
(c) The service provided by this bank is of a high standard.		0.87	0.93

Table 1: Items, sources, factor loadings, and explained variance per item (continues)

Construct and items	Related sources	Factor loading	Explained variance
Perceived value	Lai *et al*. (2009:683)		
(a) Overall, the service we receive from this bank is valuable.		0.82	0.90
(b) This bank offers us good value for our money.		0.85	0.92
(c) Overall, our business receives good value from this bank.		0.86	0.93

2.4 RESULTS

The proposed research model was analyzed using AMOS 23.0 software in Anderson and Gerbing's (1988:411) recommended two-step approach, which highlights the analysis of two conceptually distinct variable models: (1) the measurement model and (2) the structural model. This order allows researchers to ensure that latent variables have satisfactory reliability and validity before conclusions are drawn on hypothesized relationships (Hair *et al*., 2013:618; Fornell and Larcker, 1981:40). Woo and Ennew (2004:1265) add that the measurement model allows convergent and discriminant validity to be assessed, while the structural model provides an assessment of predictive and nomological validity.

2.4.1 Goodness-of-fit measures – measurement model

The fit of the measurement model was evaluated by means of a confirmatory factor analysis using four constructs (price fairness, perceived price, service quality, and perceived value) and 12 indicator variables, as shown in Table 1. No items were found to have cross loadings of 0.3 or greater to warrant being dropped from the analysis. The measurement model provided a good fit of the data, as the fit indices were all well within recommended guidelines (Hair *et al*., 2014:745-9). These results are presented in Table 2.

Table 2: Measurement model – goodness-of-fit measures

CMIN	DF	P	CMIN/DF	NFI	RFI	IFI	TLI	CFI	RMSEA
167.323	48	.000	3.486	0.960	0.944	0.971	0.960	0.971	0.081

2.4.2 Construct reliability and validity

According to Fornell and Larcker (1981:45), researchers must demonstrate satisfactory levels of validity and reliability when evaluating a measurement model. In assessing measurement reliability, the composite reliability measure was used, which is often considered superior to the frequently used Cronbach's coefficient alpha in estimating true reliability. Peterson and Kim (2013:194) explain that this is due to the construct loadings or weights for coefficient alpha being constrained to be equal, while in composite reliability measures the loadings are allowed to vary. Interpreted like a Cronbach's alpha, high levels of reliability are indicated by composite reliability coefficients of 0.7 and above (Hair *et al*., 2013:458). Table 3 shows that all latent variables exceeded this threshold, with results ranging between 0.85 and 0.95.

Apart from measurement reliability, construct validity was assessed by investigating the underlying constructs' relationship with other constructs, in terms of both convergent validity (related relationships) and discriminant validity (unrelated relationships) (Pallant, 2013:7). Table 3 reveals convergent validity in that the average variance extracted (AVE) from each construct exceeded the 50 per cent benchmark, ranging from 59 to 84 per cent. The AVE was then compared with the squared inter-construct correlations to assess discriminant validity (Hair *et al*., 2013:458). For confirmation of discriminant validity, the AVE should be greater that the corresponding squared inter-construct correlations, which was the case for all constructs, with the exception of that between perceived value and perceived price, as shown in Table 3. It can thus be concluded that the model measures distinct constructs.

Table 3: Squared inter-construct correlations and summary statistics

Construct	(1)	(2)	(3)	(4)
(1) Perceived price	1,000			
(2) Price fairness	0,54	1,000		
(3) Service quality	0,42	0,40	1,000	
(4) Perceived value	0,64	0,52	0,84	1,000
Variance explained	59%	61%	85%	84%
Composite trait reliability	0.85	0.86	0.95	0.95

2.4.3 Structural model

After achieving an acceptable fit of the measurement model, the structural model was estimated using structural equation modeling.

The overall goodness-of-fit measures indicate that the structural model fits the data well, as shown in Table 4. RMSEA achieves the recommended threshold, while NFI, RFI, IFI, and CFI are all above the recommended threshold.

Table 4: Structural model – goodness-of-fit measures

CMIN	DF	P	CMIN/DF	NFI	RFI	IFI	TLI	CFI	RMSEA
168.623	49	.000	3.441	0.959	0.945	0.971	0.960	0.971	0.080

2.4.4 Hypotheses tests

Table 5 presents the hypotheses tests results, which provide support for all five of the hypothesized structural paths. From the regression weights it is clear that the structural path associated with the highest influence was found to be the one between price fairness and perceived price (β = 0.746). The influence between price fairness and service quality is lower, but still significant (β = 0.337). It is also evident that service quality is a stronger precursor of perceived value (β = 0.678) than perceived price is of perceived value (β = 0.399). Finally, perceived price relates positively to service quality (β = 0.367). Since all the hypothesized relationships in the structural model were found to be significant, nomological validity is confirmed.

Table 5: Tests of hypotheses

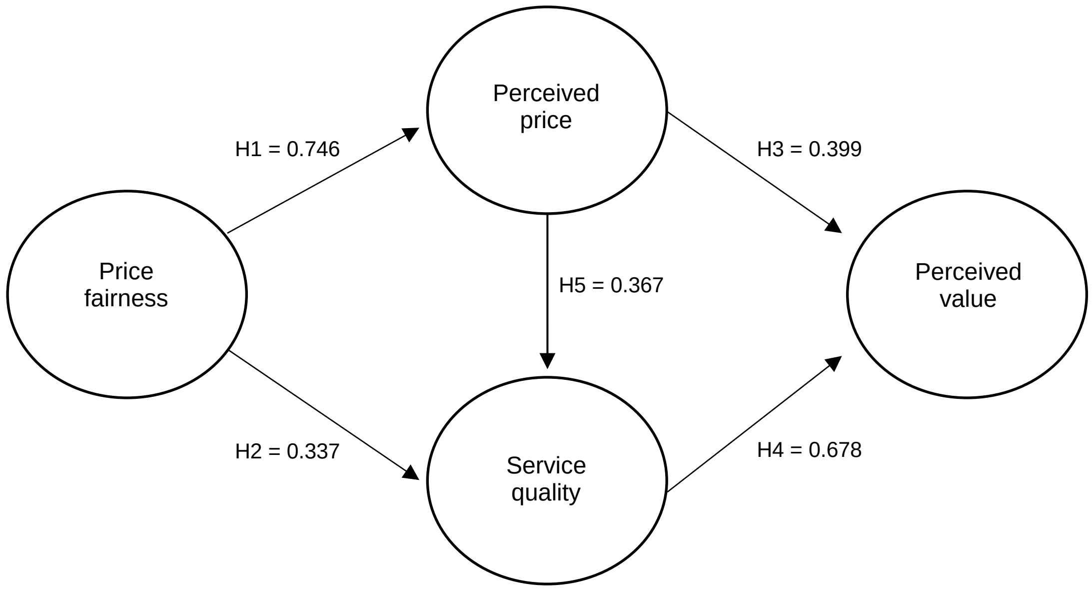
Hypothesis	Endogenous construct	Exogenous construct	Regression weight	Significance	Finding
1	Perceived price	Price fairness	0.746	0.00	Supported
2	Service quality	Price fairness	0.337	0.00	Supported
3	Perceived value	Perceived price	0.399	0.00	Supported
4	Perceived value	Service quality	0.678	0.00	Supported
5	Service quality	Perceived price	0.367	0.00	Supported

2.4.5 Rival model

A rival model was also tested, which included a hypothesized relationship between the constructs of price fairness and perceived value, and a direct significant relationship between them was found. When perceived price and service quality were included in the research model, this hypothesized relationship turned out to be non-significant.

The regression weights for the relationship between price fairness and perceived value changed from 0.715 (p-value: 0.000) to 0.052 (p-value: 0.248) with the inclusion of perceived price and service quality. Moreover, the parsimony-adjusted measures were lower in the rival model (PRATIO: 0.727; PNFI: 0.698; PCFI: 0.706) than in the research model (PRATIO: 0.742; PNFI: 712; PCFI: 0.721). Thus it can be confirmed that there is a better model fit for the tested research model without the direct relationship between price fairness and perceived value. It can therefore be concluded that the results support the notion that perceived price and service quality are mediators between price fairness and perceived value. The final research model is presented in figure 2:

Figure 2: Structural model



2.5 RESEARCH IMPLICATIONS

Drawing on social exchange theory, this study tested a research model that investigated the relationships between price fairness, perceived price, service quality, and perceived value. Specifically, it tested the mediating effect of perceived price and service quality between price fairness and perceived value. The study took place in a business banking setting focusing on micro-enterprises.

The results of this study support all five postulated hypotheses, and reject a sixth hypothesis about the direct relationship between price fairness and perceived value that was tested additionally in a rival model. The results reveal that micro-enterprises' perceptions of price fairness are important drivers of their subsequent price, service quality, and value perceptions.

This study shows that customers' perceptions of price fairness entail the notions of transparency, hidden costs, and open communication about price increases, which stimulate their perception of a reasonable price. Kaura (2012:87), in contrast, found that if customers perceive price as reasonable, then it is likely to be fair and transparent, which indicates that these two constructs are highly correlated and are not necessarily causal.

The results of the study further reveal that organizations providing ongoing information and support for their pricing policy can enhance customers' experience and improve their service quality perceptions. This finding is consistent with Oh (2003:391), who found that price fairness generated a strong influence on perceived service quality, which in turn influenced perceived value positively.

Furthermore, the positive relationship found between service quality and perceived value is consistent with the arguments of Callarisa Fiol *et al*. (2011:132) and Varki and Colgate (2001:233), who view the cognitive response of service quality as the main benefit component of perceived value. The positive relationship between perceived price and perceived value is also consistent with previous research – for example, by Faroughian *et al*. (2012:73), who found that customers' perceived value can be enhanced by reducing the sacrifice associated with acquiring services. In other words, organizations should handle their business customers' price perceptions by providing them with reasonable and attractive prices without lowering the quality of the services offered.

Despite the important role that price fairness plays in developing customers' perceptions of service quality and price, which in turn influence their perceptions of value, no direct relationship between price fairness and perceived value exists in this study. However, the results are in line with the findings of Oh (2003:396) that value perceptions were only indirectly influenced through customers' price and service quality perceptions.

2.6 MANAGERIAL IMPLICATIONS

The results of this study have implications for the management of customer relationships with micro-enterprises in the banking industry. Since the pricing structure of banking services is complex, banking executives must offer greater transparency about their service charges and interest rates to enable customers to compare banking fees with other sources of finance.

Any changes in the bank's pricing policy need to be communicated clearly and timeously to customers, with sufficient information to allow them fully to understand the implication of the price change. Bank executives should therefore take into account that unjustifiable increases might cause customers to view the new price as unreasonable, which could lead to a lower perception of value, and possibly lead to customer defection.

Open communication about expected price adjustments will not only provide customers with the necessary information to make informed decisions about how to structure their accounts, loans, and investments, but also enhance their experience with the bank, leading to a perception of a bank that offers excellent quality service. This will then also increase customers' perception of the value offered by the bank.

This study reinforces the importance of a balanced price-quality ratio. However, since service quality was found to be a stronger precursor of perceived value than perceived price, bank executives must aim to maintain an exceptionally high standard of service. Bank executives can then turn the quality of the bank's service offering into a competitive advantage to generate higher value in an effort ultimately to retain a loyal customer base and increase their profitability.

2.7 CONCLUSIONS AND SUGGESTIONS FOR FUTURE RESEARCH

This study contributes to confirming the mediating effects of perceived price and service quality between price fairness and value perceptions in business relationships between micro-enterprises and their banks. It contributes to both theory and practice, providing empirical evidence that perceived price and service quality influence the relationship between price fairness and perceived value.

Despite the study results having significant theoretical and managerial implications for both researchers and practitioners, this research nevertheless has several limitations that could guide future research in further exploring the measurement and structural properties of the research model offered in this study.

This study sampled only micro-enterprises in South Africa, and so its findings might not be universally applicable to small, medium, or large businesses operating in South Africa or in other countries. Generalization of the study results is further limited since this study is located in the business banking industry. The inclusion of additional industries and business-to-business settings is likely to increase the validity and reliability of the results.

The omission of other constructs that might be pertinent in business banking relationships can also be considered a limitation of this study, as well as the manner in which price fairness was defined. The definition of price fairness focused on transparency, hidden charges, and the communication of price changes; but this might not encompass matters related to inequities in price-quality comparisons (Oh and Jeong, 2004:358; Adams, 1965:278).

Therefore, an opportunity for future research is to consider expanding the construct and measurement properties of price fairness. Furthermore, additional constructs can be included in the tested research model – specifically, constructs that can expand on the consequences of price fairness, price, service quality and value perceptions, such as economic and non-economic satisfaction.

Since satisfaction is often studied in relation to service quality and perceived value, the addition of more price-related constructs, such as price fairness and perceived price, could expand on how to achieve higher levels of customer satisfaction, particularly within the banking industry, where customer dissatisfaction with pricing has been reported to be one of the main reasons that customers switch banks (Gupta and Dev, 2012:618).

While there are several study limitations, they offer multiple opportunities for further research across industries and countries, as well as expanding the research model with additional constructs.

Future research could also include the perceptions of small, medium and large enterprises, and those in other countries and cultural contexts, to further assess the measurement model and structural model's properties. This would contribute to an improved understanding of the factors business banks need to consider in the formation of a value creation strategy.

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MAIN FINDINGS FROM CHAPTER 2 CONTRIBUTING TO THE OVERALL OBJECTIVES OF THIS THESIS

Main finding 1, Chapter 2:

The measurement scale of price fairness, with items adapted from Kaura *et al*. (2015, 2013), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 2, Chapter 2:

The measurement scale of perceived price, with items adapted from Kaura *et al*. (2015, 2013), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 3, Chapter 2:

The measurement scale of service quality, with items adapted from Dagger *et al*. (2007:137), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 4, Chapter 2:

The measurement scale of perceived value, with items adapted from Lai *et al*. (2009:683), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 5, Chapter 2:

Micro-enterprises' perception of value was significantly influenced by their perception of the bank's pricing.

Main finding 6, Chapter 2:

Micro-enterprises' perception of value was significantly influenced by their service quality perceptions.

Main finding 7, Chapter 2:

Micro-enterprises' service quality perceptions were a stronger precursor of their value perceptions than their price perceptions were.

Main finding 8, Chapter 2:

Micro-enterprises' perceptions of the bank's pricing significantly influenced their service quality perceptions.

Main finding 9, Chapter 2:

Perceptions of price fairness among micro-enterprises significantly influenced their perception of the bank's pricing.

Main finding 10, Chapter 2:

Micro-enterprises' perception of the bank's service quality were significantly influenced by their perceptions of price fairness.

Main finding 11, Chapter 2:

Price fairness had a stronger relationship with micro-enterprises' perception of the bank's price than with their perception of the banks' service quality.

Main finding 12, Chapter 2:

Perceived price and service quality mediate the effect of micro-enterprises' perceptions of price fairness on their perceptions of value.

CHAPTER 3

ECONOMIC AND NON-ECONOMIC SATISFACTION AS OUTCOMES OF MICRO-ENTERPRISES' PERCEIVED VALUE FROM BANKING RELATIONSHIPS

Chapter 3 presents the second article of this study, where outcomes of micro-enterprises' perception of value in a business banking setting were examined in relation to the antecedents of perceived value. The purpose of this research paper was to establish whether economic and non-economic satisfaction are distinct outcomes of micro-enterprises' perception of value of business banking services, and also to determine the interrelationship between micro-enterprises' price, service quality, and value perceptions, and their economic and non-economic satisfaction within the business banking industry.

This article was submitted to the *Journal of Relationship Marketing*, a Taylor & Francis Publication, and is under review by the journal. The Journal of Relationship Marketing is a C-rated journal according to the ABDC-journal quality list. The article presented in this chapter remains in its original form as first submitted to the Journal of Relationship Marketing. Consistent with Taylor & Francis guidelines, this article was written in US English. Headings, page margins, font and font size are presented here also not according to editorial guidelines, but were kept consistent throughout the thesis. For a copy of editorial guidelines, see Appendix C.

Chapter 3 concludes with main findings from this article contributing to the overall objectives of this study.

CHAPTER 3

ECONOMIC AND NON-ECONOMIC SATISFACTION AS OUTCOMES OF MICRO-ENTERPRISES' PERCEIVED VALUE FROM BANKING RELATIONSHIPS

ABSTRACT

Paper type – Research Paper

Purpose – The purpose of this paper is to position economic and non-economic satisfaction as outcomes of micro-enterprises' perception of value, and to determine the antecedents of perceived value within the business banking industry.

Design/methodology/approach – The study is based on a self-administered and Internet-based questionnaire conducted in the South African business banking industry. The sample consists of 381 micro-enterprises that employ one or two people.

Findings – The results reveal that economic satisfaction and non-economic satisfaction are influenced by customers' perceived value, and that price fairness influences perceived value through the mediating effects of perceived price and service quality. Significant relationships were also found between perceived price and economic satisfaction, and between economic satisfaction and non-economic satisfaction.

Research limitations/implications – The measurement and structural properties of the model are satisfactory. However, statistically the findings cannot be generalized beyond the scope of this study – namely, micro-enterprises as business customers of South African banks.

Managerial implications – The study offers banking executives insight into factors that influence micro-enterprises' perception of value, and the consequences of higher perceived value in terms of their economic and non-economic satisfaction levels.

Originality/value – Micro-enterprises are an under-researched target group in the areas of price, service quality, value, and satisfaction within the business banking industry. The study further contributes to theory by being among the first to posit economic and non-economic satisfaction as dual outcomes of perceived value.

Keywords – Price fairness, perceived value, economic satisfaction, non-economic satisfaction, micro-enterprises, banking industry

3.1 INTRODUCTION

In the development, establishment, and maintenance of long-term business relationships with customers in the banking industry, creating superior value has long been recognized as a competitive strategy to forge closer relationships (Porter and Kramer, 2011:4; Ravald and Grönroos, 1996:20). Despite the resurgence of interest in the value construct, however, many banks continue being trapped in an outdated approach to value creation, only viewing "value" as a way to optimize short-term financial performance, while ignoring influences that could lead to their long-term success (Tournois, 2015:83).

Several authors (e.g., O'Cass and Sok, 2013:1075; Gounaris *et al*., 2007:80; Yang and Peterson, 2004:815) agree that customers' perception of the value received is key to achieving performance outcomes such as higher customer satisfaction. So it is vital to determine the sources of business banking customers' perception of value so that banks can better satisfy customers' needs (Lam *et al*., 2004:294).

The relationship between perceived value and customer satisfaction can be explained by the social exchange theory (Emerson, 1976:336; Blau, 1964:5; Homans, 1958:606), which holds that exchange interactions contain an "exchange ratio" of tangible and/or intangible actions that – when compared with other exchange alternatives by means of a cost-benefit analysis – result in economic and social outcomes that produce reciprocal obligations (Lambe *et al*., 2001:6).

In the context of business relationships, perceived value can be viewed as customers' judgments based on a comparison of the service quality they receive (benefits) with the price they pay (costs/sacrifices) (Lapierre, 2000:125), while customer satisfaction refers to business customers' appraisal of all outcomes of their relationships with organizations (Geyskens and Steenkamp, 2000:11). In their pioneering meta-analytical study, Geyskens *et al*. (1999:234) highlight that the outcomes of business relationships include both economic and social outcomes. Since then many authors (e.g. Ferro *et al*., 2016:14; Del Bosque *et al*., 2006:667) have established that satisfaction in business-to-business relationships is not a unidimensional construct, but is rather made up of two distinct constructs namely, economic satisfaction and social (or non-economic satisfaction). Despite clear evidence that a distinction needs to be made between these two types of satisfaction, no research has specifically investigated the impact of perceived value on a multidimensional customer satisfaction construct in the business banking industry.

3.1.1 Research objective and relevance

In business banking, the intangibility of service offerings, the high level of customer involvement, and the complexity of pricing structures result in service quality, price reasonability, and price fairness perceptions remaining vital considerations in the management of business banking customers' value and satisfaction judgments. In an industry synonymous with customer dissatisfaction, research has shown that smaller business customers such as micro-enterprises are particularly dissatisfied with their banking relationships (Perry and Coetzer, 2009:307; Ennew and Binks, 1996:6).

Micro-enterprises need financial flexibility to maintain and grow their businesses; but banks are failing to satisfy this need due to uncompromising loan terms, higher interest rates for those with limited collateral, and ambiguous service charges (Kuhn *et al*., 2000:75). Neuberger and Räthke (2009:208) note the lack of empirical studies amongst micro-enterprises in particular. The research objective, therefore, is to test empirically the relationship between price fairness, perceived price, service quality, perceived value, and satisfaction in the business banking industry, using a sample of micro-enterprises.

This study is relevant to previous studies and to existing relationship marketing theory. First, its relevance lies in the study of value creation in the relationship between micro-enterprises and their banks as a means to increase customer satisfaction, which has not previously been researched. Second, this study considers both economic satisfaction and non-economic satisfaction as outcomes of perceived value. Third, it entails establishing the role of perceived value in the relationship between perceived price, service quality, and economic and non-economic satisfaction. Finally, this study's relevance lies in the inclusion of the price fairness construct to determine its influence within the existing price, service quality, value, and satisfaction framework.

The remainder of the paper is divided into five sections. The first section presents the social exchange theory as the theoretical background for this study, and reviews the literature on the constructs relevant to the study. Next, the hypotheses are formulated and a research model is presented. This is followed by a discussion of the research context, research design, and sample profile, and the measures and scale items used in this study. The fourth section reports the results, with the final section offering theoretical and managerial implications, the limitations of the study, and proposals for future research.

3.2. THEORETICAL REVIEW

3.2.1 Social exchange theory

This study adopts the social exchange theory as the theoretical framework to explain the antecedents and outcomes of perceived value in a business banking environment. Exchange is central to the marketing of banking services, with a utilitarian or economic exchange – the exchanging of goods or money in return for something tangible such as interest, bonds, credit – being the cornerstone of any financial institution (Lambe *et al*., 2001:4; Bagozzi, 1975:36).

The social exchange theory, shaped by Homans (1958:606), adds the dimensions of psychology and sociology to the utilitarianism approach, viewing exchange as a social behavior that may result in both economic and social outcomes. When a business in a dyadic partnership holds resources that are deemed valuable by the other party (whether economic, political, or social), the norm of reciprocity becomes established as central to their interaction (Di Domenico *et al*., 2009:891). The social exchange relationship between two parties accordingly develops through a series of interactions that evolve over time to produce a pattern of reciprocal obligations, in which the actions of one are interdependent and contingent on rewarding reactions from the other (Emerson, 1976:336; Blau, 1964:5).

Masterson *et al*. (2000:744) explain that, when one exchange partner provides a service to another, the other partner – having received something of value – develops a feeling of obligation to reciprocate. Thus the circumstances under which relationships are formed are generally determined by a cost-benefit analysis and by the comparisons of alternatives (Auka, 2012:190).

Social exchange theory suggests, furthermore, that how exchanges are evaluate is influenced by distributive justice and procedural justice (Smith *et al*., 1999:357). According to Adams (1965:297), if a party entering a social exchange relationship perceives inequity in the relationship with regard to outcomes versus investments, feelings of injustice will trigger expressions of dissatisfaction. Thus the main positioning of satisfaction in business-to-business research is that of an outcome measuring the success of the exchange relationship (Mysen and Svensson, 2010:126; Lambe *et al*., 2001:25).

3.2.2 Customer satisfaction

Broadly speaking, customer satisfaction is viewed as an overall evaluation of a customer's post-purchase performance or use of a service (Fornell, 1992:11). Satisfaction is accordingly viewed as 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 (Ulaga and Eggert, 2006:316).

Measures of customer satisfaction can be defined either according to a specific evaluation of performance (transaction-specific) or with regard to its cumulative aspects (overall satisfaction) (Tournois, 2015:84). Anderson and Narus (1984:62) define overall satisfaction as an affective state which is the result of an appraisal of all aspects of an organization's working relationship with another organization. This global satisfaction construct results not only from the sum of satisfaction with products and services, but also from satisfaction with several aspects of the relationship, including its financial, welfare, or social aspects (Del Bosque *et al*., 2006:667).

Satisfaction therefore includes an evaluation of both the economic and the non-economic aspects of the relationship (Sanzo *et al.*, 2003:327; Geyskens *et al*., 1999:234). This broader view of satisfaction has been linked to long-term customer value creation and increased cash flows, and so it can be expected that there is a positive relationship between satisfaction and overall organization performance (Aksoy *et al.*, 2008:108).

3.2.3 Perceived value

The growing body of perceived value research reflects the great interest that has been generated by the phenomenon of "value creation" among both researchers and practitioners (Sánchez-Fernández and Iniesta-Bonillo, 2007:427). Organizations propose value through market offerings, and customers continue value creation through a process of exchange and use (Vargo *et al.*, 2008:145).

The concept of "exchanging something of value in exchange for something of value" is key to the marketing discipline, laying the foundation for all marketing activities (Holbrook, 1994:22; Bagozzi, 1975:33). Singh and Sirdeshmukh (2002:21) therefore posit value as the superordinate customer goal in relational exchanges, with customers only consummating exchanges with those organizations that provide maximal perceived value.

Despite the construct of perceived value has received growing attention in research, researchers seem to vary in their conceptualization and definition of the construct (Chen, 2015:108). For example, Dodds *et al*. (1991:308) define perceived value as trade-offs between quality and price, while Sawyer and Dickson (1984:1) conceptualize perceived value as a comparison of weighted ‘get’ versus ‘give’ attributes. The most commonly used definition, however, is that of Zeithaml (1988:13), who defines perceived value as customers’ overall assessment of the utility of a product or service, based on perceptions of what is received and what is given.

Accordingly, perceptions of value generally involve a trade-off between what customers receive and what they give up to acquire a particular product or service (Fandos Roig *et al*., 2016:267; Woodruff, 1997:141). Several researchers agree that customers’ perceived value can be improved either by offering superior service quality or by lowering their perceived cost of obtaining services (Ravald and Grönroos, 1994:24).

In a business service setting, the concept of value tends to be complex and problematic to map, since most business relationships involve a richness and a variability of elements that lead to a variety of benefits and costs for the involved parties (Corsaro and Snehota, 2010:987; Hansen *et al*., 2008:207). As a result of perceived value’s complexity, several authors (e.g., Petrick, 2002:129; Sweeney and Soutar, 2001:216; Sheth *et al*., 1991:160) have developed multidimensional models to aid researchers in discerning the construct’s complex nature. However, these models do not specify the abstraction of overall value, making it unpersuasive to conclude the outcomes of perceived value unless empirical analyses are conducted at the overall perceived value level (Lin *et al*., 2005:322) .

Thus the unidimensional approach of perceived value as a trade-off between perceived price and service quality will be considered for the purpose of this study. Studies have shown that overall price and quality perceptions are influenced by both positive and negative perceptions of price fairness (see Oh, 2003:391; Monroe and Lee, 1999:208), and therefore price fairness as an antecedent of price, service quality, and value perceptions is included in the study’s research model.

3.3 HYPOTHESES FORMULATION AND RESEARCH MODEL

3.3.1 The interrelationship between price fairness, perceived price, service quality, and perceived value

Price is regarded as critical in predicting and understanding customer behaviors (Ryu and Han, 2010:314). However, researchers emphasize that a customer's perception of price is not necessarily the same as the actual price (Zeithaml, 1988:10). Monroe and Lee (1999:208) explain that customers make judgments about the actual price, based on subjectively inferred information, with the actual price becoming meaningful only when the customer evaluates its "acceptability" – for example, 'too high', 'acceptable', or 'very reasonable'. Thus perceived price is defined here as customers' subjective judgments of the reasonableness of a price for a product or service when comparing it with some reference price or price range (Han and Hyun, 2015:22; Lin, 2013:209).

Price fairness and perceived price

The fairness judgment in a pricing context is an important psychological factor influencing customers' reaction to the perceived price. Conceptually, price fairness is defined as customers' assessments of whether an organization's price (and the organization's process of setting the price) can be rationally justified (Xia *et al*., 2004:3; Bolton *et al*., 2003:475). From the moment that customers enter a purchasing situation, they start searching for information, including pricing information, on which they can make comparisons and build fairness judgments (Van den Bos *et al*., 1997:96).

It is important, therefore, that organizations provide information that is high in transparency in order to build a perception of reliability and fairness (Miao and Mattila, 2007:534). Furthermore, customers will perceive a high level of price fairness if there are no hidden fees or lock-in charges, and if prices do not change unexpectedly (Kaura *et al*., 2015:405 Matzler *et al*., 2006:221). Therefore, how pricing information is presented in varying degrees of transparency can influence customers' perceptions of the reasonableness of the price. It is thus hypothesized that:

H_1: Price fairness relates positively to perceived price.

Price fairness and service quality

By providing ongoing information about their pricing policies, organizations can enhance customers' service experience and improve their service quality perceptions accordingly.

Although widely studied, the conceptualization and measurement of service quality remains a highly disputed topic (see Cronin and Taylor, 1994:127; Parasuraman *et al*., 1994:116; Teas, 1994:132; Brown *et al*., 1993:137). While there are many ways to conceptualize and measure the construct, the weight of the evidence in the service literature supports the use of performance perceptions to measure service quality (Jayawardhena, 2010:339; Parasuraman *et al*., 1994:122).

Brady and Cronin (2001:37) pertain that perceptions of service quality are formed on the basis of an evaluation of performance at multiple levels, which is then combined to arrive at an overall service quality perception. Dagger *et al*. (2007:136) support this view, suggesting that service quality includes several dimensions, which share a common theme represented by a higher order overall perceived service quality construct. Carr (2007:108) adds that, during service encounters, customers do not only evaluate services against some constructed expectations, but also through comparisons with the norms of fairness.

Thus, if customers perceive an organization’s practices and policies as unfair – especially with regard to pricing – negative customer responses can be expected, including a reduced service quality perception (Giovanis *et al*., 2015:765). Thus it is hypothesized that:

> *H_2: Price fairness relates positively to service quality.*

Perceived price, service quality, and perceived value

There is consensus in the services literature that “quality” and “value” are separate constructs, despite several authors noting the conceptual confusion that often exists between the two constructs (Sánchez-Fernández and Iniesta-Bonillo, 2007:429; Fornell *et al*., 1996:9; Bolton and Drew, 1991:375).

However, value differs conceptually from quality: first, value is a higher level construct that is more distinctive and personal than quality; and second, value involves a cognitive trade-off between benefits and sacrifices (Zeithaml, 1988:10). The benefits component is usually viewed as the cognitive response to product and service quality, while sacrifice is most often defined by the payment of the price (Brady and Cronin, 2001:34; Monroe, 1990:51).

Studies have shown that price perceptions counteract service quality perceptions, and that the results of this trade-off give rise to value perceptions. Perceived service quality and perceived price have accordingly been considered as essential antecedents of perceived value (e.g., Jayawardhena, 2010:343; Gallarza and Saura, 2006:448; Varki and Colgate, 2001:238). In the investigation of price fairness and its relationship with price, service quality, and value perceptions, Oh (2003:3920) found that both perceived price and service quality mediate the effect of price fairness on perceived value. In light of the preceding discussion, it is hypothesized that:

> *H_3: Perceived price relates positively to perceived value.*
> *H_4: Service quality relates positively to perceived value.*

Perceived price and service quality

While the cognitive trade-off between the perception of price and of service quality results in perceptions of value, price can indicate both the amount of sacrifice needed to acquire a service, and the level of service quality (Kwun and Oh, 2004:34). In other words, if the price is high, customers are likely to expect high quality – or customers can feel they are being overcharged (Andaleeb and Conway, 2006:4).

Dodds *et al*. (1991:318) explain that customers have a range of prices that are acceptable to pay, and can refrain from purchasing when they consider the price too high. Conversely, they can be apprehensive about quality if the price is lower than what they consider acceptable. This view is rooted in the assimilation-contrast theory (Sherif *et al*., 1958:150), which holds that customers have a latitude of acceptance around their price beliefs. A price within the latitude of acceptance is assimilated and credible, while a price outside the latitude of acceptance is contrasted, and thus is not trusted (Oh, 2003:388).

It can thus be argued that the greater customers' perceptions of the reasonability of an organization's prices, the greater their perceptions of service quality, which then have a positive influence on perceived value (Sweeney *et al*., 1999:85). This leads to the following hypothesis:

> *H_5: Perceived price relates positively to service quality.*

3.3.2 The interrelationship between perceived price, service quality, perceived value, and satisfaction

Perceived price and economic satisfaction

The assimilation-contrast theory is one of four theories that explain the effect of disparities between expectations and actual performance on customer satisfaction (Anderson, 1973:41). From this theory it can be deduced that perceived price has the potential to play an important role in customers' level of satisfaction. This view is supported by research that established that dissatisfaction with pricing is one of the main reasons that customers switch organizations (Gupta and Dev, 2012:618; Manrai and Manrai, 2007:214; Colgate and Hedge, 2001:209; Hallowell, 1996:38).

Since pricing has economic implications for the margins of business customers, it is reasonable to assume that price likely affects customers' economic satisfaction (Anderson *et al*., 1994:56; Brown *et al*., 1991:16). Economic satisfaction, which includes satisfaction with margin (Jap, 2001:98), is defined as customers' positive affective response to the financial rewards flowing from the exchange (Geyskens and Steenkamp, 2000:13). Such economic rewards include increased revenue, growth potential, and market opportunities, and improved profits (Geyskens *et al*., 1999:224; Gassenheimer and Ramsey, 1994:257). Thus it is hypothesized that:

> *H_6: Perceived price relates positively to economic satisfaction.*

Service quality and non-economic satisfaction

Non-economic satisfaction, conversely, is defined as the positive affective response to the non-economic, psychosocial aspects of the relationship, in that interactions with the other party are fulfilling, gratifying, and easy (Geyskens and Steenkamp, 2000:13). Non-economic satisfaction in a business relationship may be determined by factors such as the integrity of the exchange partner, clearer communication, and greater involvement, which make it easier for the organization to fulfil customer expectations (Ferro *et al*., 2016:18; Lee *et al*., 2008:13).

As an emotional state, satisfaction judgments originate from a cognitive process of comparing customers' expectations with perceived performance (Johnson and Grayston, 2005:502). This is based on the disconfirmation of expectations paradigm which has also been adopted in service quality literature (Parasuraman *et al*., 1985:15), where the nature and direction of the relationship between service quality and satisfaction has been questioned (Ennew and Binks, 1999:122).

Bloemer *et al*. (1998:278) explain that the main difference between non-economic satisfaction and service quality lies in the fact that customers must have experienced a service in order to form a satisfaction judgment, whereas perceived service quality is commonly viewed as not automatically being experience-based. Service quality is thus viewed as an antecedent of non-economic satisfaction, since a service can only be appraised after it has been perceived and interpreted (Chiou and Droge, 2006:616; Lee *et al*., 2000:22). Thus the following hypothesis is proposed:

H_7: Service quality relates positively to non-economic satisfaction.

Perceived value and economic satisfaction

Although it has been suggested that there is a direct relationship between perceptions of service quality and customer satisfaction (see Anderson *et al*., 1994:63; Parasuraman *et al*., 1994:121), several studies have instead established that service quality has an indirect relationship with overall customer satisfaction, mediated by perceived value (Chen, 2008:715; Fornell *et al*., 1996:14).

By adding perceived value to the relationship between service quality and customer satisfaction, pricing information is incorporated into the equation, which enhances the predictive power of service quality on overall satisfaction (Lam *et al*., 2004:296). In this regard, customer satisfaction arises from customers' assessment of a service received, based on their experiences (Lai *et al*., 2009:984), as well as from the affective responses derived from the perceived value (Woodruff, 1997:143).

Value is thus not merely a cost-benefit analysis focused on the utility gained: it includes the achievement of customer goals through service experience (Sheth and Uslay, 2007:302; Leavy and Moitra, 2006:4; Payne and Holt, 1999:42). Subsequently, in exchange for the price paid, customers receive both economic benefits and social benefits in exchange relationships (Fandos Roig *et al*., 2006:268).

As an outcome of perceived value, satisfaction is thus influenced by both the economic and the non-economic aspects of value creation (Callarisa Fiol *et al*., 2009:286; Gallarza and Saura, 2006:438). Geyskens and Steenkamp (2000:11) confirm that satisfaction is not a unidimensional construct, but one that takes into account the economic and social outcomes of the relationship. While various studies agree that perceived value is a key antecedent to customer satisfaction, no study could be found that investigates the relationship between perceived value and satisfaction from the twofold perspective of economic and non-economic satisfaction.

Geyskens *et al*. (1999:225) highlight that the main reason customers engage in business relationships is to create economic value for their businesses; and so conflict is most likely to occur over economic issues and in the face of economic dissatisfaction. This is because cognitive and economic valuations made by customers about any benefit-sacrifice discrepancy affect the perceived financial rewards flowing from the relationship (Gallarza and Saura, 2006:438; Jap, 2001:98). It can accordingly be hypothesized that:

> *H_8: Perceived value relates positively to economic satisfaction.*

Perceived value and non-economic satisfaction

While it has been argued that value is purely an economic issue, Callarisa Fiol *et al*. (2009:286) argue that customers do not always make decisions on the basis of a rational or economic valuation, but rather allow themselves to be influenced by their affective states.

Value, subjectively perceived by customers, is inherently a trade-off assessment of “what you get for what you give”, thereby allowing an investigation of how both tangible and intangible variables serve as means toward perceptions of value (Hansen *et al*., 2008:207; Ulaga and Chacour, 2001:529). Non-economic satisfaction, as a positive affective response towards the psychological aspects of relationships, is therefore derived from these intangible value attributes (Mpinganjira *et al*., 2017:422; Sanzo *et al*., 2003:329). The following hypothesis is accordingly formulated:

> *H_9: Perceived value relates positively to non-economic satisfaction.*

Economic satisfaction and non-economic satisfaction

While earlier research established that satisfaction comprises two distinct types (i.e., economic satisfaction and non-economic satisfaction), the relationship between these two dimensions of satisfaction has not received adequate research attention (Geyskens *et al*., 1999:231). While one study considering these two dimensions found non-economic satisfaction to be an antecedent to economic satisfaction (Farrelly and Quester, 2005:214), another found an inverse relationship (Del Bosque *et al*., 2006:671).
Despite these contradictory findings, it can be argued that satisfaction with social aspects may only be cherished in a relationship after economic benefits have already been attained (Ferro *et al*., 2016:16). This view is supported by research findings that establish that positive economic satisfaction helps to increase customers’ satisfaction with the social part

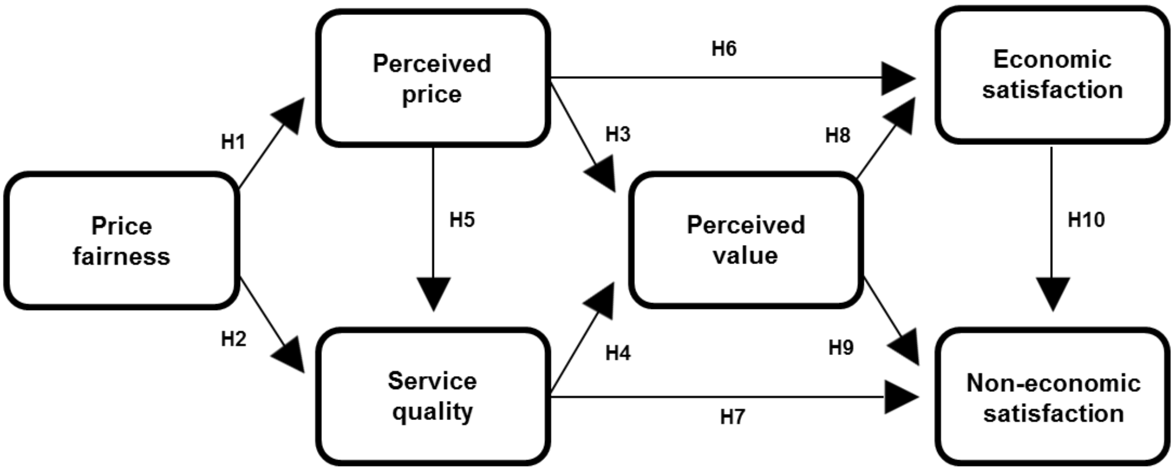
of the relationship (Mpinganjira *et al.*, 2017:423). The following hypothesis is therefore proposed:

H_{10}: Economic satisfaction relates positively to non-economic satisfaction.

3.3.3 Research model

Based on the above discussion, a model of the relationships between economic and non-economic satisfaction, perceived value, perceived price, service quality, and price fairness is proposed (see Figure 1).

Figure 1: Research model



3.4 METHODOLOGY

3.4.1 Research context

The target population of this study comprised micro-enterprises in the context of business banking in South Africa. The importance of successful and enduring banking relationships with small, medium, and micro-enterprises as a means to achieve profitable growth and retain a share of the financial market is increasingly gaining attention (Scarpi and Visentin, 2015:96; Yavas *et al.*, 2004:258; Adamson *et al.*, 2003:347; Levesque and McDougall, 1996:12). With most empirical studies on business banking relationships focusing on corporate, large, small, and medium-sized enterprises, research among micro-enterprises is lacking (Neuberger and Räthke, 2009:208).

Micro-enterprises have unique characteristics and banking needs that differ from those of larger customers. In this study, similar to Parilla (2013:448) and Inmyxai and Takahashi (2012:154), micro-enterprises were defined as businesses that employ one to two full-time employees. While the classification of micro-enterprises may inherently include informal businesses, for the purpose of this study the term “micro-enterprises” only refers to registered and licensed businesses (Sharma and Gounder, 2011:49).

Despite their size, micro-enterprises provide rich entrepreneurial opportunities that contribute to economic growth, innovation, and job creation – even more so if they are able to grow and expand (Kozubíková *et al*., 2015; Autio and Fu, 2015:67; Prasad and Tata, 2009:235). However, micro-enterprises’ growth is impacted by the availability of credit and their relationship with their bank, as access to finance gives micro-enterprises financial flexibility in meeting their business obligations and expansion needs (Neuberger and Räthke, 2009:208; Lee and Hung, 2014:16).

From a bank’s perspective, forging closer relationships with its customers is invaluable in creating a stable and loyal customer base that will contribute to profitable growth (Colgate and Alexander, 1998:145). Due to the importance of micro-enterprises, and the lack of empirical studies focusing on their relationships with banks, this target group was chosen to gain insight into ways to create value and increase satisfaction for this important segment.

3.4.2 Research design and sample profile

This study followed a descriptive research design, and a self-administered, Internet-based questionnaire was used to gather data from micro-enterprises (business customers who employed one to two people). The sample was extracted from a database provided by one of South Africa’s largest banks through systematic sampling methods. By the end of the data collection phase, a total of 381 usable questionnaires had been obtained.

More than 70 per cent of the respondents indicated that their business does most of its banking with the bank that provided the database, and does not have accounts with other banks. The majority of respondents (27.8 per cent) indicated that their business has been banking with their current bank for more than 15 years, while 21 per cent have only been banking with their current bank for two years or less.

Respondents were predominantly the owners of their respective businesses (72 per cent). Almost half of the respondents (43 per cent) had an annual turnover of less than R500 000 (approximately US$35,700). The majority (14.2 per cent) were from professional, scientific, and technical industries, followed by financial and insurance activities (9.2 per cent), wholesale and retail trade (8.7 per cent), and human health and social work activities (7.6 per cent).

3.4.3 Measures and scale items

The measures used in the study were adapted from previous studies, with minor modifications required to fit the study context. A screening question ensured that respondents had satisfactory knowledge about their business' perception of its main banking service provider, as per Campbell's (1955:340) recommendation that respondents need to be competent to answer questions concerning the subject matter under investigation.

Both the measures of perceived price and of price fairness were drawn from research by Kaura *et al*. (2015:412; 2013:518), which took place in a banking setting. The measures of overall service quality were modified from Dagger *et al*. (2007:137), and perceived value from Lai *et al*. (2009:683). The measures of economic satisfaction were modified from Ferro *et al*. (2016:17) and Geyskens and Steenkamp (2000:21), while the measure of non-economic satisfaction was modified from Gremler and Gwinner (2000:95).

Each item used in the questionnaire (see Table 1) was measured using a five-point Likert-type scale, where 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, and 5 = strongly agree.

Table 1: Scale items of this study

Scale items	
Price Fairness	
(a)	This bank is transparent about its service charges.
(b)	There are no hidden charges for the products and services offered by this bank.
(c)	This bank keeps customers informed of price changes.
Perceived Price	
(a)	This bank pays reasonable interest rates on deposits.
(b)	This bank charges reasonable service fees.
(c)	This bank charges reasonable interest rates on loans.
Service Quality	
(a)	The overall quality of the service provided by this bank is excellent.
(b)	The quality of service provided at this bank is impressive.
(c)	The service provided by this bank is of a high standard.

Table 1: Scale items of this study (continues)

Perceived Value	
(a)	Overall, the service we receive from this bank is valuable.
(b)	This bank offers us good value for our money.
(c)	Overall, our business receives good value from this bank.
Economic Satisfaction	
(a)	This bank contributes to our financial performance.
(b)	This bank generates economic growth for us.
(c)	This bank gives us attractive discounts.
Non-economic Satisfaction	
(a)	Based on all of our experience with this bank, we are very satisfied with the banking services it provides.
(b)	Our choice to use this bank was a wise one.
(c)	Overall, we are satisfied with the decision to use this bank.

3.5 RESULTS AND ANALYSIS

To test the measurement and structural properties of the proposed research model, a confirmatory factor analysis and structural equation modeling was performed based upon a sample of South African micro-enterprises. A confirmatory factor analysis identifies the relations of the observed measures to their posited underlying constructs, and once satisfactory fit of the data is achieved, a confirmatory structural model specifies the causal relations of a construct to other constructs and evaluates the overall fit (Fornell and Yi, 1992:293; Anderson and Gerbing, 1988:411).

3.5.1 Assessing the measurement model

The confirmatory factor analysis was run with six latent constructs (price fairness, perceived price, service quality, perceived value, economic satisfaction, and non-economic satisfaction) using AMOS 23.0 software. After running the measurement model, the goodness-of-fit indices all were found to be well within Hair *et al*.'s (2014:745-9) recommended guidelines. The results of the confirmatory factor analysis are presented in Table 2.

Table 2: Measurement model – goodness-of-fit measures

CMIN	DF	P	CMIN/DF	NFI	RFI	IFI	TLI	CFI	RMSEA
290.474	120	.000	2.421	0.963	0.952	0.978	0.971	0.978	0.061

3.5.2 Construct reliability and validity

Table 3 presents the results of the reliability and validity tests. Construct reliability was assessed by using the composite trait reliability measure. Composite reliability coefficients over 0.7 indicate acceptable reliability (Hair *et al*. (2013:458). The composite trait reliability coefficients in this study vary between 0.85 and 0.97, indicating high levels of reliability. In addition to reliability, construct validity was evaluated in terms of convergent validity and discriminant validity.

The average variance extracted (AVE) from all constructs exceeded 50 per cent for each, which indicates convergent validity. In order to determine discriminant validity (whether a construct is truly distinct from other constructs), the AVE needed to be compared with the corresponding squared inter-construct correlations (Hair *et al*., 2013:458). As indicated in table 3, the AVE was greater than the squared inter-construct correlations in the case of most constructs, with the exception of that between perceived price and perceived value, and between perceived price and economic satisfaction. It can thus be concluded that the measurement model provides satisfactory support for discriminant validity.

Table 3: Squared inter-construct correlations and summary statistics

Construct	(1)	(2)	(3)	(4)	(5)	(6)
(1) Price Fairness	1.00					
(2) Perceived Price	0.54	1.00				
(3) Service Quality	0.40	0.42	1.00			
(4) Perceived Value	0.52	0.64	0.84	1.00		
(5) Economic Satisfaction	0.36	0.60	0.52	0.67	1.00	
(6) Non-economic Satisfaction	0.39	0.52	0.70	0.78	0.67	1.00
Variance Explained	61%	59%	85%	84%	82%	92%
Composite Trait Reliability	0.86	0.85	0.90	0.95	0.94	0.97

3.5.3 Assessing the structural model

After achieving an acceptable fit in the measurement model, hypothesized relationships were estimated using structural equation modeling. The structural model also delivered a good fit of the data ($\chi^2_{(125)}$ = 294.356; NFI = 0.962; RFI = 0.953; IFI = 0.978; TLI = 0.973; CFI = 0.978; RMSEA = 0.060). Furthermore, the statistical significance is p = 0.00, while the normed χ^2 (χ^2/df) is 2.355.

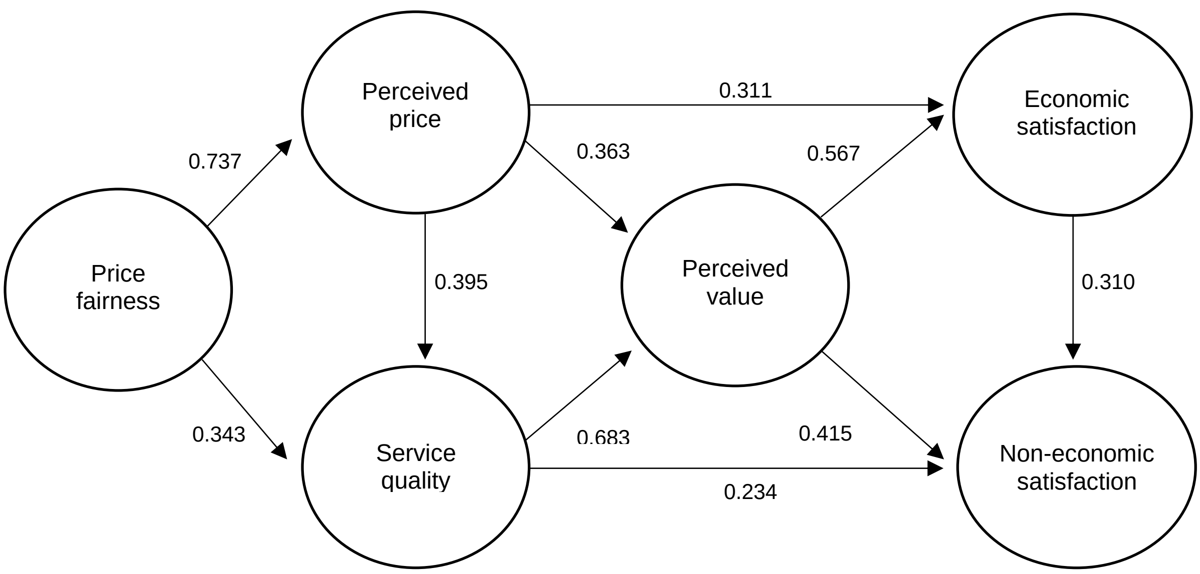
Table 4 reports the findings of the structural model, indicating that the tested structural model is satisfactory. All 10 hypothesized relationships in the structural model were significant, which confirms nomological validity. The results indicate that the highest structural path was between price fairness and perceived price (β = 0.737), followed by the influence of service quality on perceived value (β = 0.683). From the regression weights, it is also evident that perceived value is a stronger precursor of economic satisfaction (β = 0.567) than perceived price is of economic satisfaction (β = 0.311), and a stronger precursor of non-economic satisfaction (β = 0.415) than service quality is (β = 0.234).

Table 4: Tests of hypotheses

Hypothesis	Endogenous construct	Exogenous construct	Regression weight	Significance	Finding
H1	Perceived Price	Price Fairness	0.737	0.00	Supported
H2	Service Quality	Price Fairness	0.343	0.00	Supported
H3	Perceived Value	Perceived Price	0.363	0.00	Supported
H4	Perceived Value	Service Quality	0.683	0.00	Supported
H5	Service Quality	Perceived Price	0.395	0.00	Supported
H6	ESatisfaction	Perceived Price	0.311	0.00	Supported
H7	NESatisfaction	Service Quality	0.234	0.004	Supported
H8	ESatisfaction	Perceived Value	0.567	0.00	Supported
H9	NESatisfaction	PerceivedValue	0.415	0.00	Supported
H10	NESatisfaction	ESatisfaction	0.310	0.00	Supported

The final estimated model is shown in Figure 2, providing the detailed standardized parameters for the interaction effect between the latent variables.

Figure 2: Structural Model



3.6 DISCUSSION

3.6.1 Theoretical implications

The purpose of this study was to test a set of hypothesized relationships, aimed to serve as a guide to maximize value creation and achieve higher levels of satisfaction among business customers by using a sample of South African micro-enterprises within the business banking industry. Drawing on social exchange theory, this research contributes to the existing literature by exploring price fairness in business customers' perception of value, and their subsequent satisfaction judgments. While extensive research has investigated the concepts of service quality, perceived value, and customer satisfaction together, very few studies have separated customer satisfaction into economic satisfaction and non-economic satisfaction (Mpinganjira *et al*., 2017:433; Ferro *et al*., 2016:20).

The findings show that micro-enterprises' perception of fairness in prices and price-setting practices is an important driver of their subsequent price and service quality perceptions. The positive relationship found between price fairness and the perception of reasonable pricing is consistent with the findings of Kaura (2012:87). The positive relationship between price fairness and service quality supports the findings of Giovanis *et al*. (2015:765), who studied the relationship between fairness and service quality in the automotive industry. It was also established that both perceived price and service quality have direct positive relationships with perceived value. This is in line with Oh (2003:396), who found that both price and quality perceptions influence value perceptions in the service industry, and that these constructs mediate the effect of price fairness on value perceptions.

Furthermore, this study established a positive direct relationship between customers' perceived price and their economic satisfaction, and between their service quality and non-economic satisfaction. While no other studies could be found that specifically tested these relationships, the findings are in line with previous research that has established the influence of perceived price and service quality on customers' overall satisfaction (Kaura *et al*., 2015:418; Vera and Trujillo, 2013:583; Varki and Colgate, 2001:238). The results also reveal that both economic satisfaction and non-economic satisfaction are influenced by perceived value. This finding supports the argument of Ting (2011:62) that, in a relational exchange, customers' perception of value inherently comprises economic value and social value, which is a direct and significant factor in determining customer satisfaction.

Considering the importance of perceived value, it makes sense that the relationships between perceived value and satisfaction are stronger than the direct relationship between price and economic satisfaction, and between service quality and non-economic satisfaction. Moreover, a significant relationship was found between economic and non-economic satisfaction. This finding is contrary to those of Mpinganjira *et al*. (2017:425) and Ferro *et al*. (2016:20), but supports those of Rutherford (2012:962) and Del Bosque *et al*. (2006:671).

The results of the study furthermore provide empirical support for the argument of Del Bosque *et al*. (2006:672) that the majority of business relationships are predominantly economic in nature, with satisfaction resulting from economic activities that positively impact affective and social elements as part of the exchange evaluation. Any economic exchange needs to offer customers a financial return, which represents customers' perception of the attractiveness of the profit to be made (Jap, 2001:98).

Since the price paid plays an important role in customers' satisfaction with the profit arrangement, it is vital that the price is perceived as fair to begin with. Because it was found that the same perception of fairness also shapes customers' service quality perceptions, it can be argued that it is through this cognitive trade-off between service quality and price that fairness and value work together to be determinants of both economic and non-economic satisfaction.

3.6.2 Managerial implications

The business banking divisions of South African domestic banks are faced with increasing competition and margin pressures due to the entry of new banks – especially large foreign banks – that challenge traditional ways of operating (PricewaterhouseCoopers, 2016:1). Thus, it is in the business banks' interest to satisfy their business customers' needs as a way to build and maintain enduring relationships in an effort to retain their customer database (Scarpi and Visentin, 2015:96). Results from this study offer business banks insights into how to achieve higher levels of satisfaction, specifically in their micro-enterprise customer base, by enhancing this important business customers' perception of value.

As in earlier studies (e.g., Zameer *et al*., 2015:452; Lam *et al*., 2004:296; Yang and Peterson, 2004:815), this study has demonstrated the importance of perceived value in determining customer satisfaction in the banking industry. This study contributes to a deeper understanding of perceived value's impact on customer satisfaction within a business banking setting, with the empirical findings indicating to bank executives that economic satisfaction and non-economic satisfaction ought to be seen as two separate outcomes of the value creation process.

In this study, economic satisfaction, specifically relates to micro-enterprises' perceptions of the banks' contribution to their financial performance, economic growth, and other economic rewards such as discounts. It is evident that customers' financial needs are not only satisfied by customers' perceptions of reasonable interest rates and service fees, but also by the value for money they perceive they receive.

Perceived value as a balanced price-quality ratio includes customers' perceptions of the banks' delivery of excellent service quality at a consistently high standard. Perceptions of high service quality augment customers' experience with the non-economic aspects of the relationship, and lead to customers who are satisfied with their decision to use the bank. Since the way banks' rates and charges are perceived by customers also directly influences their perception of service quality, this study reinforces the notion that customers first need to be economically satisfied before they can be satisfied with the non-economic aspects of the relationship.

Due to the complexity of pricing structures, banks must provide sufficient information and high transparency about their pricing policy. Any changes in the bank's pricing policy need to be communicated clearly and timeously to customers. Unjustifiable charges and price increases might cause customers to view the banks' pricing as unreasonable, which could negatively affect their experience with the bank, leading to a lower perception of the service quality – and, more importantly, the value – that micro-enterprise customers perceive is offered by the bank. It is important for bank executives to focus their attention on ensuring high perceptions of price fairness, as this factor drives the value creation process, and ultimately customers' satisfaction levels.

3.6.3 Conclusions

The aim of this study was to test a research model comprising the constructs of price fairness, perceived price, service quality, perceived value, and economic satisfaction and non-economic satisfaction (Figure 2). The measurement properties and the structural properties were satisfactory.

This study contributes to both theory and practice, providing empirical evidence that, in a business banking environment, economic satisfaction and non-economic satisfaction are dual outcomes of customers' perceived value. Perceived value, as cost-benefit analysis, was influenced by perceived price and service quality, with perceived price also found to influence perceptions of service quality.

An important contribution of this study is the inclusion of price fairness in the model, with price fairness driving the value creation process through the mediating effects of perceived price and service quality. As can be expected, price fairness had a stronger relationship with perceived price than with service quality, while service quality was found to have a stronger relationship with perceived value than perceived price had with perceived value. Perceived value had a positive relationship with both economic and non-economic satisfaction, while a direct relationship was also found between perceived price and economic satisfaction and between service quality and non-economic satisfaction. Finally, a positive relationship was also found between the two types of satisfaction.

3.6.4 Limitations and future research

Although the study results hold numerous theoretical and managerial implications, it nevertheless contains certain limitations. However, the implications and limitations of the study offer the possibility for interesting future research projects. First, the study collected data only from micro-enterprises at a cross-sectional point, thus limiting its findings to a specific point in time rather than over an extended period. Future research should consider a longitudinal design to allow for better detection of changes in customers' perception of value. Second, the empirical application is to a very specific area – in this case, business banking – and thus results may vary in other business-to-business markets, and in other services industries. To further determine the potential of the model, additional research is required to explore the model's effectiveness in other industry settings. Since the measures of price fairness and of perceived price, in particular, are specifically related to banking services, future research should consider expanding the measures to encompass services in general to capture inequity in exchange better.

Finally, the model only focused on incorporating constructs that have been directly associated with perceived value (namely, perceived price and service quality), thereby excluding other variables and moderators that might influence customers' perception of value and its implications for customer satisfaction (from both an economic and a non-economic perspective) and limiting its breadth of focus. Future research should therefore extend the model to include other variables to gain a deeper understanding of perceived value's antecedents and its outcomes.

Future research could also investigate other outcomes of customers' perception of value, such as customer loyalty. Perceived value has been identified in previous research as an antecedent of loyalty, with satisfaction found to mediate this relationship (Lam *et al*., 2004:307). Customer loyalty is also a multidimensional construct, consisting of attitudinal loyalty and behavioral loyalty. By incorporating attitudinal and behavioral loyalty in the model, along with economic and non-economic satisfaction, it could provide valuable insight into the complex interrelationships between constructs that contribute to successful and enduring business relationships.

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MAIN FINDINGS FROM CHAPTER 3 CONTRIBUTING TO THE OVERALL OBJECTIVES OF THIS THESIS

Main finding 1, Chapter 3:

The measurement scale of price fairness, with items adapted from Kaura *et al*. (2015, 2013), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 2, Chapter 3:

The measurement scale of perceived price, with items adapted from Kaura *et al*. (2015, 2013), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 3, Chapter 3:

The measurement scale of service quality, with items adapted from Dagger *et al*. (2007:137), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 4, Chapter 3:

The measurement scale of perceived value, with items adapted from Lai *et al*. (2009:683), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 5, Chapter 3:

Micro-enterprises' perception of value was significantly influenced by their perception of the bank's pricing.

Main finding 6, Chapter 3:

Micro-enterprises' perception of value was significantly influenced by their service quality perceptions.

Main finding 7, Chapter 3:

Micro-enterprises' service quality perceptions were a stronger precursor of their value perceptions than their price perceptions were.

Main finding 8, Chapter 3:

Micro-enterprises' perceptions of the bank's pricing significantly influenced their service quality perceptions.

Main finding 9, Chapter 3:

Perceptions of price fairness among micro-enterprises significantly influenced their perception of the bank's pricing.

Main finding 10, Chapter 3:

Micro-enterprises' perception of the bank's service quality were significantly influenced by their perceptions of price fairness.

Main finding 11, Chapter 3:

Price fairness had a stronger relationship with micro-enterprises' perception of the bank's price than with their perception of the banks' service quality.

Main finding 12, Chapter 3:

Perceived price and service quality mediate the effect of micro-enterprises' perceptions of price fairness on their perceptions of value.

Main finding 13, Chapter 3:

The measurement scale of economic satisfaction, with items adapted from Ferro *et al*. (2016:17) and Geyskens and Steenkamp (2000:21), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 14, Chapter 3:

The measurement scale of non-economic satisfaction, with items adapted from Gremler and Gwinner (2000:95), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 15, Chapter 3:

Micro-enterprises' satisfaction is a dual construct, consisting of two distinct types: economic satisfaction and non-economic satisfaction.

Main finding 16, Chapter 3:

Micro-enterprises' perception of the value offered by the bank significantly influenced their satisfaction with the economic aspects of the relationship.

Main finding 17, Chapter 3:

Micro-enterprises' perception of the value offered by the bank significantly influenced their satisfaction with the non-economic aspects of the relationship.

Main finding 18, Chapter 3:

Perceived value exerted a stronger influence on economic satisfaction than on non-economic satisfaction.

Main finding 19, Chapter 3:

Micro-enterprises' satisfaction with the economic aspects of the relationship with the bank significantly influenced their satisfaction with the non-economic aspects.

Main finding 20, Chapter 3:

Micro-enterprises' price perceptions significantly influenced their economic satisfaction with the bank.

Main finding 21, Chapter 3:

Perceptions of the banks' service quality significantly influenced micro-enterprises' non-economic satisfaction with the bank.

Main finding 22, Chapter 3:

The direct relationship between micro-enterprises' value perceptions and their economic satisfaction is much stronger than the direct relationship between micro-enterprises' price perceptions and their economic satisfaction.

Main finding 23, Chapter 3:

The direct relationship between micro-enterprises' value perceptions and their non-economic satisfaction is much stronger than the direct relationship between micro-enterprises' service quality perceptions and their non-economic satisfaction.

CHAPTER 4

OUTCOMES OF PERCEIVED VALUE IN BUSINESS BANKING RELATIONSHIPS: A MULTIDIMENSIONAL APPROACH TO SATISFACTION AND LOYALTY

Chapter 4 presents the third and final article of this study, which adds to the findings of the second paper by examining not only the direct influence of perceived value on satisfaction, but also the indirect influence on loyalty – both attitudinally and behaviourally. The purpose of this research paper was thus to establish whether economic and non-economic satisfaction are distinct outcomes of micro-enterprises' perception of value of business banking services, and to establish attitudinal loyalty and behavioural loyalty as distinct outcomes of micro-enterprises' perception of value and their satisfaction with business banking services.

This article was submitted to the *Journal of Business and Industrial Marketing*, an Emerald Publication, and is under review by the journal. The Journal of Business and Industrial Marketing is an A-rated journal according to the ABDC-journal quality list. The article presented in this chapter remains in its original form as first submitted to the Journal of Business and Industrial Marketing. Consistent with Emerald Publishing guidelines, this article was written in US English and its referencing was done in Harvard Style. Headings, page margins, font and font size are presented here not according to editorial guidelines, but were kept consistent throughout the thesis. For a copy of editorial guidelines, see Appendix B.

Chapter 4 concludes with main findings from this article contributing to the overall objectives of this study.

CHAPTER 4

OUTCOMES OF PERCEIVED VALUE IN BUSINESS BANKING RELATIONSHIPS: A MULTIDIMENSIONAL APPROACH TO SATISFACTION AND LOYALTY

ABSTRACT

Paper type – Research Paper

Purpose – The purpose of this paper is to expand on the current value research by positioning economic and non-economic satisfaction as direct outcomes of business customers' perceived value, and attitudinal and behavioural loyalty as indirect outcomes.

Design/methodology/approach – The study was set in the business banking industry, with data collected from a large bank in South Africa via a self-administered, Internet-based questionnaire. The sample consists of 381 micro-enterprises that employ one or two people.

Findings – Using structural equation modeling to test hypothesised relationships, this study's results reveal that business customers' perception of value results in both economic and non-economic satisfaction. Results further indicate that non-economic satisfaction mediates the relationship between economic satisfaction and behavioural loyalty.

Research limitations/implications – This research contributes to business services marketing literature by taking a multidimensional approach to the traditional value-satisfaction-loyalty chain.

Managerial implications – By providing evidence of the potential outcomes associated with higher perceived value, bank executives are offered insight into the importance of focusing on a value creation strategy for micro-enterprises and other small business customers.

Originality/value – This is possibly the first study to investigate both satisfaction and loyalty together in a study where both comprises of two distinct dimensions. The multidimensional nature of satisfaction and loyalty has also not been considered as outcomes of perceived value. As an under-researched target group, this study researched these relationships amongst micro-enterprises.

Key words – Perceived value, satisfaction, loyalty, business relationships, banking

4.1 INTRODUCTION

In an exceedingly competitive business environment, with increasingly demanding and value-conscious business customers, how customers perceive value is still of growing interest to scholars and practitioners alike (Eggert *et al*., 2018:2018; Parente *et al*., 2015:494; Leroi-Werelds *et al*., 2014:430).

The contribution of customer perceived value to the maintenance of business relationships is well-recognized (e.g., Lam *et al*., 2004:308; Lapierre, 2000:122), with customer value regarded as the foundation of business marketing management due to the predominant role that functionality plays in business markets (Anderson and Narus, 2004:59). This holds particularly true where business customers rely on the products and services they acquire from the supplying organization to improve their market offering and increase the overall profitability of their business (Ulaga, 2001:315).

Customers' perception of value is regarded as a core trigger for attitudes and behavior (Arslanagic-Kalajdzic and Zabkar, 2015:83; Walter *et al*., 2001:366). Research findings indicate that business customers' perception of value enhances their satisfaction, and plays a vital role in various behavioral outcomes such as customer loyalty (Eggert and Ulaga, 2002:107). Marketing scholars have therefore studied performance measures such as customer satisfaction and customer loyalty as key outcomes of the customer value creation process (Tournois, 2015:84).

Despite a long-term interest in the understanding of perceived value and its relationship with customer satisfaction and customer loyalty, the majority of empirical studies have neglected to take into account the multidimensionality of both satisfaction and loyalty. Customer satisfaction has been conceptualized in several previous studies as a composite of both economic and non-economic satisfaction (Del Bosque *et al*., 2006:667; Sanzo *et al*., 2003:327; Geyskens and Steenkamp, 2000:13), while customer loyalty has been conceptualized as a composite of behavioral and attitudinal loyalty (Rauyruen and Miller, 2007:22; Russell-Bennett *et al*., 2007:1255). Since very few studies have incorporated this multidimensionality into perceived value research, these relationships deserve further empirical investigation.

Drawing from social exchange theory (Homans, 1958) and its operationalization in business-to-business research (e.g., Lambe *et al*., 2001), the current study adds to the discussion on how business customers respond to an organization's value offering in terms of their satisfaction and loyalty, by distinguishing between their economic satisfaction and non-economic satisfaction and their attitudinal loyalty and behavioral loyalty. By taking a multidimensional approach, this study contributes to existing research by extending the current measurement models to include affective, social, and psychological aspects of the outcomes of customers' value perceptions. This study is possibly the first attempt in at this multidimensional approach.

The research objective is to expand on current value research by positioning economic satisfaction and non-economic satisfaction as direct outcomes of business customers' perceived value, and attitudinal and behavioral loyalty as indirect outcomes. This study proposes that customers' perceived value influences both their economic and non-economic satisfaction, which in turn leads to their attitudinal and behavioral loyalty. A clearer understanding of the path from customers' perceived value to their ultimate loyalty in both the behavioral and the attitudinal sense would be beneficial for marketing researchers in both academia and industry.

Furthermore, this study contributes to the literature by empirically investigating these variables within a business banking environment, specifically focusing on the relationship between micro-enterprises and their banks, which is an under-researched area (Neuberger and Räthke, 2009:208). Relationship banking plays an important role for micro-enterprises as a result of higher information opacity, credit risk, and vulnerability, with the success of banks' customer retention rates depending on an understanding of their micro-enterprise customers' perception of value to drive subsequent performance outcomes (Perry and Coetzer, 2009:307; Yavas *et al*., 2004:258).

To present the empirical findings, this paper is organized as follows. First, the theoretical foundation for this study is established with a focus on perceived value, customer satisfaction, and customer loyalty; and a conceptual model is developed (see Figure 1). Second, the relationships between perceived value, economic satisfaction, non-economic satisfaction, attitudinal loyalty and behavioral loyalty, are specified, and the relating hypotheses are proposed. Third, the methodology is described and the context of micro-enterprises and business banking relationships is expanded. Fourth, the results of empirical research are presented, based on a two-step approach of analysis of the measurement model and of the structural model (Anderson and Gerbing, 1988:411). Fifth, the findings of this study are discussed in the light of its theoretical and managerial implications, and lastly, the study's limitations of are identified and suggestions for future research are offered.

4.2 THEORETICAL BACKGROUND

The value creation process and its performance indicators, such as satisfaction and loyalty, can be explained by social exchange theory (Emerson, 1976:336; Blau, 1964:5; Homans, 1958:606). Derived from social psychology and sociology, social exchange theory explains how relationships are created and sustained through the exchange of rewards and the imposition of costs between parties in a relationship, resulting in either positive or negative relational consequences (Kingshott, 2006:734).

The theory, if applied to a business service setting, suggests that, when one business provides a service to another, the other develops a sense of obligation to reciprocate due to the value it receives (Masterson *et al*., 2000:744). Thus the anticipation of valuable future outcomes produces a pattern of reciprocal obligations in which actions are based on rewarding reactions from others (Boksberger and Melsen, 2011:231; Bagozzi, 1995:276).

Future outcomes may be economic and social in nature, as encapsulated in the satisfaction construct (Lambe *et al*., 2001:25; Geyskens and Steenkamp, 2000:13). Satisfaction arises from a cognitive evaluation process in which expectations and beliefs prior to purchase are recalled from memory and then evaluated against the cognitions of the actual experience after the purchase (Malhotra *et al*., 2017).

Under social exchange, businesses that perceive the benefits to outweigh the costs of maintaining a relationship, and find that the benefits meet their expectations, are thus likely to develop reciprocal obligations (Cropanzano and Mitchell, 2005:875). Such reciprocal actions include high levels of loyalty in the form of repeat purchases, recommendations, and advocacy (Ndubisi *et al.*, 2012:323; Singh and Sirdeshmukh, 2000:159). Thus social exchange is applicable in the current research to explain the outcomes derived from a value creation strategy.

4.2.1 Perceived value

The explosive growth of service industries created a renewed perspective for understanding economic phenomena, where value is created in interactive configurations of mutual exchange (Boksberger and Melsen, 2011:229; Vargo and Lush, 2008:145). The concept of "exchanging something of value in exchange for something of greater value", is key to the marketing discipline (Gallarza *et al*., 2011:181; Holbrook, 1994:22). Business customers do not merely purchase products or services: they purchase market offerings that create value;

and the result is the shift to utilization and value from the customer's perspective (Kumar and Reinartz, 2016:36; Gummesson, 1995:250).

In a service context, 'perceived value' is defined as a customer's comparative assessment of the benefits and sacrifices resulting from the use of a service, based on perceptions of what is received and what is given (Oliver, 1999:45; Woodruff, 1997:141; Zeithaml, 1988:10). Thus perceived value is seen as a holistic construct measuring customers' cognitive and utilitarian perceptions (Sánchez-Fernández and Iniesta-Bonillo, 2007:431). With deep roots in equity theory, perceived value accordingly considers the ratio of the customer's outcome/input to that of the organization's outcome/input, taking account of customers' evaluations of what is right, fair, or justified for offering's the perceived cost (Yang and Peterson, 2004:802; Oliver and DeSarbo, 1988:496).

Since value is generated in a reciprocal process between organizations and customers (Grönroos, 2011:244), the degree to which customers perceive and receive value depends on the type of service, the consumption situation, and the customers' interaction with their environment (Song *et al*., 2015:116; Sánchez-Fernández and Iniesta-Bonillo, 2006:51). As a result, researchers propose that the concept of value is elusive, idiosyncratic, subjective, and very complex (Vargo and Lush, 2008:146; Zeithaml, 1988:10).

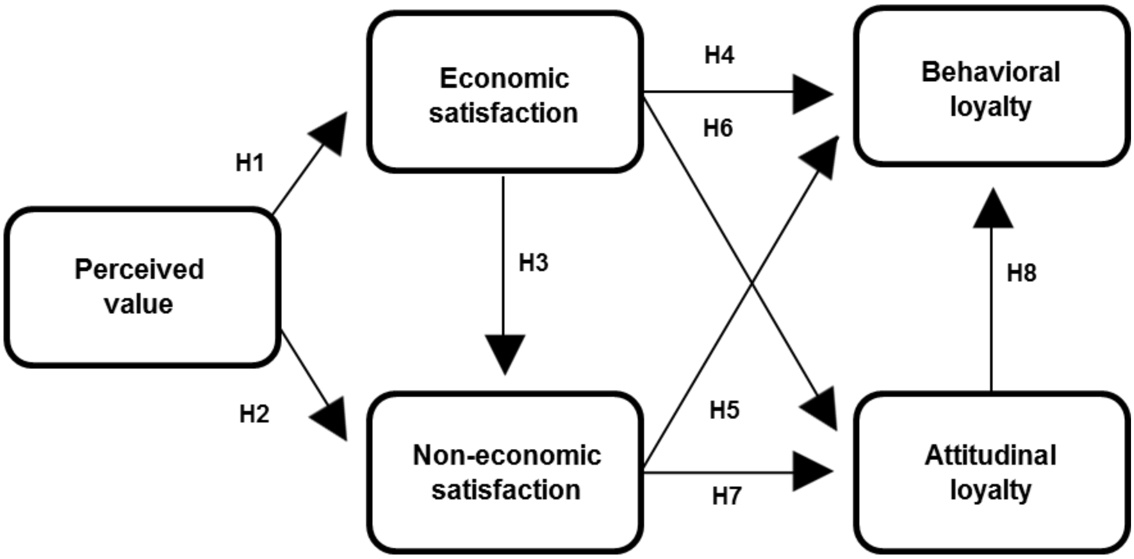
Recognizing the complexity associated with the perceived value construct, several researchers have developed multidimensional models of perceived value that incorporate functional and affective dimensions (Chen and Hu, 2010:410; Sweeney and Soutar, 2001:206; Petrick, 2002:123). However, these models are inconsistent with the definition of perceived value as a 'give-versus-get' trade-off experience; and unless empirical analyses are conducted at the overall perceived value level, it is not persuasive in predicting the influence of perceived value on consequence outcomes (Lin *et al*., 2005:322). Therefore, in this study, perceived value is defined as customers' judgments based on a comparison of the service quality they receive (benefits) with the price they pay (costs/sacrifices) (Lapierre, 2000:125).

With regard to its consequences, empirical research has established perceived value as an important predictor of customer satisfaction (Cronin *et al*., 2000:195; Yang and Peterson, 2004:815) and customer loyalty (Lam *et al*., 2004:48; Sirdeshmukh *et al*., 2002:33). Other studies have found that perceived value's influence on customer loyalty is only indirectly through customer satisfaction (Tournois, 2015:86). The perceived value of a purchase therefore influences the development of the customer's attitude towards the organization, and interacts with their affective feelings of satisfaction to lead to certain loyalty behaviors (Moliner *et al*., 2007:1398; Ulaga and Eggert, 2006:323). Thus satisfaction and loyalty are recognized as key outcome indicators for measuring the perceived value generated from reciprocal exchange relationships.

4.2.2 Research model and hypotheses

With the notion that a value creation strategy drives long-term business relationships in the service industry, the authors developed a research model in which the main focus is on the outcomes derived from business customers' overall value perceptions. Contrary to most of the previous research in the value-satisfaction-loyalty chain, this study considers the outcomes of perceived value – namely, customer satisfaction and customer loyalty – to be multidimensional in nature. The theoretical model proposes that customers who perceive high value in their business relationship with the service provider will experience high economic and non-economic satisfaction that leads in turn to higher customer loyalty, both behaviorally and attitudinally. The proposed conceptual model is offered in Figure 1.

Figure 1: Conceptual model of perceived value's outcomes



4.2.2.2 Satisfaction as outcome of perceived value

Satisfaction, generally viewed as an overall post-purchase evaluation, is a well-researched topic in the services literature (Fornell, 1992:11). Derived from the disconfirmation of expectations paradigm, satisfaction is essentially an emotional response to the judgmental difference between performance and some corresponding normative standard – i.e., expectations (Ulaga and Eggert, 2006:316).

In a business-to-business context, satisfaction embodies an overall evaluation of, feeling about, or attitude to the exchange relationship, with the evaluation process encompassing both the economic and the social aspects of the relationship experience (Sanzo *et al*., 2003:327; Selnes, 1998:308). As a result, several authors support the notion that customer satisfaction in business relationships is not a unidimensional construct, but comprises at least two dimensions: economic satisfaction and non-economic satisfaction (Mpinganjira *et al*., 2017:422; Ferro *et al*., 2016:24; Farrelly and Quester, 2005:214; Geyskens *et al*., 1999:224). Failure to distinguish between these two types of satisfaction might result in inconsistent research results, which will reduce the organization's ability to manage its customer relationships effectively (Geyskens and Steenkamp, 2000:13).

Economic satisfaction

Economic satisfaction is defined as business customers' positive affective response to economic rewards to be derived from the relationship (Callarisa Fiol *et al*., 2009:286; Farrelly and Quester, 2005:213). Since profitability is universally acknowledged to be an organization's most important economic performance indicator, economic satisfaction has also been described as the discrepancy between customers' actual profits and their prior expectations (Brown *et al*., 1991:16). Other authors (e.g., Geyskens *et al*., 1999:224; Gassenheimer and Ramsey, 1994:257) offer a broader definition of economic satisfaction, including organizational goals such as sales volumes, discounts, margins, growth potential, and market opportunities. Thus an economically satisfied customer is said to consider the relationship successful with regard to partnership efficiency and effectiveness, goal attainment, and other resulting financial outcomes (Ting, 2011:59).

Due the importance of economic outcomes in exchange relationships, conflict is most likely to occur over economic issues and in the face of economic dissatisfaction (Geyskens *et al*., 1999:225). Effective communication is thus important in resolving economic conflict to reduce disagreements, and to reinforce the organization's value proposition (Sanzo *et al*., 2003:338).

Based on an economic and rational analysis of the comparison between benefits and sacrifices, customers' perception of value is derived from a trade-off between the perception of quality and the perception of price (Callarisa-Fiol *et al*., 2009:283), with any benefit-sacrifice discrepancy likely to affect the perceived financial rewards flowing from the relationship (Gallarza and Saura, 2006:438; Jap, 2001:98). Economic satisfaction as a post-purchase construct will thus be affected by the economic dimension of perceived price either before or after purchase (Gallarza *et al*., 2011:181; Sánchez-Fernández and Iniesta-Bonillo, 2007:431). It is thus hypothesized:

H_1: Perceived value relates positively to economic satisfaction

Non-economic satisfaction

Non-economic satisfaction – also called social satisfaction – is defined as a business customer's positive evaluation of the psychosocial aspects of a relationship (Geyskens and Steenkamp 2000:13). A customer satisfied with the social outcomes of the exchange relationship find interactions with the organization enjoyable, rewarding, and uncomplicated, and thus prefer working with the organization and are willing to exchange ideas (Geyskens *et al*., 1999:224).

Non-economic satisfaction in a business relationship may be determined by the integrity and respectfulness of the exchange partner, clearer communication, and greater involvement, which make it easier for the organization to fulfil customer expectations (Ferro *et al*., 2016:18; Lee *et al*., 2008:13). Thus this type of satisfaction highlights the social context in which the exchange develops, and focuses on aspects of subjective character and the evaluation of interactive experiences (Del Bosque *et al*., 2006:667; Sanzo *et al*., 2003:329).

As an emotional state, non-economic satisfaction judgments are viewed here as a cumulative, abstract construct that describes customers' overall experience in a service relationship, arising from a subjective process of comparing expectations with service performance or quality (Johnson and Grayson, 2005:502). Perceived service quality highlights customers' more recent service experiences, and has been established to positively influence customers' evaluation of future service quality experiences (Fornell *et al*., 1996:9).

Perceived value, on the other hand, goes beyond the concern for quality, as it also takes into account the costs associated with the offer and thereby enhances the predictive power of service quality judgments on satisfaction (Chen, 2008:715; Lam *et al*., 2004:296; Sanzo *et al*., 2003:341). Value – as a trade-off valuation of 'what you get for what you give' – therefore considers both tangible and intangible variables to assess affectively the service experienced and the psychological aspects of ensuing business relationships (Hansen *et al*., 2008:207). This leads to the following hypothesis:

H_2: Perceived value relates positively to non-economic satisfaction

Hence, as an outcome of perceived value, customer satisfaction is proposed to be influenced by both the economic and the social aspects of value creation (Callarisa Fiol *et al.*, 2009:286; Gallarza and Saura, 2006:439). While economic satisfaction and non-economic satisfaction have been established to be conceptually distinct (Geyskens and Steenkamp, 2000:13), satisfaction as a multidimensional construct – as well as the relationship between its two dimensions – has received little attention in the services literature (Mpinganjira *et al*., 2017:420; Del Bosque *et al*., 2006:669).

This is perhaps because the relationship between economic satisfaction and non-economic satisfaction is difficult to predict, given its cyclical nature (Farrelly and Quester, 2005:214). Most of the research, however, positions economic satisfaction earlier in a nomological structure than non-economic satisfaction (e.g., Ferro *et al*., 2016:14; Del Bosque *et al.,* 2006:672). Because economic outcomes are the main reason organizations engage in exchange relationships, exchange partners depend most on economic outcomes to survive and grow (Del Bosque *et al*., 2006:670).

In this regard, Geyskens and Steenkamp (2000:17) found that, when exchange partners have high levels of economic satisfaction, they are inclined to respond in a positive and constructive manner in a given problematic situation. Over an extended period of time, partners start to engage in social exchange, and thereby develop more complex and personal relationships (Dwyer *et al*., 1987:12).

Thus the achievement of economic outcomes early in the relationship should create a positive climate to influence how the quality of the interchange is evaluated, building trust and promoting commitment, and thereby increasing customers' satisfaction with the social aspects of the business relationship (Ferro *et al*., 2016:21; Mpinganjira *et al*., 2017:423). It is thus hypothesized in this study that:

H_3: Economic satisfaction relates positively to non-economic satisfaction

4.2.2.3 Loyalty as outcome of satisfaction

At the outset of this research, customer loyalty was identified as the main outcome of a value creation strategy. Growing evidence support the notion that customer satisfaction mediates the relationship between perceived value and customer loyalty (Tournois, 2015:91; Lam *et al*., 2004:297).

Most authors agree that customer loyalty is a source of competitive advantage, which has a powerful impact on organizational performance (Lam *et al*., 2004:294; Dick and Basu, 1994:99). Greater customer loyalty in service organizations result in higher turnover and reduced costs related to customer acquisition and maintenance, leading to greater profitability (Reichheld, 1996:57). Despite the significance of customer loyalty, there is still no consensus on how loyalty should be defined and measured – particularly in a business-to-business context (Caceres and Paparoidamis, 2007:838).

Two schools of thought have been identified that define and operationalize loyalty: behavioral loyalty (Ramaseshan *et al*., 2016) and attitudinal loyalty (Bennett and Rundle-Thiele, 2002). Despite the argument that customer loyalty should be considered a function of both favorable attitudes and repurchase behavior as a composite construct (Rauyruen and Miller, 2007:22; Russell-Bennett *et al*., 2007:1254), very few studies incorporate both loyalty measures.

This research proposes that customer loyalty is the result of psychological processes that has behavioral indicators, and therefore comprises both attitudinal and behavioral dimensions (Dick and Basu, 1994:104).

Behavioral loyalty

The majority of existing loyalty studies operationalize loyalty on its behavioral dimension, expressing loyalty as customers' repeat purchasing of a specific brand, product, or service, revealed through patterns of ongoing patronage and actual spending behaviors (Uncles *et al*., 1995:72). Since actual behavior is challenging to measure in survey research, researchers often employ behavioral intentions to measure customers' intention to execute future loyalty behaviors (Chen and Chen 2010:31).

The concept of behavioral intentions is grounded in the theory of planned behavior (Ajzen, 1991:182), which postulates that intentions capture the motivational factors that influence actual behavior, with past behavior considered the best predictor of future behavior. Thus behavioral loyalty is defined for the objective of this study as a function of business customers' past purchasing behavior and their intention consistently to repurchase the service in future (Mandhachitara and Poolthong, 2011:123; Rauyruen and Miller, 2007:22).

Previous loyalty literature on classified the antecedents of customers' repurchase behaviors into two different groups: cognitive/economic and affective/social (Bolton *et al*., 2004:274). Economic determinants include aspects such as perceived price, price-quality ratios, and economic satisfaction (Park and Jang, 2014:161).

Based on the rational economic objectives of business customers, economic satisfaction as an affective predisposition following an evaluation of the relationship's economic efficiency, should affect customers' motivation to repurchase (Safa and von Solms, 2016:2). This is based on the rational choice theory (Scott, 2000:129), which states that customers' purchase decisions are centered around the economic benefits that they believe can be gained from an exchange.

In other words, an economically satisfied business customer who receives economic rewards through an enhanced price-quality ratio is more likely to engage in actual purchase behavior, which in turn generates direct and tangible returns for the organization (Kumar and Shah, 2004:320).

H_4: Economic satisfaction relates positively to behavioral loyalty

Social antecedents of repurchase behavior consider more social and affective aspects, including trust (Nguyen *et al*., 2013:97), affective commitment (Dick and Basu, 1994:104), and the non-economic aspects of satisfaction (Park and Jang, 2014:161). Since most satisfaction scales available in the service literature consist of predominately non-economic items (Ferro *et al*., 2016:16), overwhelming support can be found for the influence of non-economic satisfaction on behavioral loyalty.

Most researchers have established that satisfaction as an affective state of mind that results from cognitively comparing expectations with actual performance (Barnes *et al*., 2016:278; Ulaga and Eggert, 2006:316) is the most important determinant of repurchase behavior, and is thus a necessary condition for the development of loyalty (Little and Marandi, 2003:15). Customers experiencing a positive emotional reaction to service evaluations – i.e., non-economically satisfied customers – have a higher likelihood of repeating the service experience and engaging in purchase behavior (Cronin *et al*., 2000:195; Zeithaml *et al*., 1996:34; Bagozzi, 1992:200). Therefore the following hypothesis is proposed:

H_5: Non-economic satisfaction relates positively to behavioral loyalty

Attitudinal loyalty

While the behavioral aspect of loyalty is a popular approach – not only in research, but also in practice (if one considers the vast number of loyalty programs) – it has been argued that behavioral measures fail to understand whether customers' underlying repeat purchase behavior or intent is driven by situational constraints, habit, or more complex psychological reasons (Jaiswal and Niraj, 2011:166; Mandhachitara and Poolthong, 2011:123; Odin *et al*., 2001:76; Dick and Basu, 1994:100). Researchers thus started turning to attitudinal measures to understand better the complex phenomenon that is customer loyalty (Gremler and Brown, 1996:172).

Attitudinal loyalty addresses the psychological component of customers' predisposition towards an organization (Umashankar *et al*., 2017:812; Rundle-Thiele, 2005:492; Jacoby and Chestnut, 1978:10). It can be understood as a favorable attitude towards the organization, and as a result it is likely to produce positive bonding based on emotional attachments (Evanschitzky *et al*., 2012:629).

Attitudinal loyalty indicates not only higher repurchase intentions but also recommending the organization, encouraging others to use the organization's products or services, resistance to counter-persuasion and spreading positive word-of-mouth (Rauyruen and Miller, 2007:22; Rundle-Thiele, 2005:492; Shankar *et al*., 2003:155). Therefore, attitudinal loyalty is defined in this study as the level of a business customer's psychological attachments and attitudinal advocacy towards the organization.

According to Ajzen (2002:678), attitudes are often conceptualized as containing discriminable components of both cognition and affect. From a cognitive perspective, expectations, performance, and equity/inequity are used to predict customers' satisfaction with economic rewards (Oliver and DelSarbo, 1988:498), with economic rewards or benefits found to be significantly correlated to attitudes (Lindberg and Johnson, 1997:405).

It is thus conceivable that a customer's economic satisfaction will be associated with a positive attitude towards the organization, which builds attachment and intention to repurchase and advocate (Ferro *et al*., 2016:16; Lee *et al*., 2010:572). Geyskens and Steenkamp (2000:25) established that a positive relationship exists between economic satisfaction and loyalty, stating that it makes 'economic' sense to preserve a relationship that yields high economic rewards. Building on the literature, the following hypothesis is proposed:

H_6: Economic satisfaction relates positively to attitudinal loyalty

Attitudes towards the organization are mainly formed after purchase; and thus an understanding of the role that previous service experiences play is critical to an understanding of how attitudinal loyalty is developed (Russell-Bennett *et al*., 2007:1253). Non-economic satisfaction as a positive affective reaction to prior experiences in a service relationship (Ganesan, 1994:4), has been referred to in the literature as an affective attitude (Chiou and Droge, 2006:617), and thus from an affective perspective is intrinsically linked to attitudinal loyalty.

Since economic satisfaction highlights the social context in which the relationship develops (Sanzo *et al*., 2003:329), a business customer satisfied with social outcomes, such as personal connections and enjoyable interactions, is more likely to reciprocate by maintaining the relationship and engaging in behaviors such as organizational advocacy (Lee *et al*., 2010:570; Geyskens and Steenkamp 2000:13). It is thus proposed that:

H_7: Non-economic satisfaction relates positively to attitudinal loyalty

Within the loyalty research, most authors agree that the dual approach of measuring both attitude and behavior increases the anticipated power of customer loyalty (Kursunluoglu, 2011:53; Bandyopadhyay and Martell, 2007:42). However, attitudes are likely to precede behavior in a business service context, where building relationships and accountability for actions are critical (Russell-Bennett *et al*., 2007:1255).

Attitudinal loyalty in the form of psychological attachments and advocacy helps organizations to gain knowledge and understanding of the attitude towards the act of purchasing of a specific organization (Bennett and Rundle-Thiele, 2002:196). In other words, attitudinal measurements provide more insight about the possible reasons a customer demonstrates behavioral loyalty (Bandyopadhyay and Martell, 2007:42). Kumar and Shah (2004:320) highlight the importance of building behavioral loyalty, as true customer loyalty only becomes meaningful when translated into actual purchase behavior that generates profitability for the organization. Thus:

H_8: Attitudinal loyalty relates positively to behavioral loyalty

4.3 METHODOLOGY

To assess the conceptual model, this research was set in the business banking industry; specifically, the target group for this study was micro-enterprises (businesses employing one to two people). Most empirical studies on business relationships focus on large, medium, and small-sized enterprises (Neuberger and Räthke, 2009:208), and thus micro-enterprises are an under-researched target group (Saarela *et al*., 2017:557). This is particularly true within a banking context, and even more so in the research areas of value, satisfaction, and loyalty. Forging closer relationships and creating a stable and loyal micro-enterprises database of those who are dependent on banks for credit is invaluable to contribute to banks' profitable growth (Baas and Schrooten, 2006:127; Zineldin, 1996:14).

The sample of micro-enterprises was drawn from a database provided by one of South Africa's largest banks through convenience sampling methods. An online, self-administered questionnaire was applied to gather the data from respondents, yielding a total of 381 usable questionnaires.

An online survey was chosen due to its advantages of greater speed and coverage, lower costs, anonymity, and 24/7 convenience (Kent, 2007:193). An incentive to participate was offered in the form of a lucky draw in order to obtain a sufficient number of responses. Only respondents whose businesses employed one to two people, and who had satisfactory knowledge of their business' perception of its main banking service provider formed part of the final sample, ensuring that respondents were competent enough to respond to questions relating to the current subject matter (Campbell, 1955:340).

Of the respondents who participated in the study, most were the owners of their respective micro-enterprise (72.0 per cent). Respondents operated in various business sectors, mostly in professional, scientific, and technical industries (14.2 per cent), followed by financial and insurance activities (9.2 per cent), and the wholesale and retail trade (8.7 per cent).

All constructs of interest were measured using established scales adapted from previous studies, with response options anchored at (1) strongly disagree, (2) disagree, (3) neither agree nor disagree, (4) agree, and (5) strongly agree, as follows:

- The measure for perceived value was adapted for the business banking context from the study of Lai *et al*. (2009:683).

- The economic satisfaction measure was adapted from the studies of Geyskens and Steenkamp (2000:21) and Ferro *et al*. (2016:17).
- The measure of non-economic satisfaction was modified from the study of Gremler and Gwinner (2000:95).
- Customer loyalty as an outcome was drawn from the original behavioral intentions scale of Zeithaml *et al*. (1996:38), which was adapted by Mandhachitara and Poolthong (2011:131) for use in a banking context.

4.4 EMPIRICAL FINDINGS

4.4.1 Assessing the measurement model

Before testing the hypotheses, the measurement scales for all constructs were assessed (Anderson and Gerbing, 1988:411). A confirmatory factor analysis was conducted with AMOS 23.0 to evaluate the validity of the five latent variables. The results of the CFA are presented in Table 1.

Table 1: Confirmatory factor and reliability analysis

Construct items	Standardized factor loading	AVE	C.R
Perceived Value		0.85	0.95
Overall, the service we receive from this bank is valuable.	0.79		
This bank offers us good value for our money.	0.86		
Overall, our business receives good value from this bank.	0.88		
Economic Satisfaction		0.82	0.94
This bank contributes to our financial performance.	0.88		
This bank generates economic growth for us.	0.85		
This bank gives us attractive discounts.	0.75		
Non-economic Satisfaction		0.92	0.97
Based on all of our experience with this bank, we are very satisfied with the banking services it provides.	0.91		
Our choice to use this bank was a wise one.	0.94		
Overall, we are satisfied with the decision to use this bank.	0.92		
Behavioral Loyalty		0.83	0.95
We will do the majority of our banking with this bank.	0.81		
We will use this bank the next time we need new banking products or services.	0.85		
We will definitely keep using this bank.	0.84		

Table 1: Confirmatory factor and reliability analysis (continues)

Construct items	Standardized factor loading	AVE	C.R
Attitudinal Loyalty		0.83	0.95
We will say positive things about this bank.	0.80		
We are proud to tell others that we bank with this bank.	0.81		
We consider ourselves loyal patrons of this bank.	0.89		

To assess the convergent and discriminant validity of the scale items, the average variance extracted (AVE) per construct and squared inter-construct correlations was calculated (Hair *et al*., 2013:458; MacKenzie *et al*., 2011:293).

The results in Table 2 show that the AVE values were greater than 0.50, providing evidence of convergent validity, and that the variance extracted was larger than the squared inter-construct correlations for the majority of the constructs, providing satisfactory support for discriminant validity. The reliability of the scale items using composite trait reliability measures was also checked; the results indicate high levels of reliability, as the composite reliability scores were well above the recommended threshold value of 0.70, ranging from 0.93 to 0.97 (Hair *et al*., 2013:458; Nunnally and Bernstein, 1994).

Table 2: Correlations, means, and AVE

Correlation matrix (AVE)							
Construct	**Mean**	**SD**	**PV**	**ES**	**NES**	**BL**	**AL**
1. Perceived Value	3.18	1.08	(0.85)				
2. Economic Satisfaction	2.54	1.13	0.67	(0.82)			
3. Non-Economic Satisfaction	3.23	1.13	0.78	0.67	(0.92)		
4. Behavioral Loyalty	3.44	1.09	0.76	0.64	0.87	(0.83)	
5. Attitudinal Loyalty	3.45	1.01	0.85	0.67	0.84	0.90	(0.83)

4.4.2 Assessing the structural model

After establishing the validity and reliability of the measures and a satisfactory fit in the measurement model, structural equation modeling (SEM) in AMOS 23.0 was conducted to estimate the hypothesized relationships in the structural model.

Results from the SEM yielded acceptable fit statistics data (χ^2 = 275.537, NFI = 0.966, RFI = 0.957, IFI = 0.976, TLI = 0.969, CFI = 0.976, RMSEA = 0.079). Additionally, the statistical significance is p = 0.00, while the normed χ^2 (χ^2/df) is 3.360. After assessing the model fit, the individual hypothesized relationships between constructs were analyzed.

As displayed in Table 3, the results suggest that perceived value had strong and positive relationships with both economic satisfaction (β = 0.820) and non-economic satisfaction (β = 0.662), supporting H_1 and H_2. The construct's high influence on the two types of satisfaction highlights the importance of customers' perception of value in achieving performance outcomes that are both economic and social in nature.

There is also a positive relationship between economic satisfaction and non-economic satisfaction (β = 0.277); thus H_3 is supported. Surprisingly, economic satisfaction's relationship with behavioral loyalty was not significant (β = -0.006), and thus H_4 was rejected.

A significant relationship was established, however, between economic satisfaction and attitudinal loyalty (β = 0.208), supporting H_6. Non-economic satisfaction, conversely, had positive relationships with both behavioral loyalty (β = 0.393) and attitudinal loyalty (β = 0.754). H_5 and H_7 should thus be supported.

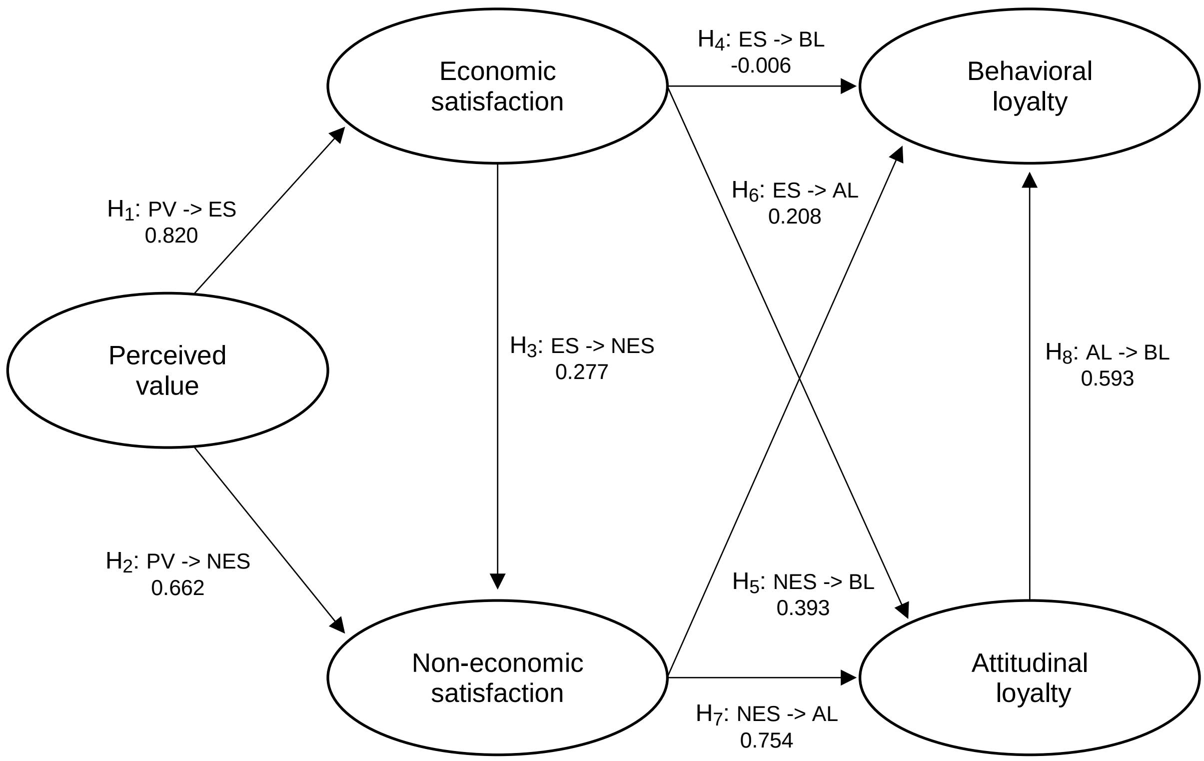
The stronger relationships between non-economic satisfaction and the two types of loyalty highlight the importance of social and affective elements. Finally, H_8 is also supported, as attitudinal loyalty was found to have a significant influence on behavioral loyalty (β = 0.593).

Table 3: Path analysis

Construct	Standardized estimate	Hypothesis Supported
H1 Perceived Value → Economic Satisfaction	0.820	Yes
H2 Perceived Value → Non-Economic Satisfaction	0.662	Yes
H3 Economic Satisfaction → Non-Economic Satisfaction	0.277	Yes
H4 Economic Satisfaction → Behavioral Loyalty	-0.006	No
H5 Non-Economic Satisfaction → Behavioral Loyalty	0.393	Yes
H6 Economic Satisfaction → Attitudinal Loyalty	0.208	Yes
H7 Non-Economic Satisfaction → Attitudinal Loyalty	0.754	Yes
H8 Attitudinal Loyalty → Behavioral Loyalty	0.593	Yes

The final estimated model is shown in Figure 2, providing the detailed standardized parameters for the relationships between the latent variables.

Figure 2: Structural model of perceived value's outcomes



4.4.3 Discussion of findings

This study aimed to contribute to the expanding research of perceived value positioned as a key factor in strategic management and as an important measure of gaining competitive advantage within the business service industry. The model presented in this research evaluated how business customers' perception of the value within the exchange relationship could impact both the economic and the social aspects of satisfaction, which in turn leads to both repurchase and advocacy intentions as manifestations of customer loyalty.

This model goes beyond previous research that has simply considered the value-satisfaction-loyalty chain without taking into account the complex, multidimensional nature of both customer satisfaction and customer loyalty. To the best of the researchers' knowledge, this study is the first to empirically investigate the hypothesized relationships between perceived value, economic satisfaction, non-economic satisfaction, attitudinal loyalty and behavioral loyalty. While this study took place in a business service setting, the findings hold theoretical and managerial implications for all organizations operating in service industries.

4.5 THEORETICAL IMPLICATIONS

The developed model was based on important variables identified in the literature as the main outcomes of customers' perception of value. Regarding the causal structure, this study shows that business customers' (i.e., micro-enterprises) perceived value of services is an explanatory factor in their loyalty intentions.

The influence of perceived value on customer loyalty was not examined directly, but instead indirectly through the path of (overall) satisfaction. Business customers' satisfaction was established in this study as a dual construct consisting of two distinct types: economic satisfaction and non-economic satisfaction.

Consistent with the literature, economic satisfaction is associated with tangible benefits of the economic exchange, while non-economic satisfaction is associated with affective social elements concerning social exchange relationships (Mpinganjira *et al*., 2017:423; Ferro *et al*., 2016:14). The dual approach to satisfaction was chosen to enhance the predictive power of perceived value as a trade-off between price and service quality (Callarisa-Fiol *et al*., 2009:283); and indeed, a strong and positive influence of perceived value on economic and non-economic satisfaction was established.

Despite this study being the first specifically to examine these relationships, the finding supports the extant literature that has found value to be a significant antecedent of customer satisfaction (Fornell *et al*., 1996:9). Since this study approached the two types of satisfaction from a cumulative rather than a transaction-specific perspective (Johnson *et al*., 1995:699), the study supports the work by Tournois (2015:91), who found that a customer value creation strategy is built on enduring exchange processes between an organization and its customers.

The positive influence of economic satisfaction on non-economic satisfaction supports the notion that, while business exchange is predominantly economic in nature, with exchange partners seeking to improve their own performance and profitability, over an extended period of time partners will start developing more complex and personal relationships based on enjoyable, interactive experiences (Rutherford, 2012:966; Del Bosque *et al*., 2006:667; Dwyer *et al*., 1987:25).

The importance of the psychological aspect of satisfaction arising from a subjective process of comparing expectations with service performance (Johnson and Grayson, 2005:502) is further highlighted in its strong and positive relationship with both attitudinal and behavioral loyalty. Satisfaction only matters to the extent to which it drives behavior (Oliver *et al*., 1997:312); and in this study, non-economic satisfaction was found to drive not only repeat purchases, but also organizational advocacy in the form of recommendation, encouragement, and positive word-of-mouth behavior.

The stronger relationship between non-economic satisfaction and the attitudinal aspect of customer loyalty is consistent with the argument of Russell-Bennett *et al*. (2007:1254), who state that previous service experiences are critical in the formation of favorable attitudes, which are integral to the development of attitudinal loyalty. However, since attitudes contain not only affective components but also cognitive components (Ajzen, 2002:678), business customers' rational evaluation of the economic rewards and financial objectives was found to build a positive attitude with regard to organizational attachment and intention to advocate (Ferro *et al*., 2016:16; Lindberg and Johnson, 1997:405).

This in turn leads to intentions to repurchase, evident in the strong influence of attitudinal loyalty on behavioral loyalty. This finding is consistent with the theory of planned behavior, in terms of which, on a psychological level, the intention to perform a certain behavior is determined by attitude towards that behavior (Ajzen, 1991:182).

The non-significant relationship between economic satisfaction and behavioral loyalty indicates that economic efficiency and rewards are not enough to drive repurchase behavior. Non-economic satisfaction and attitudinal loyalty should be present to build the psychological aspects related to deeper exchange relationships.

Indeed, the results reveal that non-economic satisfaction derived from high perceived value is a mediator between economic satisfaction and customers' loyalty behavioral intentions. Not only was this study the first to consider the influence of two types of satisfaction on two types of loyalty, it also found significant support for the role a socially satisfied customer plays in exchange relationships. The results highlight that businesses that perceive benefits such as service quality to outweigh the costs of maintaining a relationship, especially where a superior quality service enhances the evaluation of interactive experiences, are more likely to reciprocate with high levels of loyalty in the form of repeat purchases and positive word-of mouth behavior (Ndubisi *et al*., 2012:323; Singh and Sirdeshmukh, 2000:159).

4.6 MANAGERIAL IMPLICATIONS

Many service providers find themselves facing a business reality, in which competing on a generic service offering has made it increasingly difficult to achieve desired organizational outcomes such as market share and profitability (Tournois, 2015:91; So and Speece, 2000:315). This is specifically the case in the business banking industry, where decreased sales and intensified competition in the aftermath of the global financial crisis have meant that banks constantly have to focus on building long-term relationships as a means to eliminate the lack of liquidity to realize profitable growth (Ferreira *et al*., 2015:281).

Although most of the largest banks in the world (e.g., JP Morgan, HSBC, BNP Paribas, Wells Fargo, Mizuho) have incorporated the desire to build a long-term relationship and partnership with their customers into their mission and vision statement, many banks still lack the practical implementation due to an undifferentiated offering, bad service, high interest rates, and a failure to meet customers' needs and expectations.

In the development, establishment, and preservation of long-term business relationships with customers in the banking industry, creating superior value has long been recognized as a competitive strategy to forge closer relationships (Ravald and Grönroos, 1996:19). Perceived value as a balanced price-quality ratio incorporates cognitive reasoning about what is fair and justified for the perceived cost of the bank's offering, as well as customers' perceptions of the banks' delivery of excellent quality service at a consistently high standard (Yang and Peterson, 2004:802).

A positive 'give-versus-get' trade-off experience will increase business customers' overall experience with the bank and, based on this evaluation versus initial expectations, enhance their satisfaction associated with using their bank of choice. Also influencing their affective, psychological feelings of satisfaction is the evaluation of the financial performance and economic growth generated by the banks' offering (i.e., economic satisfaction). Thus, while business customers' perception of 'value for money' might seem at the outset to be solely delivering economic outcomes, value's integrated service quality experience joins with the affective response to economic rewards to deliver non-economic outcomes as well.

The fact that non-economic satisfaction was found in this study to have the strongest influence on both attitudinal and behavioral loyalty highlights the importance of relationship bankers building personal connections and offering an enjoyable service experience so as to develop an engaging, ongoing exchange relationship. Satisfied business customers in this sense are more willing to recommend the bank to others and to continue doing the majority of their banking transactions with the bank, as the relationship reflects a happy situation.

The results reported here show that even extremely small business customers like micro-enterprises exhibit loyalty behaviors that have the potential directly to impact organizations' market share and profitability; but micro-enterprises are often neglected in the search for larger customers that hold more power (Russell-Bennett *et al*., 2007:1258). While the success of a micro-enterprise is greatly dependent on the type of relationship it maintains with its bank, the ability of banks to retain their micro-enterprise customers depends on an understanding of their needs and how to create greater value to them (Trasorras *et al*., 2009:625; Perry and Coetzer, 2009:307).

4.7 CONCLUDING THOUGHTS

This study contributes to revealing the structural properties of the constructs of perceived value, satisfaction, and loyalty. In particular, it contributes to revealing the structural properties between perceived value and the two types of satisfaction and the two types of loyalty.

4.8 LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

Notwithstanding the important findings reported here, this research is nevertheless bound by some limitations, which in turn open up exciting possibilities for future research. For instance, due to the cross-sectional nature of this research, this study does not capture long-term perceptions of value, satisfaction, and loyalty. Using longitudinal data in the future could provide a stronger case for causality.

The causal relationship only considered the influence of perceived value on satisfaction (economic and non-economic), and the subsequent influence of the two types of satisfaction on loyalty (attitudinal and behavioral), instead of considering the direct influence of perceived value on loyalty behaviors. Future research should not only take the direct relationship into account, but also include additional variables that have the potential to mediate the relationship between perceived value and customer loyalty, such as perceived risk, involvement, trust, and commitment.

Furthermore, future research could measure actual behavior, and not only behavioral intentions, to gain a deeper understanding of the predictive power of perceived value, economic satisfaction, and non-economic satisfaction. Antecedents of perceived value can also be incorporated.

Since this study took place in only one type of services industry – business banking – the results cannot be generalized. Future research should explore whether the final model is applicable to other business contexts. Banking – in particular, business banking – is highly specialized and complex, and what value means for the customer might vary in other business sectors such as manufacturing, professional services, and retail.

The results may also vary if not just micro-enterprises as business customers are considered, but also small, medium, and large customers. With this study probably being the first to investigate the influence of a multidimensional satisfaction on a multidimensional loyalty construct as outcomes of a value creation strategy, future research could also retest this model in other industries.

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MAIN FINDINGS FROM CHAPTER 4 CONTRIBUTING TO THE OVERALL OBJECTIVES OF THIS THESIS

Main finding 1, Chapter 4:

The measurement scale of perceived value, with items adapted from Lai *et al*. (2009:683), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 2, Chapter 4:

The measurement scale of economic satisfaction, with items adapted from Ferro *et al*. (2016:17) and Geyskens and Steenkamp (2000:21), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 3, Chapter 4:

The measurement scale of non-economic satisfaction, with items adapted from Gremler and Gwinner (2000:95), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 4, Chapter 4:

Micro-enterprises' satisfaction is a dual construct, consisting of two distinct types: economic satisfaction and non-economic satisfaction.

Main finding 5, Chapter 4:

Micro-enterprises' perception of the value offered by the bank significantly influenced their satisfaction with the economic aspects of the relationship.

Main finding 6, Chapter 4:

Micro-enterprises' perception of the value offered by the bank significantly influenced their satisfaction with the non-economic aspects of the relationship.

Main finding 7, Chapter 4:

Perceived value exerted a stronger influence on economic satisfaction than on non-economic satisfaction.

Main finding 8, Chapter 4:

Micro-enterprises' satisfaction with the economic aspects of the relationship with the bank significantly influenced their satisfaction with the non-economic aspects.

Main finding 9, Chapter 4:

The measurement scale of attitudinal loyalty, with items adapted from Mandhachitara and Poolthong (2011:131), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 10, Chapter 4:

The measurement scale of behavioral loyalty, with items adapted from Mandhachitara and Poolthong (2011:131), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 11, Chapter 4:

Micro-enterprises' loyalty is a dual construct, consisting of two distinct types: attitudinal loyalty and behavioral loyalty.

Main finding 12, Chapter 4:

Micro-enterprises' economic satisfaction was not a precursor of their future banking behavior, as economic satisfaction did not significantly influence micro-enterprises' behavioral loyalty.

Main finding 13, Chapter 4:

Micro-enterprises' economic satisfaction significantly influenced their attitudinal loyalty, and thus micro-enterprises' with high levels of economic satisfaction are likely to advocate on behalf of the bank.

Main finding 14, Chapter 4:

Satisfaction with the non-economic aspects of the relationship significantly influenced micro-enterprises' behavioral loyalty towards the bank; thus micro-enterprises with higher levels of non-economic satisfaction were more likely to engage in future banking behaviour.

Main finding 15, Chapter 4:

Micro-enterprises' non-economic satisfaction mediates the relationship between economic satisfaction and behavioral loyalty.

Main finding 16, Chapter 4:

Satisfaction with the non-economic aspects of the relationship significantly influenced micro-enterprises' attitudinal loyalty towards the bank.

Main finding 17, Chapter 4:

Micro-enterprises' perceived value' influenced attitudinal loyalty and behavioral loyalty indirectly through the mediating effects of non-economic satisfaction.

Main finding 18, Chapter 4:

Micro-enterprises' attitudinal loyalty significantly influenced their behavioral loyalty, and thus micro-enterprises' intentions to advocate on behalf of the bank significantly influenced their intentions to use the bank in future.

CHAPTER 5

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter presents a summary of the research study, offering a short overview, and outlining each of the articles forming part of this thesis. The chapter begins with a discussion of the main findings of the study in relation to the primary objective and secondary objectives. The conclusions drawn from the main findings are presented and recommendations are also offered for consideration to the business banking industry with regard to the antecedents in influencing micro-enterprises' perceived value so that performance outcomes – such as satisfaction and loyalty, and long-lasting relationships – are achieved. A comprehensive model depicting the interrelationships among the constructs that form part of this value creation strategy is also presented and discussed in this chapter. A summary of the hypothesised relationships in the final model, the contribution of the main findings to achieving the primary and secondary objectives, and the study's contribution to theory are offered next. The chapter concludes by reflecting on the limitations of this study and offering suggestions for future research.

5.2 OVERVIEW OF THE STUDY

The purpose of this study was to establish the antecedents and outcomes of perceived value in business banking. This study was conducted in a South African business banking environment, with the sample comprising micro-enterprises – registered, licensed, formal businesses with limited capital assets, employing one or two people (Sharma and Gounder, 2011:49; Neuberger and Räthke, 2009:208). Most empirical studies on business relationships focus on large, medium, and small-sized enterprises, with micro-enterprises an under-researched target group in the banking industry, as well as in the research areas of value, satisfaction and loyalty (Saarela *et al*., 2017:557; Neuberger and Räthke, 2009:208).

This study followed a descriptive research design, and a self-administered, Internet-based questionnaire was used to gather data from micro-enterprises operating in various business sectors. The sample of micro-enterprises was drawn from a database provided by one of South Africa's largest banks, through convenience sampling methods. The database included a list of all the bank's business customers, and since the database included not only micro-enterprises, but also small, medium and large sized enterprises, there was no possibility of determining which business customers from the database were micro-enterprises. The researcher thus had to email all business customers in the database provided and offered an incentive to participate in the form of a lucky draw to obtain a sufficient number of responses. A screening question ensured that respondents had satisfactory knowledge of their business perception of its main bank. Respondents thereafter had to indicate the number of people that their business permanently employed to ensure that only those employing one to two people formed part of the micro-enterprise sample. Following the screening, data collection, and data cleaning phases, 381 usable responses were received. These were subsequently analysed with the Statistical Package for Social Sciences (SPSS) 23.0 program to determine the sample's profile. Analysis of Moment Structure (AMOS) software was used thereafter to analyse the measurement and structural properties of the various research models presented in the three articles included in the thesis (see Chapters 2 to 4), as well as the final research model presented later in this chapter. The focus and contribution of each paper are summarised next.

The first article (Chapter 2) lays the foundation of the thesis by investigating the antecedents of perceived value among micro-enterprises in a business banking setting. Previous research indicates that, in order to enhance the perceived value of banking services, perceived service quality must exceed perceived price, as customers generally attribute value to a product or service subject to their perceptions of these two factors (Matzler *et al.*, 2006:224; Lichtenstein *et al.*, 1990:56). Perceptions of price fairness have been reported to be a major issue for customers in this industry (Kaura *et al*., 2014:130), and it was argued that how pricing information is presented, in varying degrees of transparency, can influence customers' perceptions of the reasonableness of the price (Miao and Mattila, 2007:534), as well as their perceptions of the banks' service quality (Matzler *et al.,* 2006:227). For this reason it was argued that perceived price and service quality are mediators between price fairness and perceived value in business banking relationships. This was discussed in greater detail in Chapter 2.

The second article (Chapter 3) builds on the first research paper, where outcomes of micro-enterprises' perception of value in a business banking setting were examined in relation to the antecedents of perceived value. Customers' perception of the value received is key to achieving performance outcomes, such as higher customer satisfaction, and thus it is vital to determine the sources of business banking customers' perception of value so that banks can better satisfy customers' needs (Lam *et al*., 2004:294). Several authors support the notion that business customers' satisfaction is not a unidimensional construct, but comprises at least two distinct types: economic satisfaction and non-economic satisfaction (Mpinganjira *et al*., 2017:422; Ferro *et al*., 2016:16; Sanzo *et al*., 2003:329; Geyskens and Steenkamp, 2000:13). As a result, it was argued that both economic satisfaction and non-economic satisfaction are outcomes of micro-enterprises' perceived value from banking relationships. This was discussed in greater detail in Chapter 3.

Chapter 4 presents the third and final article of this study, which adds to the findings of the second paper by examining not only the two types of customer satisfaction as outcomes of micro-enterprises' perception of value, but also customer loyalty – which is considered the greatest indicator of strategic success. Research findings indicate that business customers' perception of value enhances their satisfaction, which in turn positively impacts various behavioural outcomes, such as customer loyalty (Tournois, 2015:84; Eggert and Ulaga, 2002:107). Past research supports the notion that customer loyalty has behavioural manifestations that are the result of psychological processes, and, as a result, customer loyalty consists of two distinct types: attitudinal and behavioural loyalty. It was thus argued that a multidimensional approach to both satisfaction and loyalty needs to be taken to determine the outcomes of perceived value in business banking relationships.

5.3 CONCLUSIONS AND RECOMMENDATIONS

The three articles presented in this thesis (Chapters 2 to 4) offer the business banking industry insight into the implementation of a successful value creation strategy. By specifically conducting the empirical research among micro-enterprises (an under-researched business customer), the main findings of each article contribute to the achievement of the primary objective: to establish the antecedents and outcomes of perceived value in business banking. In this section, the conclusions derived from the empirical results are discussed, and recommendations to banks are offered on the basis of the main findings reported for each article.

5.3.1 Secondary objective 1: Determine the validity and reliability of the questionnaire used for this study among micro-enterprises within the business banking industry

The questionnaire used in this study included items that were derived from the services marketing literature. Items were adapted from previous studies by selecting items that apply to high credence services such as banking, with slight changes required to suit the study's business banking context. Considering the business-to-business setting of this study, the questionnaire was distributed in online form to the database of business customers. A pilot study of the questionnaire was first tested on selected business customers. It revealed a few minor aspects that had to be addressed – e.g., changing from an open-ended question to a close-ended question. The questionnaire was subsequently sent to the full database to collect data from the respondents, with the final analysed sample consisting of 381 micro-enterprises. In order to identify micro-enterprises, a screening question ensured that only respondents who employed one to two people form part of the sample, while another ensured that respondents had satisfactory knowledge of their business' perception of its main banking service provider (Campbell, 1995:340). Since it is vital that researchers demonstrate satisfactory levels of reliability and validity when evaluating the relationships of the observed measures to their posited underlying constructs (Fornell and Larcker, 1981:39), the first secondary objective of this study was to determine the validity and reliability of the questionnaire used for this study among micro-enterprises within the business banking industry.

Construct validity and reliability were assessed for each article separately by means of a confirmatory factor analysis. Construct validity – the extent to which a set of measured items actually reflects the theoretical latent constructs that those items are designed to measure – was evaluated by assessing both convergent validity (related relationships with other constructs in the model) and discriminant validity (unrelated relationships) (Pallant, 2010:13). To assess the convergent and discriminant validity of the scale items, the average variance extracted (AVE) per construct was compared with the corresponding squared inter-construct correlations (Hair *et al*., 2013:458; MacKenzie *et al*., 2011:293). Results from all three articles indicated that the AVE values were greater than 0.50, providing evidence of convergent validity, and that the variance extracted was greater for the majority of the constructs in relation to the squared inter-construct correlations, thus providing satisfactory support for discriminant validity (Hair *et al*., 2013:458).

Reliability analysis, also an indicator of convergent validity, was carried out using the composite trait reliability measure, which is superior to the commonly used Cronbach's alpha in estimating true reliability (Petrick, 2002:128; Osburn, 2000:344). This is due to the construct loadings or weights for the coefficient alpha being constrained to be equal, while in composite reliability measures the loadings or weights are allowed to vary (Peterson and Kim, 2013:194). Interpreted in the same way as a Cronbach's alpha, composite reliability coefficients of 0.70 and above indicate high levels of reliability (Hair *et al*., 2013:458). The composite trait reliability coefficients varied between 0.85 and 0.97 across all three articles included in the thesis.

Following the confirmation of convergent and discriminant validity, nomological validity – an interlocking system of lawful relationships consistent with theory – was confirmed by assessing the structural model through structural equation modelling (Svensson and Mysen, 2011:238; Yang, 2003:154).

The results of this study established validity and reliability for the measurement scales of price fairness (**Main finding 1, Chapter 2**; **Main finding 1, Chapter 3**), perceived price (**Main finding 2, Chapter 2**; **Main finding 2, Chapter 3**), service quality (**Main finding 3, Chapter 2**; **Main finding 3, Chapter 3**), perceived value (**Main finding 4, Chapter 2**; **Main finding 4, Chapter 3**; **Main finding 1, Chapter 4**), economic satisfaction (**Main finding 13, Chapter 3**; **Main finding 2, Chapter 4**), non-economic satisfaction (**Main finding 14, Chapter 3**; **Main finding 3, Chapter 4**), attitudinal loyalty (**Main finding 9, Chapter 4**), and behavioural loyalty (**Main finding 10, Chapter** 4), with no underlying dimensions uncovered.

It can therefore be **concluded** that the questionnaire used in this study was valid and reliable among micro-enterprises within the business banking industry. It is **recommended** that banks use the measurement scales offered in this study to determine micro-enterprises' perceptions of price fairness, pricing, service quality, and value, and to determine their economic and non-economic satisfaction, and ultimately their loyalty, in both the attitudinal and the behavioural sense. While the offered measurement scales of this study are valid and reliable in measuring the theoretical constructs of price fairness, perceived price, service quality, perceived value, economic satisfaction, non-economic satisfaction, attitudinal loyalty, and behavioural loyalty for the business relationships studied, only further research will determine its universal applicability as a valid and reliable measure for other business relationships such as small, medium, and large customers.

5.3.2. Secondary objective 2: Establish perceived price and service quality as antecedents of micro-enterprises' perceived value in business banking

Several researchers agree that perceptions of value generally involve a cognitive trade-off between what customers receive (benefits) and what they give up (sacrifices) to attain a particular product or service (Choi *et al*., 2004:915; Oliver, 1999:45; Woodruff, 1997:141). In previous studies, the benefit component has mostly been conceptualised as the cognitive response of service quality (Callarisa Fiol *et al*., 2011:133; Varki and Colgate, 2001:233), while the sacrifice component has been conceptualised as customers' perception of price (Cronin *et al*., 2000:201). Since the concept of value in business relationships tends to be complex to map (Corsaro and Snehota, 2010:987), this secondary objective of this study was to establish perceived price and service quality as antecedents of micro-enterprises' perceived value in business banking.

This study found that micro-enterprises' perception of value was significantly influenced by their perception of the bank's pricing (**Main finding 5, Chapter 2**; **Main finding 5, Chapter 3**), and by their service quality perceptions (**Main finding 6, Chapter 2**; **Main finding 6, Chapter 3**). The direct and positive relationships with perceived value are in line with Oh (2003:396), who found that both price and service quality perceptions influence value perceptions. However, in this study it was found that service quality perceptions were a stronger precursor of value perceptions than price perceptions were (**Main finding 7, Chapter 2**; **Main finding 7, Chapter 3**). The results of this study further established that micro-enterprises' positive perceptions of the bank's pricing significantly influenced their service quality perceptions (**Main finding 8, Chapter 2**; **Main finding 8, Chapter 3**), confirming that price serves as an important extrinsic signal for service quality judgments, which in turn have a positive influence on perceived value (Kwun and Oh, 2004:33; Zeithaml, 1988:10).

It can therefore be **concluded** that perceived price and service quality are antecedents of micro-enterprises' perceived value of business banking services. While at the outset it might seem that service quality is the main driver of a value creation strategy, it is **recommended** that banks take note of the important role that perceived pricing plays in the formation of both service quality and value perceptions. Banking charges, fees, and interest rates that are considered reasonable form part of micro-enterprises' latitude of acceptance, which justifies the quality of service the bank offers (Dodds *et al*., 1991:381). Bank executives must then continue to provide impressive and excellent service quality at a consistently high standard to enhance micro-enterprises' perception that the benefits they receive (overall service quality) are higher than the monetary sacrifices they have to undergo. Thus, for micro-enterprises to find a bank creating high value, a balanced perceived price-quality ratio is imperative.

5.3.3 Secondary objective 3: Determine the role of price fairness in the interrelationship between micro-enterprises' price, service quality, and value perceptions within the business banking industry

Previous research has shown that any disadvantaged price inequality may lower the perceived value of an offer (Xia *et al*., 2004:6). This is based on the principle of dual entitlement, which states that customers are entitled to a reference price and organisations to a reference profit, and that any prices violating this reference transaction will be perceived as unfair (Oh, 2003:390; Kahneman *et al*., 1986:729). Given the complexity of pricing structures in the banking industry, Kaura *et al*. (2014:135) highlight the importance of banks following transparency and fairness in service charges. Failing to be transparent about pricing can foster distrust, while greater transparency has been linked to improved customer responses and an enhanced service quality perception (Giovanis *et al*., 2015:765; Mauri, 2007:286; Miao and Mattila, 2007:534). Oh (2003:396) found, in his study of how customers perceive and process price information in the tourism industry, that price fairness had a strong influence on perceived price and quality, which in turn positively influenced perceived value. Since these relationships have not been investigated among micro-enterprises in a banking context, the third secondary objective of this study was to determine the role of price fairness in the interrelationship between micro-enterprises' price, service quality, and value perceptions within the business banking industry. Specifically, the study aimed to test perceived price and service quality as mediators between price fairness and perceived value in service encounters between micro-enterprises and their banks.

This study found that perceptions of price fairness among micro-enterprises significantly influenced their perception of the bank's pricing (**Main finding 9, Chapter 2**; **Main finding 9, Chapter 3**). Micro-enterprises' perception of the bank's service quality were also significantly influenced by their perceptions of price fairness (**Main finding 10, Chapter 2**; **Main finding 10, Chapter 3**); however, price fairness had a stronger relationship with micro-enterprises' perception of the bank's price than with their perception of the banks' service quality (**Main finding 11, Chapter 2**; **Main finding 11, Chapter 3**). Moreover, the results of this study established that perceived price and service quality mediate the effect of micro-enterprises' perceptions of price fairness on their perceptions of value (**Main finding 12, Chapter 2**; **Main finding 12, Chapter 3**). This finding – which is consistent with that of Oh (2003:396) – was established using a rival model in which a direct relationship between price fairness and perceived value became insignificant when perceived price and service quality were added back into the model.

It can therefore be **concluded** that micro-enterprises' perceptions of price fairness, entailing the notions of transparency, hidden costs, and open communication about price increases, are important drivers of their subsequent price, service quality, and value perceptions. Due to the array of banking products and services, and the complexity of price setting in the banking industry, it is **recommended** that banks provide sufficient information and greater transparency about their pricing policies and the charges associated with their micro-enterprise customers' product portfolio. Hidden charges must be avoided at all cost and any changes in pricing structures need to be communicated clearly and timeously to customers. Unjustifiable price increases or interest rate changes will cause customers to view the banks' pricing as unreasonable, which could lead to negative customer responses and a reduced perception of the overall service quality provided by the bank. The importance of fair pricing perceptions in the business banking industry becomes apparent when considering the impact it has on perceived value, through perceived price and service quality's mediating effects. Since value is a superordinate goal in relational exchanges (Singh and Sirdeshmukh, 2002:21), perceptions of a valuable offering take into account micro-enterprises' assessments of what is right, justified and fair for the perceived cost of the bank's offering and the benefits that can be attained (Yang and Peterson, 2004:802). For this reason it is fundamental for business banks to not only have the correct pricing policies in place, but also to invest in financially technical personnel who can effectively communicate any price setting and changes to reduce disagreements and to reinforce the bank's value proposition.

5.3.4 Secondary objective 4: Establish whether economic and non-economic satisfaction are distinct outcomes of micro-enterprises' perception of the value of business banking services

Several authors (e.g., Tournois, 2015:92; O'Cass and Sok, 2013:1075; Gounaris *et al*., 2007:80; Yang and Peterson, 2004:815; Oh, 1999:78) agree that customers' perception of the value received is key to achieving performance outcomes such as higher customer satisfaction. In a relational exchange, customers' perception of value is said to consist inherently of both economic and social aspects (Ting, 2011:62; Siguaw *et al*., 2003:319). This is due to perceived value being a dynamic variable that includes both the economic utility derived from the characteristics of services on the one hand and social interactions on the other (Moliner *et al*., 2007:1399; Boksberger and Melsen, 2011:231). According to social exchange theory, exchange interactions intrinsically contain an 'exchange ratio' of tangible and/or intangible actions that, in combination with the comparison of exchange alternatives, result in economic and social outcomes (Lambe *et al*., 2001:6; Homans, 1958:603). Also, Geyskens *et al*. (1999:234) argued that researchers should distinguish between both the economic aspects and the non-economic (social) aspects of satisfaction, and should measure customers' economic satisfaction and non-economic satisfaction as separate constructs. Based on this view, the **fourth objective** of this study was to establish whether economic and non-economic satisfaction are distinct outcomes of micro-enterprises' perception of value of business banking services.

Consistent with previous studies (e.g. Mpinganjira *et al*., 2017:422; Ferro *et al*., 2016:19; Del Bosque *et al*., 2006:672; Geyskens *et al*., 1999:229), this study established that micro-enterprises' satisfaction is a dual construct consisting of two distinctive types: economic satisfaction and non-economic satisfaction (**Main finding 15, Chapter 3; Main finding 4, Chapter 4**). Furthermore, this study found that micro-enterprises' perception of the value offered by the bank significantly influenced their satisfaction with the economic aspects of the relationship (**Main finding 16, Chapter 3; Main finding 5, Chapter 4**), as well as their satisfaction with the non-economic aspects of the relationship (**Main finding 17, Chapter 3; Main finding 6, Chapter 4**). While perceived value was found to exert a stronger influence on economic satisfaction than on non-economic satisfaction (**Main finding 18, Chapter 3; Main finding 7, Chapter 4**) the findings not only support the extant literature that perceived value is an important and direct antecedent of customer satisfaction (Siguaw *et al*., 2003:319; Fornell *et al*., 1996:9), but also highlight the importance of customers' perception of value in achieving performance outcomes that are both economic and social in nature (Geyskens and Steenkamp, 2000:11). Furthermore, it was also found that micro-enterprises' satisfaction with the economic aspects of the relationship with the bank significantly influenced their satisfaction with the non-economic aspects (**Main finding 19, Chapter 3; Main finding 8, Chapter 4**). This positive relationship supports the notion that the achievement of economic outcomes early in the relationship creates a positive climate to influence how the quality of the interchange is evaluated, resulting in more complex and personal relationships over a period of time (Rutherford, 2012:966; Del Bosque *et al*., 2006:667; Dwyer *et al*., 1987:25).

It can thus be **concluded** that economic satisfaction and non-economic satisfaction are distinct outcomes of micro-enterprises' perception of value. This study approached the two types of satisfaction from a cumulative perspective (i.e., observing the cumulative effect of a set of distinct encounters) rather than focusing solely on the post-purchase evaluation of a specific purchase transaction (Jones and Suh, 2000:149; Johnson *et al*., 1995:699), and it can thus be **recommended** that banks build their value creation strategy on long-term exchanges with their micro-enterprise customers. Since micro-enterprises' perceptions of value are created through a price-quality trade-off, it is recommended that banks ensure that the quality of service that micro-enterprises perceive to receive from the bank is higher than their perception of the associated costs. The extent to which micro-enterprises perceive the fees charged as reasonable and not expensive helps to determine the worth of the money paid for the banking service rendered. It is thus recommended that banks clarify their pricing structures so that micro-enterprises can see exactly what they are being charged for. Any benefit-sacrifice discrepancy will affect micro-enterprises' perceptions of the bank's contribution to their financial performance, economic growth, and other economic rewards such as discounts, and subsequently their satisfaction with the economic rewards flowing from the relationship. At the same time, if the benefit of using the bank over a competitor bank does not outweigh the costs associated with the exchange relationship, micro-enterprises will not be non-economically satisfied in terms of their experiences and their decision to use the bank.

Consistent with Faroughian *et al*. (2012:76), the positive impact of perceived value on the two types of satisfaction suggests that banks' efforts of enhancing customer satisfaction should focus on improving perceptions of received benefits rather than on reducing perceptions of sacrifices. Most business customers are concerned about their financial risk, and thus it is important that banking executives mediate the risk by offering unsurpassed service through their integrity, level of knowledge, and involvement in the customers' businesses. It is thus recommended that banks focus on employing contact personnel who do not only have 'hard' technical skills and capabilities, but also have great interpersonal ('soft') skills in order to build social relationships based on personal connections and favourable impressions. Bank personnel who go beyond the call of duty genuinely to take care of their micro-enterprise customers' needs will increase the standard and quality of service provided, thereby maximising the utility customers receive, resulting in a tangible differentiating value proposition.

5.3.5 Secondary objective 5: Determine the interrelationship between micro-enterprises' price, service quality, and value perceptions, and their economic and non-economic satisfaction within the business banking industry

While several researchers (e.g. Chen, 2008:715; Lam *et al*., 2004:296; Fornell *et al*., 1996:9) agree that perceived value as a balanced price-quality ratio is the strongest determinant of customer satisfaction, others established a direct relationship between perceived price and customer satisfaction (e.g., Kaura *et al*., 2015:418; Han and Ryu, 2009:503), and between service quality and customer satisfaction (Chiou and Droge, 2006:616; Lee *et al*., 2000:22). Satisfaction as an appraisal outcome is ultimately derived from the judgmental disparity of comparing performance with expectations (Ulaga and Eggert, 2006:316; Oliver *et al*., 1997:314). Although prior expectations can be compared with financial performance (Brown *et al*., 1991:16) or with service delivery performance (Johnson and Grayson, 2005:502), most studies only focus on the latter relationships. Furthermore, most customer satisfaction scales still consist mostly of non-economic items (Ferro *et al*., 2016:16), and therefore the role perceived pricing plays in customers' satisfaction with economic outcomes is lacking. The fifth secondary objective of this study was thus to determine the interrelationship between micro-enterprises' price, service quality, and value perceptions, and their economic and non-economic satisfaction within the business banking industry.

This study found that micro-enterprises' price perceptions significantly influenced their economic satisfaction with the bank (**Main finding 20, Chapter 3**), while perceptions of the banks' service quality significantly influenced micro-enterprises' non-economic satisfaction with the bank (**Main finding 21, Chapter 3**). These findings are consistent with previous research that has established the influence of perceived price (Varki and Colgate, 2001:237) and service quality (Vera and Trujillo, 2013:583; Bei and Chiao, 2001:137) on overall customer satisfaction. As already discussed, this study further found that micro-enterprises' perception of the value offered by the bank significantly influenced their satisfaction with both the economic and the non-economic aspects of the relationship (**Main finding 16, Chapter 3** and **Main finding 17, Chapter 3**). The results show that the direct relationship between micro-enterprises' value perceptions and their economic satisfaction is much stronger than the direct relationship between price perceptions and economic satisfaction (**Main finding 22, Chapter 3).** Similarly, the direct relationship between micro-enterprises' value perceptions and their non-economic satisfaction is much stronger than the direct relationship between micro-enterprises' service quality perceptions and their non-economic satisfaction (**Main finding 23, Chapter 3**).

It can be **concluded** that micro-enterprises' value perceptions exerted a stronger influence on both their economic and non-economic satisfaction than did their price and quality perceptions. Despite this conclusion, the relationships between micro-enterprises' service quality perceptions and their non-economic satisfaction and between price perceptions and their economic satisfaction are important. Previous research has established that dissatisfaction with pricing is one of the main reasons that customers switch banks (Colgate and Hedge, 2001:209), and it is therefore **recommended** that banks enhance micro-enterprises' perceptions of reasonable interest rates and service fees in order to satisfy their financial expectations better. Since interest rates on loans and deposits in particular have a direct impact on micro-enterprises' profitability and economic growth, banking executives must ensure that they clearly understand the purpose of their micro-enterprise customers' loans and investments to ensure that they maximise goal achievement, resulting in customers' positive affective response to the derived economic rewards. However, it is important that banks realise that business relationships characterised by high levels of economic satisfaction are not automatically characterised by high levels of non-economic satisfaction (Ferro *et al*., 2016:17). Micro-enterprises require social interaction with all bank personnel – from the executive on the floor, to the portfolio manager, to the branch manager – and thus this social interaction as part of the service delivery process needs to be of an impressive quality and a high standard so that their experience with the social aspects of the relationship can be enhanced, leading to customers who are satisfied with their decision to use the bank. However, it is recommended that banks do not view economic satisfaction and non-economic in isolation, but rather as two key indicators of a successful business banking relationship. In order to influence both economic and non-economic outcomes, banks should focus on getting the ratio of a reasonable price to high quality of service right in order to create higher value for their micro-enterprise customers.

5.3.6 Secondary objective 6: Establish attitudinal loyalty and behavioural loyalty as distinct outcomes of micro-enterprises' perception of value and their satisfaction with business banking services

Research has recognised the importance not only of customer satisfaction, but also of customer loyalty as a key element of a value creation strategy that drives performance at the organisational level (Tournois, 2015:84). While satisfaction is regarded as an important performance outcome in measuring the success of the relationship (Lambe *et al*., 2001:25), satisfaction only matters to the point that it affects future purchasing behaviours (Chen and Chen, 2010:31). Researchers have argued that it is difficult to modify future purchase behaviour without knowledge of the attitude towards the act of buying from a specific organisation (Bennett and Rundle-Thiele, 2002:196; Dick and Basu, 1994:100), and thus there are two schools of thought about operationalising loyalty: behavioural loyalty (behaviour) and attitudinal loyalty (attitude). Several researchers (e.g., Arslanagic-Kalajdzic and Zabkar, 2015:83; Walter *et al*., 2001:366) regard customers' perception of value as a core trigger for attitudes and behaviour, while others consider satisfaction to be the key mediating construct between components forming the overall attitude, other global evaluations, and future behavioural intentions (Garbarino and Johnson, 1999:75). Similarly, Ravald and Grönroos (1996:20) highlight that satisfaction depends on value to drive attitudinal and behavioural loyalty. In light of the preceding discussion, the sixth secondary objective of this study was to establish attitudinal loyalty and behavioural loyalty as distinct outcomes of micro-enterprises' perception of value and their satisfaction with business banking services.

Consistent with previous research in a business-to-business setting, this study found that micro-enterprises' loyalty is a dual construct consisting of two distinct types: attitudinal loyalty and behavioural loyalty (Rauyruen and Miller, 2007:23; Russell-Bennett *et al*., 2007:1256) (**Main finding 11, Chapter 4**). The results of this study established that, while micro-enterprises' perception of the value offered by the bank significantly influenced their satisfaction with the economic aspects of the relationship (**Main finding 16, Chapter 3**; **Main finding 5, Chapter 4**), economic satisfaction was not a precursor of future banking behaviour (**Main finding 12, Chapter 4**). Despite the finding that economic satisfaction did not significantly influence micro-enterprises' behavioural loyalty, it did significantly influence their attitudinal loyalty, and thus micro-enterprises with high levels of economic satisfaction are likely to advocate on behalf of the bank (**Main finding 13, Chapter 4**). However, micro-enterprises' satisfaction with the economic aspects of the relationship with the bank was found to significantly influence their satisfaction with the non-economic aspects (**Main finding 19, Chapter 3**; **Main finding 8, Chapter 4**); and, in turn, micro-enterprises with higher levels of non-economic satisfaction were more likely to engage in future banking behaviour (**Main finding 14, Chapter 4**). Thus micro-enterprises' non-economic satisfaction mediates the relationship between economic satisfaction and behavioural loyalty (**Main finding 15, Chapter 4**).

Furthermore, satisfaction with the non-economic aspects of the relationship significantly influenced micro-enterprises' attitudinal loyalty towards the bank (**Main finding 16, Chapter 4**). Since micro-enterprises' perception of the value offered by the bank significantly influenced their satisfaction with the non-economic aspects of the relationship (**Main finding 17, Chapter 3**; **Main finding 6, Chapter 4**), micro-enterprises' perceived value influenced attitudinal loyalty and behavioural loyalty indirectly through the mediating effect of non-economic satisfaction (**Main finding 17, Chapter 4**). Finally, micro-enterprises' attitudinal loyalty significantly influenced their behavioural loyalty, and thus their intentions to advocate on behalf of the bank significantly influenced their intentions to use the bank in future (**Main finding 18, Chapter 4**).

It can therefore be **concluded** that attitudinal loyalty is an indirect outcome of micro-enterprises' perception of value and a direct outcome of their economic and non-economic satisfaction, while behavioural loyalty is an indirect outcome of micro-enterprises' perception of value and a direct outcome of their non-economic satisfaction and attitudinal loyalty. In other words, micro-enterprises' loyalty behaviour is an outcome of the interaction between their perception of value and their satisfaction. It is thus **recommended** that banks offer micro-enterprises a positive price versus quality trade-off experience, which will increase their overall experience with the bank and, based on this evaluation versus initial expectations, enhance their satisfaction associated with using their bank of choice. The fact that non-economic satisfaction was found to have the strongest influence on both attitudinal and behavioural loyalty highlights the importance of bank personnel and bank managers to build personal connections and offer an enjoyable service experience so as to develop an engaging, ongoing exchange relationship. Satisfied business customers in this sense are more willing to recommend the bank to others and to continue doing the majority of their banking transactions with the bank. Banking executives should, however, take note of the important role that economic satisfaction plays in developing non-economic satisfaction, and should thus strive to ensure that micro-enterprises' economic goals are achieved early in the relationship. Economic rewards flowing from the relationship are best achieved when micro-enterprises' rational evaluation of the benefits received exceed the sacrifices they had to incur. Thus banks should focus foremost on increasing micro-enterprises' perception of value to achieve higher levels of customer loyalty – both in terms of advocating and future banking behaviour (Jalali *et al*., 2016:820; Ferreira *et al*., 2015:281). It is recommended that banks do not follow a strategy solely to increase repurchase behaviour (which is often associated with negative perceptions of being locked in by the bank), but rather follow a value creation strategy to organically influence satisfaction and loyalty, and thereby realise profitable growth.

5.3.7 Secondary objective 7: Develop a model depicting the interrelationships between micro-enterprises' perceptions of price fairness, perceived price, service quality, perceived value, economic satisfaction, non-economic satisfaction, attitudinal loyalty, and behavioural loyalty in the business banking industry.

A theoretical model of the interrelationships between price fairness, perceived price, service quality, perceived value, economic satisfaction, non-economic satisfaction, attitudinal loyalty, and behavioural loyalty is proposed, based on the study's literature review and main findings, as set out above. The theoretical model proposed here aims to establish the antecedents and outcomes of perceived value in business banking, specifically focusing on the relationship between micro-enterprises and their banks, which is an under-researched area (Neuberger and Räthke, 2009:208). Price fairness, perceived price, and service quality are positioned as antecedents of perceived value, consistent with research by Oh (2003:386), while satisfaction and loyalty are positioned as outcomes of perceived value, consistent with research by Tournois (2015:84). The proposed model incorporates the multidimensionality of both satisfaction and loyalty, which so far has rarely been incorporated into customer value research.

5.3.7.1 Research model and hypotheses

Based on the main findings presented so far in the study, the following hypotheses were formulated for the purpose of testing the structural model relating to the antecedents and outcomes of micro-enterprises' perceived value:

H_1: Price fairness relates positively to perceived price.

H_2: Price fairness relates positively to service quality.

H_3: Perceived price relates positively to perceived value.

H_4: Service quality relates positively to perceived value.

H_5: Perceived price relates positively to service quality.

H_6: Perceived price relates positively to economic satisfaction.

H_7: Service quality relates positively to non-economic satisfaction.

H_8: Perceived value relates positively to economic satisfaction.

H_9: Perceived value relates positively to non-economic satisfaction.

H_{10}: Economic satisfaction relates positively to non-economic satisfaction.

H_{11}: Economic satisfaction relates positively to behavioural loyalty.

H_{12}: Non-economic satisfaction relates positively to behavioural loyalty.

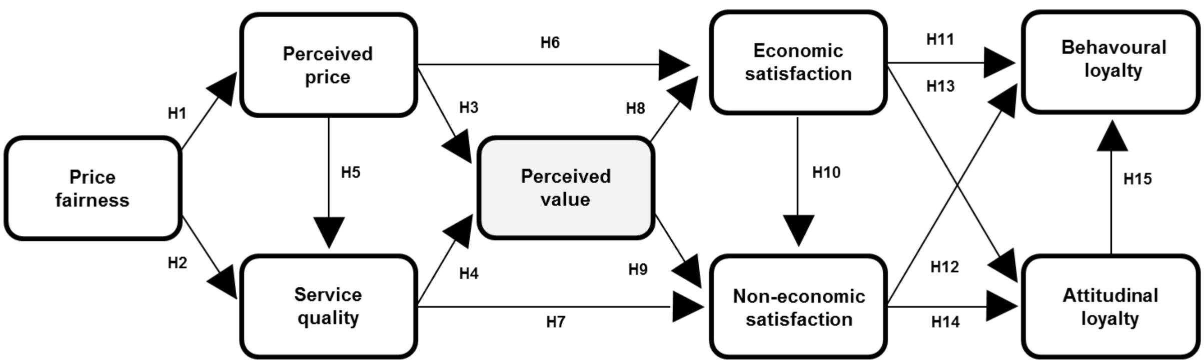
H_{13}: Economic satisfaction relates positively to attitudinal loyalty.

H_{14}: Non-economic satisfaction relates positively to attitudinal loyalty.

H_{15}: Attitudinal loyalty relates positively to behavioural loyalty.

The proposed research model of the hypothesised interrelationships between price fairness, perceived price, service quality, perceived value, economic satisfaction, non-economic satisfaction, attitudinal loyalty, and behavioural loyalty is shown in Figure 1.

Figure1: Hypothesised model of perceived value's antecedents and outcomes



5.3.7.2 Assessing the measurement model

As in the previous chapters, the proposed research model was analysed using AMOS 23.0 software (Babin *et al*., 2008:280). The model was analysed in a two-step approach, with the confirmatory factor analysis done first to assess the proposed measurement model's validity. Thereafter the structural model in respect of the constructs' causal relationships was specified, and its overall fit and validity assessed (Fornell and Yi, 1992:293; Anderson and Gerbing, 1988:411).

The confirmatory factor analysis was run with eight latent constructs (price fairness, perceived price, service quality, perceived value, non-economic satisfaction, economic satisfaction, attitudinal loyalty, and behavioural loyalty) and 24 indicator variables. All constructs of interest were measured using established scales that were adapted from previous studies, with response options anchored at (1) strongly disagree, (2) disagree, (3) neither agree nor disagree, (4) agree, and (5) strongly agree.

After specifying the measurement model, the model was estimated to determine how well the theory fits the sample data (Hair *et al*., 2014:617). The indices considered for goodness-of-fit included the comparative fit index (CFI), the Tucker-Lewis index (TLI), and the root mean square error of approximation (RMSEA). The goodness-of-fit measures are presented below:

Table 1: Measurement model – goodness-of-fit measures

CMIN	DF	P	CMIN/DF	NFI	RFI	IFI	TLI	CFI	RMSEA
504.595	224	.000	2.253	0.956	0.945	0.975	0.969	0.975	0.057

Table 1 indicates that the measurement model provided a good representation of the sample data. Moreover, each item loaded on its respective underlying construct, and all loadings were significant (Anderson and Gerbing, 1988:412). The measurement items, factor loadings, and explained variance per item are shown in Table 2.

Table 2: Measurement items, factor loadings, and explained variance per item

Construct and items	Factor loading	Explained variance
Price fairness		
(a) This bank is transparent about its service charges.	0.73	0.85
(b) There are no hidden charges for the products and services offered by this bank.	0.73	0.85
(c) This bank keeps customers informed of price changes.	0.42	0.65
Perceived price		
(a) This bank pays reasonable interest rates on deposits.	0.61	0.78
(b) This bank charges reasonable service fees.	0.66	0.82
(c) This bank charges reasonable interest rates on loans.	0.48	0.70
Service quality		
(a) The overall quality of the service provided by this bank is excellent.	0.83	0.91
(b) The quality of service provided at this bank is impressive.	0.86	0.92
(c) The service provided by this bank is of a high standard.	0.87	0.93
Perceived value		
(a) Overall, the service we receive from this bank is valuable.	0.82	0.90
(b) This bank offers us good value for our money.	0.85	0.92
(c) Overall, our business receives good value from this bank.	0.87	0.93
Economic satisfaction		
(a) This bank contributes to our financial performance.	0.87	0.93
(b) This bank generates economic growth for us.	0.86	0.93
(c) This bank gives us attractive discounts.	0.76	0.87
Non-economic satisfaction		
(a) Based on all of our experience with this bank, we are very satisfied with the banking services it provides.	0.91	0.95
(b) Our choice to use this bank was a wise one.	0.94	0.97
(c) Overall, we are satisfied with the decision to use this bank.	0.92	0.96
Attitudinal loyalty		
(a) We will say positive things about this bank.	0.81	0.90
(b) We are proud to tell others that we bank with this bank.	0.81	0.90
(c) We consider ourselves loyal patrons of this bank.	0.88	0.94
Behavioural loyalty		
(a) We will do the majority of our banking with this bank.	0.81	0.90
(b) We will use this bank the next time we need new banking products or services.	0.84	0.92
(c) We will definitely keep using this bank.	0.85	0.92

Convergent validity was assessed by examining the average variance extracted and the construct reliability. The squared inter-construct correlations, average variance extracted, and composite trait reliability coefficients are presented in Table 3. As shown in Table 3, the average variance extracted exceeded 50%, while the composite reliability coefficients were greater than 0.70 (Hair *et al.*, 2014:619). The actual composite reliability coefficients range in this study is from 0.85 to 0.97, which indicates high levels of construct reliability.

In order to assess discriminant validity, average variance extracted was compared with the squared inter-construct correlations. The average variance extracted was greater for most constructs in relation to the equivalent squared inter-construct correlation, and it can thus be concluded that the model provides acceptable support for discriminant validity.

Table 3: Squared inter-construct correlations and summary statistics

Construct	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1) Price fairness	1,000							
(2) Perceived price	0.54	1,000						
(3) Service quality	0.40	0.42	1,000					
(4) Perceived value	0.52	0.64	0.84	1,000				
(5) Economic satisfaction	0.36	0.60	0.52	0.67	1,000			
(6) Non-economic satisfaction	0.39	0.52	0.70	0.78	0.67	1,000		
(7) Attitudinal loyalty	0.49	0.52	0.81	0.85	0.67	0.84	1,000	
(8) Behavioural loyalty	0.40	0.46	0.70	0.76	0.64	0.87	0.90	1,000
Variance explained	61%	60%	85%	85%	82%	83%	83%	92%
Composite trait reliability	0.86	0.85	0.86	0.95	0.94	0.95	0.95	0.97

5.3.7.3 Assessing the structural model

After establishing the validity and reliability of the measures and a satisfactory fit in the measurement model, the sample covariance matrix was used in AMOS to test the structural model displayed in Figure 1. Overall fit measures, as presented in Table 4, suggest that the structural model provides a good fit to the data.

Table 4: Structural model – goodness-of-fit measures

CMIN	DF	P	CMIN/DF	NFI	RFI	IFI	TLI	CFI	RMSEA
619.282	237	.000	2.613	0.946	0.937	0.966	0.960	0.966	0.065

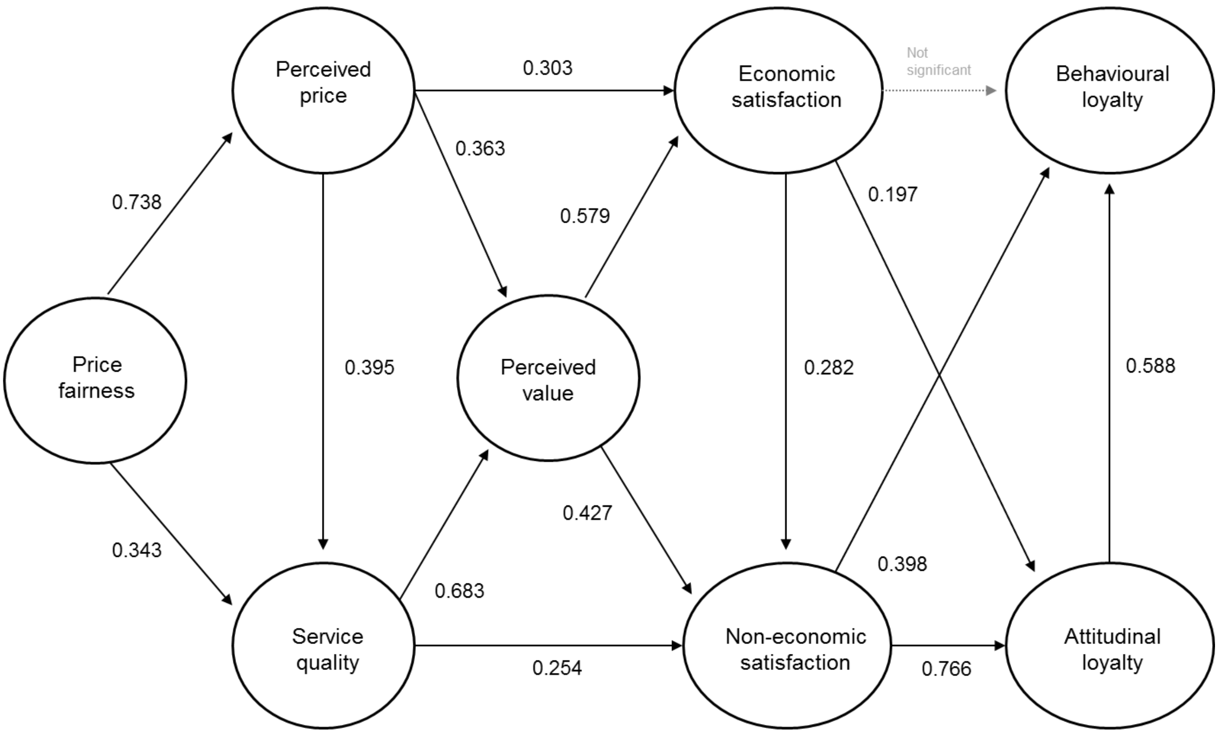
Subsequent to assessing the model fit, the hypothesised relationships between the endogenous and exogenous constructs were analysed. According to Hair *et al*. (2014:646), endogenous constructs are easily recognised in the path diagram, as they have arrows depicting structural relationships towards them. Table 5 presents the structural relationships between constructs in the structural model with regard to the hypothesis (H_a), standardised regression weight (β), standard error (SE), statistical significance at the 0.01 level (*p*-value), and result of the hypothesis test.

Table 5: Path analysis

HA	Construct	β	SE	p-value	Finding
H1	Price fairness → perceived price	0.738	0.075	p<0.001	Supported
H2	Price fairness → service quality	0.343	0.124	p<0.001	Supported
H3	Perceived price → perceived value	0.363	0.062	p<0.001	Supported
H4	Service quality → perceived value	0.683	0.038	p<0.001	Supported
H5	Perceived price → service quality	0.395	0.130	p<0.001	Supported
H6	Perceived price → economic satisfaction	0.303	0.102	p<0.001	Supported
H7	Service quality → non-economic satisfaction	0.254	0.080	p<0.001	Supported
H8	Perceived value → economic satisfaction	0.579	0.065	p<0.001	Supported
H9	Perceived value → non-economic satisfaction	0.427	0.105	p<0.001	Supported
H10	Economic satisfaction → non-economic satisfaction	0.282	0.056	p<0.001	Supported
H11	Economic satisfaction → behavioural loyalty	-0.007	0.048	p>0.001	Not supported
H12	Non-economic satisfaction → behavioural loyalty	0.398	0.074	p<0.001	Supported
H13	Economic satisfaction → attitudinal loyalty	0.197	0.044	p<0.001	Supported
H14	Non-economic satisfaction → attitudinal loyalty	0.766	0.043	p<0.001	Supported
H15	Attitudinal loyalty → behavioural loyalty	0.588	0.092	p<0.001	Supported

The results from Table 5 indicate that the tested structural model is satisfactory, with 14 of 15 hypothesised relationships established as significant. Price fairness was found to be an indirect antecedent of perceived value through its strong and positive relationship with perceived price (H_1) and its positive relationship with service quality (H_2), with perceived price and service quality, in turn, established as direct antecedents of perceived value (H_3 and H_4). As antecedents of perceived value, perceived price also influenced service quality (H_5), resulting in service quality exerting a stronger influence on perceived value than the influence of perceived price on perceived value. Perceived price also had a positive relationship with economic satisfaction (H_6), while service quality had a positive relationship with non-economic satisfaction (H_7). As expected, though, perceived value's direct influence on economic satisfaction (H_8) and on non-economic satisfaction (H_9) is stronger than the influence of its antecedents, highlighting the importance of perceived value in satisfying customers – both economically and socially. A positive relationship between economic satisfaction and non-economic satisfaction (H_{10}) was found; however, economic satisfaction's ensuing relationships with the two loyalty constructs were the weakest in the model, with an insignificant relationship with behavioural loyalty (H_{11}) and a poor, yet significant, relationship with attitudinal loyalty (H_{13}). Non-economic satisfaction, on the other hand, had strong and positive relationships with behavioural loyalty (H_{12}) and attitudinal loyalty (H_{14}). In fact, non-economic satisfaction's relationship with attitudinal loyalty was the strongest structural path identified in the model. The positive influence of attitudinal loyalty (H_{15}) on behavioural loyalty was also found to be one of the strongest relationships, indicating that attitudes do precede behaviour. A summary of the significant relationships in the model is presented in Figure 2.

Figure2: Structural model of perceived value's antecedents and outcomes



5.3.7.4 Main findings of the model

The main findings derived from the measurement and structural model, which contributes to the overall objectives of this thesis, is presented below:

Main finding 1, Chapter 5:

The measurement scale of price fairness, with items adapted from Kaura *et al*. (2015, 2013), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 2, Chapter 5:

The measurement scale of perceived price, with items adapted from Kaura *et al*. (2015, 2013), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 3, Chapter 5:

The measurement scale of service quality, with items adapted from Dagger *et al*. (2007:137), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 4, Chapter 5:

The measurement scale of perceived value, with items adapted from Lai *et al*. (2009:683), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 5, Chapter 5:

Micro-enterprises' perception of value was significantly influenced by their perception of the bank's pricing.

Main finding 6, Chapter 5:

Micro-enterprises' perception of value was significantly influenced by their service quality perceptions.

Main finding 7, Chapter 5:

Micro-enterprises' service quality perceptions were a stronger precursor of their value perceptions than their price perceptions were.

Main finding 8, Chapter 5:

Micro-enterprises' perceptions of the bank's pricing significantly influenced their service quality perceptions.

Main finding 9, Chapter 5:

Perceptions of price fairness among micro-enterprises significantly influenced their perception of the bank's pricing.

Main finding 10, Chapter 5:

Micro-enterprises' perception of the bank's service quality were significantly influenced by their perceptions of price fairness.

Main finding 11, Chapter 5:

Price fairness had a stronger relationship with micro-enterprises' perception of the bank's price than with their perception of the banks' service quality.

Main finding 12, Chapter 5:

Perceived price and service quality mediate the effect of micro-enterprises' perceptions of price fairness on their perceptions of value.

Main finding 13, Chapter 5:

The measurement scale of economic satisfaction, with items adapted from Ferro *et al*. (2016:17) and Geyskens and Steenkamp (2000:21), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 14, Chapter 5:

The measurement scale of non-economic satisfaction, with items adapted from Gremler and Gwinner (2000:95), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 15, Chapter 5:

Micro-enterprises' satisfaction is a dual construct, consisting of two distinct types: economic satisfaction and non-economic satisfaction.

Main finding 16, Chapter 5:

Micro-enterprises' perception of the value offered by the bank significantly influenced their satisfaction with the economic aspects of the relationship.

Main finding 17, Chapter 5:

Micro-enterprises' perception of the value offered by the bank significantly influenced their satisfaction with the non-economic aspects of the relationship.

Main finding 18, Chapter 5:

Perceived value exerted a stronger influence on economic satisfaction than on non-economic satisfaction.

Main finding 19, Chapter 5:

Micro-enterprises' satisfaction with the economic aspects of their relationship with the bank significantly influenced their satisfaction with the non-economic aspects.

Main finding 20, Chapter 5:

Micro-enterprises' price perceptions significantly influenced their economic satisfaction with the bank.

Main finding 21, Chapter 5:

Perceptions of the banks' service quality significantly influenced micro-enterprises' non-economic satisfaction with the bank.

Main finding 22, Chapter 5:

The direct relationship between micro-enterprises' value perceptions and their economic satisfaction is much stronger than the direct relationship between micro-enterprises' price perceptions and their economic satisfaction.

Main finding 23, Chapter 5:

The direct relationship between micro-enterprises' value perceptions and their non-economic satisfaction is much stronger than the direct relationship between micro-enterprises' service quality perceptions and their non-economic satisfaction**.**

Main finding 24, Chapter 5:

The measurement scale of attitudinal loyalty, with items adapted from Mandhachitara and Poolthong (2011:131), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 25, Chapter 5:

The measurement scale of behavioural loyalty, with items adapted from Mandhachitara and Poolthong (2011:131), was valid and reliable among South African micro-enterprises. No underlying dimensions were uncovered.

Main finding 26, Chapter 5:

Micro-enterprises' loyalty is a dual construct, consisting of two distinct types: attitudinal loyalty and behavioural loyalty.

Main finding 27, Chapter 5:

Micro-enterprises' economic satisfaction was not a precursor of their future banking behaviour, as economic satisfaction did not significantly influence micro-enterprises' behavioural loyalty.

Main finding 28, Chapter 5:

Micro-enterprises' economic satisfaction significantly influenced their attitudinal loyalty, and thus micro-enterprises' with high levels of economic satisfaction are likely to advocate on behalf of the bank.

Main finding 29, Chapter 5:

Satisfaction with the non-economic aspects of the relationship significantly influenced micro-enterprises' behavioural loyalty towards the bank; thus micro-enterprises with higher levels of non-economic satisfaction were more likely to engage in future banking behaviour.

Main finding 30, Chapter 5:

Micro-enterprises' non-economic satisfaction mediates the relationship between economic satisfaction and behavioural loyalty.

Main finding 31, Chapter 5:

Satisfaction with the non-economic aspects of the relationship significantly influenced micro-enterprises' attitudinal loyalty towards the bank.

Main finding 32, Chapter 5:

Micro-enterprises' perceived value' influenced attitudinal loyalty and behavioural loyalty indirectly through the mediating effects of non-economic satisfaction.

Main finding 33, Chapter 5:

Micro-enterprises' attitudinal loyalty significantly influenced their behavioural loyalty, and thus micro-enterprises' intentions to advocate on behalf of the bank significantly influenced their intentions to use the bank in future.

5.3.7.5 Discussion of model results

Interrelationships between micro-enterprises' perceptions of price fairness, perceived price, service quality, perceived value, economic satisfaction, non-economic satisfaction, attitudinal loyalty, and behavioural loyalty were uncovered by assessing the properties of the measurement model and the structural model. It was established through a confirmatory factor analysis that the final measurement model of this study had satisfactory construct validity for the measurement scales of price fairness (**Main finding 1, Chapter 5**), perceived price (**Main finding 2, Chapter 5**), service quality (**Main finding 3, Chapter 5**), perceived value (**Main finding 4, Chapter 5**), economic satisfaction (**Main finding 13, Chapter 5**), non-economic satisfaction (**Main finding 14, Chapter 5**), attitudinal loyalty (**Main finding 24, Chapter 5**), and behavioural loyalty (**Main finding 25, Chapter 5**), with no underlying dimensions uncovered.

Results from the structural path analysis indicate that price fairness is an important construct to consider in a value creation strategy, as enhanced perceptions of price fairness among micro-enterprises significantly influenced their perception of the bank's pricing (**Main finding 9, Chapter 5**) and their perception of the bank's service quality (**Main finding 10, Chapter 5**), which in turn significantly influenced their perception of value (**Main finding 5, Chapter 5**; **Main finding 6, Chapter 5**). These findings support the arguments of Oliver and DeSarbo (1988:496) that perceived value considers the ratio of the customer's outcome/input to that of the service provider's outcome/input, taking account of customers' assessments of what is fair or deserved for the perceived cost of offering. Price fairness had a stronger relationship with micro-enterprises' perception of the bank's price than with their perception of the bank's service quality (**Main finding 11, Chapter 5**); however, micro-enterprises' positive perceptions of the bank's pricing was found to significantly influence their service quality perceptions (**Main finding 8, Chapter 5**). It is thus through the finding that perceived price and service quality mediate the effect of micro-enterprises' perceptions of price fairness on their perceptions of value (**Main finding 12, Chapter 5**), and that service quality perceptions were found to be a stronger precursor of value perceptions than price perceptions were (**Main finding 7, Chapter 5**). The finding is consistent with that of Oh (2003:396) who found that asymmetric effects on value judgments were almost completely mediated by overall price and service quality perceptions. It also supports several researchers' arguments that, in order to enhance the perceived value of banking services, perceived service quality must exceed perceived price (Matzler *et al*., 2006:220; Cronin *et al*., 2000:196; Ravald and Grönroos, 1996:24; Lichtenstein *et al*., 1990:54). It can therefore be concluded that perceived price and perceived service quality are direct antecedents of perceived value, and that these antecedents mediate the impact of price fairness on perceived value.

With regard to the outcome of value perceptions, micro-enterprises' perception of the value offered by the bank significantly influenced their satisfaction with the economic aspects of the relationship (**Main finding 16, Chapter 5**) and with their satisfaction with the non-economic aspects of the relationship (**Main finding 17, Chapter 5**). The significant influence of value perceptions on economic and non-economic satisfaction was consistent with previous research that established perceived value to be a significant predictor of customer satisfaction (Yang and Peterson, 2004:815; Cronin *et al*., 2000:195). Micro-enterprises' price perceptions also had a significant influence on their economic satisfaction with the bank (**Main finding 20, Chapter 5**); however, consistent with Varki and Colgate (2001:237), this relationship is not as strong as the direct relationship between micro-enterprises' value perceptions and their satisfaction (**Main finding 22, Chapter 5**). Similarly, the direct relationship between micro-enterprises' value perceptions and their non-economic satisfaction is much stronger than the direct relationship between service quality perceptions and non-economic satisfaction (**Main finding 23, Chapter 5**). This highlights the importance of a balanced price-quality ratio in achieving performance outcomes that are both economic and social in nature. According to Del Bosque *et al*. (2006:672), not all relationships initially contain both economic and social aspects; rather, exchange relationships start out as purely economic, with the social aspect developing over time as relationships become closer and more personal once economic results have been achieved. Consistent with this argument, the study found that micro-enterprises' satisfaction with the economic aspects of the relationship with the bank significantly influenced their satisfaction with the non-economic aspects (**Main finding 19, Chapter 5**).

While micro-enterprises' economic satisfaction also significantly influenced their attitudinal loyalty (**Main finding 28, Chapter 5**), it did not did not significantly influence their behavioural loyalty (**Main finding 27, Chapter 5**). On the other hand, satisfaction with the non-economic aspects of the relationship significantly influenced both their attitudinal loyalty (**Main finding 31, Chapter 5**) and their behavioural loyalty towards the bank (**Main finding 29, Chapter 5**). Thus micro-enterprises' non-economic satisfaction mediates the relationship between economic satisfaction and behavioural loyalty (**Main finding 30, Chapter 5**). The stronger relationship between non-economic satisfaction and the two aspects of customer loyalty is consistent with the argument by Russell-Bennett *et al*. (2007:1254), who state that previous service experiences are critical in the formation of favourable attitudes, which in turn drive behaviour. It is clear that attitude precedes behaviour in the business banking industry, as micro-enterprises' attitudinal loyalty significantly influenced their behavioural loyalty (**Main finding 33, Chapter 5**). Finally, the model established that micro-enterprises' perceived value influenced attitudinal loyalty and behavioural loyalty through the mediating effects of non-economic satisfaction (**Main finding 32, Chapter 5**).

It can therefore be concluded that satisfaction and loyalty are multidimensional constructs as outcomes of a value creation strategy. In light of the preceding discussion, the results of the main structural model of this thesis (depicting the interrelationships between price fairness, perceived price, service quality, perceived value, economic satisfaction, non-economic satisfaction, attitudinal loyalty, and behavioural loyalty), provide an opportunity for several **recommendations** to banks' business banking divisions about how to add value to their micro-enterprises' banking services, and also how to translate this value into repurchase behaviour.

First, the interrelationships between price fairness, perceived price, service quality, and perceived value accentuate the importance of banks building their value creation strategy on the foundation of fairness in pricing. Since the pricing structure of banks is more complex than in other service contexts (Kaura *et al*., 2014:135), banks need to disclose all charges involved in the processing, authorisation, and servicing of loans and other business accounts to enable micro-enterprises to make informed comparisons of the bank's charges with other sources of finance. Because micro-enterprises need financial flexibility to maintain and grow their businesses, uncompromising loan terms and ambiguous service charges will lead to perceptions of unreasonable pricing and bad service quality. Even if the banks employ the right personnel and aim to deliver a high standard of service, micro-enterprises' perception of the bank's service quality will be downgraded as a result of pricing not being justified for the level of service quality offered. With service quality perceptions established as the main driver of value perceptions, banks need to ensure that they take into account the intricate relationship between fairness, price, and service quality perceptions in order to create true value for their micro-enterprise customers. Banks are thus encouraged to enhance customers' perceived value not only through impressive service quality by the contact personnel at the bank, but also by implementing the correct pricing procedures and policies at head office level. Pricing is one of the first purchasing decisions that micro-enterprises make in their decision to use a specific bank rather than another (Homburg *et al*., 2014:1581) and no value creation strategy will be effective without actively managing the price perceptions of these business customers with regard to fairness, transparency, and reasonability.

Business customers' perceptions of value can be considered as the economic worth of a bundle of physical services that is exchanged for some price (Hansen *et al*., 2008:207). With perceived value at the core of customer value creation, micro-enterprises' perception of the quality of the banking services they receive versus the costs they have to incur is directly associated with their judgement of the banks' contribution to their financial performance and economic growth, and subsequently their satisfaction with the economic rewards flowing from the relationship. Micro-enterprises engage in business banking relationships not only to obtain funding, but also to create economic value for their businesses (Geyskens *et al*., 1999:225), and thus bank portfolio managers need to ensure that economic outcomes are achieved early in the relationship. However, since satisfaction with the affective and social elements of business banking relationships (i.e., non-economic satisfaction) has been found to be a separate construct from economic satisfaction, portfolio managers and other bank executives should also aim to build and strengthen interpersonal relationships. Since these interpersonal relationships are built on the foundation of enjoyable and interactive experiences (Rutherford, 2012:966), banks need to ensure that they employ bank personnel who are friendly and helpful, and offer extraordinary service of a high quality. The levels of micro-enterprises' non-economic satisfaction can also be enhanced by ensuring that economic satisfaction remains high (Geyskens and Steenkamp, 2000:15), which can be managed by quickly and effectively resolving conflict when economic issues occur. This requires banks to invest in financially technical personnel who are empowered to make decisions to resolve economic dissatisfaction, at the same time positively impacting the service experience to build satisfaction with the non-economic aspects of the relationship.

Since satisfaction only matters to the extent that it drives behaviour (Zeithaml *et al*., 1996:34), it is important for banks to recognise that they cannot achieve behavioural loyalty by satisfying micro-enterprises solely through the economic and operative aspects of the commercial interchange. Affective and social elements – which are mainly formed through personal connections with a bank's contact personnel as part of an ongoing exchange evaluation – needs to be present for micro-enterprises to continue doing their banking transactions with the bank and choosing it the next time they need new banking products or services. Satisfied micro-enterprises in the non-economic sense are also more willing to say positive things about the bank, tell others about the bank's services, and consider themselves truly loyal business banking patrons. This favourable attitude, derived from high economic and non-economic satisfaction as an outcome of the value creation process, also influences intention to repurchase. It is thus recommended that banks not follow lock-in strategies to increase repurchase behaviour such as high relationship termination or switching costs, but rather follow a value creation strategy to influence behavioural loyalty organically, which has been linked to increased profitability in the banking industry (Lovelock and Wirtz, 2007:360). Profit that is derived from increased revenue, reduced customer acquisition costs, and new customer accounts through referrals (Lam *et al*., 2004:293) as a result of customer loyalty highlights the significance of banks creating superior value for their customers. The results reported here show that even extremely small businesses such as micro-enterprises display loyalty behaviours that have the potential directly to impact organisations' market share and profitability; and thus micro-enterprises should not be neglected in favour of larger customers that hold more power. Rather, value should be created for all business customers in order to generate a unique competitive advantage.

5.3.8 Summary of secondary objectives and main findings of this study

Table 6 summarises this study's secondary objectives, the formulated hypotheses, the chapter in the thesis where the objectives where addressed, the main findings of the final theoretical model and the section in the questionnaire pertaining to the objectives.

Table 6: Summary of objectives, hypotheses and findings of this study

Secondary objective	Hypotheses	Chapter in thesis	Main findings	Section in survey
1. Determine the validity and reliability of the questionnaire used for this study among micro-enterprises within the business banking industry.	–	Chapters 2, 3 and 4	Main findings 1, 2, 3, 4, 13, 14, 24, 25	Section B (2.1–2.12) Section C (3.1–3.12)
2. Establish perceived price and service quality as antecedents of micro-enterprises' perceived value in business banking.	H3, H4, H5	Chapters 2 and 3	Main findings 5, 6, 7, 8	Section B (2.1–2.3, 2.7–2.12)
3. Determine the role of price fairness in the interrelationship between micro-enterprises' price, service quality, and value perceptions within the business banking industry.	H1, H2	Chapters 2 and 3	Main findings 9, 10, 11, 12	Section B (2.1–2.12)
4. Establish whether economic and non-economic satisfaction are distinct outcomes of micro-enterprises' perception of the value of business banking services.	H8, H9, H10	Chapters 3 and 4	Main findings 15, 16, 17, 18, 19	Section B (2.10–2.12) Section C (3.7–3.12)

Table 6: Summary of objectives, hypotheses and findings of this study (continues)

Secondary objective	Hypotheses	Chapter in thesis	Main findings	Section in survey
5. Determine the interrelationship between micro-enterprises' price, service quality, and value perceptions, and their economic and non-economic satisfaction within the business banking industry.	H6, H7	Chapters 3	Main findings 16, 17, 20, 21, 22, 23	Section B (2.1–2.3, 2.7–2.9) Section C (3.7–3.12)
6. Establish attitudinal loyalty and behavioural loyalty as distinct outcomes of micro-enterprises' perception of value and their satisfaction with business banking services.	H11, H12, H13, H14, H15	Chapter 4	Main findings 26 - 33	Section B (2.10–2.12) Section C (3.1–3.12)
7. Develop a model depicting the interrelationships between micro-enterprises' price fairness, perceived price, service quality, perceived value, economic satisfaction, non-economic satisfaction, attitudinal loyalty, and behavioural loyalty in the business banking industry.	H1-H15	Chapter 5	Main findings 1-33	Section A (2.1–2.12) Section B (3.1–3.12)

From Table 4 it can be deduced that the secondary objectives of the study were met. Therefore, **the primary objective of this study – to establish the antecedents and outcomes of perceived value in business banking – was achieved.**

5.4 CONTRIBUTION OF THE STUDY

This thesis, with its main focus of establishing the antecedents and the outcomes of creating higher value for micro-enterprise as business banking customers, is positioned in the business services marketing field of the relationship marketing paradigm and its main contribution is to that field. The contribution of this thesis to academic theory and its practical and managerial implications are discussed in more detail below.

Value creation has become a fundamental building block of business-to-business marketing over the last two decades (Eggert *et al*., 2018:80). Despite numerous studies conducted aiming to explain the nature of perceived value and its consequences in business relationships within the service industry (e.g., Biggemann and Buttle, 2011; Corsaro and Snehota, 2010; Lam *et al*., 2004; Ulaga, 2001; Sharma, Krishnan and Grewal, 2001), studies in specifically the business banking industry is still rather scarce. Possibly due to the challenge posed by collecting data from business banking customers, most perceived value studies in banking is instead conducted under retail banking customers (e.g., Zameer *et al*., 2015; Fandos Roig *et al*., 2006; Laukkanen and Lauronen, 2005; Varki and Colgate, 2001). With perceived value positioned as the central construct of this thesis, the current study thus contributes to expand the research on business banking value creation.

In this regard, this study proposes a complete model of the antecedents and outcomes of a perceived value in business banking. Faroughian *et al*. (2012:69) also proposed a model of perceived value, its antecedents and consequences, however this model was limited to the context of e-banking with a specific focus on perceived risk. The current study encompasses overall banking services with a focus on the role of price fairness as a driver of a value creation strategy. Since price fairness has been a focus of other business market studies (e.g. Ferguson *et al*., 2017:80) the model offered in this study could be replicated to expand on theory in other business industries.

This study established that banks can increase business banking customers' perceptions of value through a positive view of the banks' pricing and service quality, which is, in turn, influenced by positive perceptions of price fairness. These relationships are based on existing research on the impact of price fairness on perceptions of price, service quality, and value (Oh, 2003:396). While Oh's (2003) study was important in the understanding of how customers perceive and process price information and the impact of this on perceived value, his study was conducted in the consumer tourism industry. This study is thus first to investigate the constructs of price fairness together with perceived price, service quality, and perceived value in the business banking industry and contributes to insights into the mediating effects of perceived price and service quality between price fairness and perceived value in business banking relationships. Previous research incorporating price fairness in the banking industry was only conducted in the retail banking industry (e.g., Kaura *et al*., 2015, 2014, 2013; Kaura, 2012), with these studies neglecting to incorporate perceived value. This study has thus also been the first to test the mediating effects of perceived price and service quality on the relationship between price fairness and perceived value in the business banking industry.

This study further contributes to theory by being among the first to posit economic and non-economic satisfaction as dual outcomes of business banking customers' perceptions of value. While there is an abundance of research on the relationship between perceived value and customer satisfaction (e.g., Trasorras *et al*., 2009; Molinari *et al*., 2008; Lam *et al*., 2004); no research could be found that specifically positions economic satisfaction and non-economic satisfaction as separate consequence constructs. Also, previous research on economic satisfaction and non-economic satisfaction has mostly investigated these constructs' relationship with trust and commitment (e.g., Mpinganjira *et al*., 2017:422; Ferro *et al*., 2016:14; Del Bosque *et al*., 2006:667; Farrelly and Quester, 2005:214; Sanzo *et al*., 2003:327), and to date has not included the constructs of price fairness, perceived price, and service quality in empirical studies.

Furthermore, this is possibly one of the first, if not *the* first, study to investigate both business customers' satisfaction and their loyalty as outcomes of perceived value, where both satisfaction and loyalty comprise of two distinct types. While the majority of the researchers agree that customer loyalty is a multidimensional construct that combines both attitudinal loyalty and behavioural loyalty (e.g., Rauyruen and Miller, 2007:22; Russell-Bennett *et al*., 2007:1255), no study could be found that investigates attitudinal loyalty and behavioural loyalty together with economic satisfaction and non-economic satisfaction.

The separation of economic and non-economic satisfaction, and attitudinal and behavioural loyalty, provides interesting insights for practitioners into how to structure a value creation strategy, not only in the business banking industry, but also possibly in other high credence service industries. In the beginning initial perceptions of price fairness drives price, service quality and value perceptions, with economic satisfaction seemingly the most important outcome of a value offering. However economic satisfaction does not lead to repurchasing intentions and therefore non-economic or social outcomes need to be present to drive actual purchasing behaviour that will lead to revenue and profit.

This study therefore reinforces the theory of social exchange, by highlighting the importance of business customers to achieve equity during exchanges of value, with high perception of value resulting in both economic and social outcomes that, over time, develop into closer and more complex social exchange relationships (Lambe *et al*., 2011:25). This study specifically contributes to social exchange theory by examining exchange relationships between micro-enterprises and their banks. The complexity and intangibility of the offerings in the business banking industry and the high level of customer involvement highlight the importance of building closer banking relationships – especially with smaller, entrepreneurial-type business customers (Russell-Bennett *et al*., 2007:1255; Dibb and Meadows, 2001:269; Colgate and Alexander, 1998:145). With most empirical studies on relationship banking conducted under small and medium-sized enterprises (SMEs), an opportunity was identified to conduct this research among micro-enterprises, which to date have been the focus of only a handful of relationship marketing studies. Previous studies – for example by Neuberger and Räthke (2009:2018) – investigated micro-enterprise characteristics and the resulting banking relationships; however, no study has been found that empirically investigated perceived value, the factors that led to its development, or the resulting outcomes, in this target group.

Micro-enterprises were sampled from a South African database. As in most developing countries, micro-enterprises, along with small-and medium-sized enterprises, account for more than 90% of formal businesses, providing banks with valuable potential to maximise profits and reduce risk if a loyal customer database is maintained (Baas and Schrooten, 2006:127; Zineldin, 1995:30). As a means to drive actual purchasing as a loyalty behaviour, a value creation strategy is therefore indispensable. The proposed model for creating value, and harvesting that value to drive business performance outcomes, gives researchers and practitioners the opportunity to compare results with developed countries, and also to expand knowledge of how to structure a value creation strategy in other developing contexts like Asia, Latin-America and African countries.

5.5 LIMITATIONS OF THE STUDY

This study aimed to contribute to theory by expanding the understanding of the antecedents and outcomes associated with a value creation strategy in business banking. Despite the important findings reported here, this research is bound by some inherent limitations.

Firstly, the study sampled only micro-enterprises in South Africa, and so its findings relating to a value creation strategy might not be universally applicable to small, medium, or large business banking customers operating in South Africa or in other countries. Furthermore, since there was no possibility of determining which business customers from the database were micro-enterprises; convenience sampling methods had to be used by emailing all the business on the customer database received. Thus, the study's results cannot be generalised to the population at large.

Additionally, since this study's context is limited to business banking, the results relating to micro-enterprises' perceptions of value and the resulting outcomes cannot be generalised to other business sectors operating within service industries. The degree to which customers perceive and receive value depends on the type of product or service, the consumption situation, and the interaction of customers with their environment; and, as a result, the concept of 'value' tends to be elusive and very complex (Song *et al*., 2015:116; Vargo and Lush, 2008:146; Sánchez-Fernández and Iniesta-Bonillo, 2006:51; Bourdeau *et al*., 2002:61; Zeithaml, 1988:10).

Recognising the complexity associated with the perceived value construct, several researchers have developed multidimensional models of perceived value (Sweeney and Soutar, 2001:206; Petrick, 2002:123). This study, however, chose to conduct empirical analyses at the overall perceived value level instead of the dimension level, to better predict the influence of perceived value on consequence outcomes (Lin *et al*., 2005:322). Nevertheless, multidimensional models could offer deeper insight into what value means for the business banking customer.

The developed model incorporated antecedent constructs that have been theoretically associated with perceived value (namely, perceived price and service quality), thereby excluding other variables and moderators that have the potential to influence customers' perception of value and its implications for customer satisfaction and customer loyalty. Furthermore, instead of considering the direct relationship between perceived value and loyalty behaviours, the study explored the influence of perceived value on satisfaction (economic and non-economic), and the subsequent influence of the two types of satisfaction on loyalty (attitudinal and behavioural).

Despite the call for a customer value creation strategy to be built on the enduring exchange processes between an organisation and its customers (Tournois, 2015:91), the study collected data only from micro-enterprises at a cross-sectional point, thus limiting its findings to a specific point in time rather than over an extended period.

A final limitation of the study was that while the variance extracted exceeded 50% across all constructs (indicting convergent validity) (Hair *et al*., 2013:458), the average variance extracted was in a few cases less than the corresponding squared inter-construct correlations. Despite a few constructs not meeting the requirement, the majority of relationships did meet the threshold to confirm discriminant validity, while all the goodness-of-fit indices e.g. NFI, RFI, IFI, TLI, CFI and RMSEA were more than adequate for the measurement model to provide satisfactory fit to the data and to confirm adequately validity and reliability of the measures.

5.6 SUGGESTIONS FOR FUTURE RESEARCH

The study's limitations suggest a number of potentially interesting future research projects to explore further the measurement and structural properties of the research model tested in this study.

Future research should consider using a longitudinal design instead of a cross-sectional design. A longitudinal design involves a fixed sample of the population that is measured repeatedly on the same variables, providing a clearer picture of the situation and the changes that are taking place over time (Malhotra, 2007:86). A longitudinal design would allow for better detection of changes in business customers' perception of value, and could provide a stronger case for causality regarding its antecedents and outcomes.

With regard to the antecedents of perceived value, the model included constructs that have been theoretically proven to determine customers' perception of value – namely, perceived price and service quality, and price fairness (Xia *et al*., 2004:4). Future research could extend the model to include other variables to gain a deeper understanding of perceived value's antecedents, such as perceived risk (Agarwal and Teas, 2001:2; Sweeney *et al*., 1999:82), corporate image (Zameer *et al*., 2015:449), corporate reputation (Hansen *et al*., 2008:210), and trust (Chai *et al*., 2015; Sirdeshmukh *et al*., 2002:21). Future research could also expand the measurement of price fairness to incorporate procedural fairness and distributive fairness as dimensions of an overall price fairness construct, and so better capture inequity in exchange relationships (Ferguson *et al*., 2014:219).

Future researchers should also consider expanding the outcomes of perceived value, and so could include constructs such as relationship quality (Ulaga and Eggert, 2006:322), reputation (Tournois, 2015:84), and brand equity (He and Li, 2001:79) in their research models. Future research could also take into account moderating variables such as switching costs (Yang and Peterson, 2004:805), and test for mediation by incorporating a direct relationship between perceived value and attitudinal and behavioural loyalty. Actual behaviour – not only behavioural intentions – could also be explored to gain a deeper understanding of the predictive power of perceived value, economic satisfaction, and non-economic satisfaction on loyalty behaviours.

Since the empirical application is to a very specific area – in this case, business banking – additional research is needed to determine further the potential of the model by investigating the model's effectiveness in other service industries and business-to-business settings.

Finally, future research could also evaluate the measurement and structural properties of the constructs used in this study, including the perceptions of small, medium, and large businesses and those in other countries and cultural contexts. Such extensions would contribute to an improved understanding of the constructs related to a successful value creation strategy in the context of business relationships.

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APPENDIX A

QUESTIONNAIRE USED IN THIS STUDY

APPENDIX A: QUESTIONNAIRE USED IN THIS STUDY

Questionnaire cover letter (from original Internet based survey)

CONSULTAPanel
your survey community

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

Next

APPENDIX A: QUESTIONNAIRE USED IN THIS STUDY

Questionnaire (adapted from original Internet based survey)

Section A

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

- o Yes
- o No

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

What is your position in the business?

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

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

- o ABSA
- o Bidvest
- o Capitec
- o Citibank
- o First National Bank
- o Investec
- o Nedbank
- o Standard Bank
- o 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

Section B

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

	Statement					
2.1	This bank pays reasonable interest rates on deposits.	1	2	3	4	5
2.2	This bank charges reasonable service fees.	1	2	3	4	5
2.3	This bank charges reasonable interest rates on loans.	1	2	3	4	5
2.4	This bank is transparent about its service charges.	1	2	3	4	5
2.5	There are no hidden charges for the products and services offered by this bank.	1	2	3	4	5
2.6	This bank keeps customers informed of price changes.	1	2	3	4	5
2.7	The overall quality of the service provided by this bank is excellent.	1	2	3	4	5
2.8	The quality of service provided at this bank is impressive.	1	2	3	4	5
2.9	The service provided by this bank is of a high standard.	1	2	3	4	5
2.10	Overall, the service we receive from this bank is valuable.	1	2	3	4	5
2.11	This bank offers us good value for our money.	1	2	3	4	5
2.12	Overall, our business receives good value from this bank.	1	2	3	4	5

Section C

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

	Statement					
3.1	We will say positive things about this bank.	1	2	3	4	5
3.2	We are proud to tell others that we bank with this bank.	1	2	3	4	5
3.3	We consider ourselves loyal patrons of this bank.	1	2	3	4	5
3.4	We will do the majority of our banking with this bank.	1	2	3	4	5
3.5	We will use this bank the next time we need new banking products or services.	1	2	3	4	5
3.6	We will definitely keep using this bank.	1	2	3	4	5
3.7	This bank contributes to our financial performance.	1	2	3	4	5
3.8	This bank generates economic growth for us.	1	2	3	4	5
3.9	This bank gives us attractive discounts.	1	2	3	4	5
3.10	Based on all of our experience with this bank, we are very satisfied with the banking services it provides.	1	2	3	4	5
3.11	Our choice to use this bank was a wise one.	1	2	3	4	5
3.12	Overall, we are satisfied with the decision to use this bank.	1	2	3	4	5

APPENDIX B

EDITORIAL GUIDELINES FOR AUTHORS OF EMERALD PUBLISHING

APPENDIX B: EDITORIAL GUIDELINES

Manuscript requirements

Please prepare your manuscript before submission, using the following guidelines:

Format	Article files should be provided in Microsoft Word format. LaTex files can be used if an accompanying PDF document is provided. PDF as a sole file type is not accepted, a PDF must be accompanied by the source file. Acceptable figure file types are listed further below.
Article Length	Articles should be between 5000 and 11500 words in length. This includes all text including references and appendices. Please allow 280 words for each figure or table.
Article Title	A title of not more than eight words should be provided.
Author details	All contributing authors' names should be added to the ScholarOne submission, and their names arranged in the correct order for publication. • Correct email addresses should be supplied for each author in their separate author accounts • The full name of each author must be present in their author account in the exact format they should appear for publication, including or excluding any middle names or initials as required • The affiliation of each contributing author should be correct in their individual author account. The affiliation listed should be where they were based at the time that the research for the paper was conducted
Biographies and acknowledgements	Authors who wish to include these items should save them together in an MS Word file to be uploaded with the submission. If they are to be included, a brief professional biography of not more than 100 words should be supplied for each named author.
Research funding	Authors must declare all sources of external research funding in their article and a statement to this effect should appear in the

	Acknowledgements section. Authors should describe the role of the funder or financial sponsor in the entire research process, from study design to submission.
Structured Abstract	Authors must supply a structured abstract in their submission, set out under 4-7 sub-headings (see our "How to... write an abstract" guide for practical help and guidance): • Purpose (mandatory) • Design/methodology/approach (mandatory) • Findings (mandatory) • Research limitations/implications (if applicable) • Practical implications (if applicable) • Social implications (if applicable) • Originality/value (mandatory) Maximum is 250 words in total (including keywords and article classification, see below). Authors should avoid the use of personal pronouns within the structured abstract and body of the paper (e.g. "this paper investigates..." is correct, "I investigate..." is incorrect).
Keywords	Authors should provide appropriate and short keywords in the ScholarOne submission that encapsulate the principal topics of the paper (see the How to... ensure your article is highly downloaded guide for practical help and guidance on choosing search-engine friendly keywords). The maximum number of keywords is 12. Whilst Emerald will endeavour to use submitted keywords in the published version, all keywords are subject to approval by Emerald's in house editorial team and may be replaced by a matching term to ensure consistency.
Article Classification	Authors must categorize their paper as part of the ScholarOne submission process. The category which most closely describes their paper should be selected from the list below. **Research paper.** This category covers papers which report on any type

	of research undertaken by the author(s). The research may involve the construction or testing of a model or framework, action research, testing of data, market research or surveys, empirical, scientific or clinical research. **Viewpoint.** Any paper, where content is dependent on the author's opinion and interpretation, should be included in this category; this also includes journalistic pieces. **Technical paper.** Describes and evaluates technical products, processes or services. **Conceptual paper.** These papers will not be based on research but will develop hypotheses. The papers are likely to be discursive and will cover philosophical discussions and comparative studies of others' work and thinking. **Case study.** Case studies describe actual interventions or experiences within organizations. They may well be subjective and will not generally report on research. A description of a legal case or a hypothetical case study used as a teaching exercise would also fit into this category. **Literature review.** It is expected that all types of paper cite any relevant literature so this category should only be used if the main purpose of the paper is to annotate and/or critique the literature in a particular subject area. It may be a selective bibliography providing advice on information sources or it may be comprehensive in that the paper's aim is to cover the main contributors to the development of a topic and explore their different views. **General review.** This category covers those papers which provide an overview or historical examination of some concept, technique or phenomenon. The papers are likely to be more descriptive or instructional ("how to" papers) than discursive.
Headings	Headings must be concise, with a clear indication of the distinction between the hierarchy of headings.

	The preferred format is for first level headings to be presented in bold format and subsequent sub-headings to be presented in medium italics.
Notes/Endnotes	Notes or Endnotes should be used only if absolutely necessary and must be identified in the text by consecutive numbers, enclosed in square brackets and listed at the end of the article.
Figures	All Figures (charts, diagrams, line drawings, web pages/screenshots, and photographic images) should be submitted in electronic form. All Figures should be of high quality, legible and numbered consecutively with arabic numerals. Graphics may be supplied in colour to facilitate their appearance on the online database. • Figures created in MS Word, MS PowerPoint, MS Excel, Illustrator should be supplied in their native formats. Electronic figures created in other applications should be copied from the origination software and pasted into a blank MS Word document or saved and imported into an MS Word document or alternatively create a .pdf file from the origination software. • Figures which cannot be supplied as above are acceptable in the standard image formats which are: .pdf, .ai, and .eps. If you are unable to supply graphics in these formats then please ensure they are .tif, .jpeg, or .bmp at a resolution of at least 300dpi and at least 10cm wide. • To prepare web pages/screenshots simultaneously press the "Alt" and "Print screen" keys on the keyboard, open a blank Microsoft Word document and simultaneously press "Ctrl" and "V" to paste the image. (Capture all the contents/windows on the computer screen to paste into MS Word, by simultaneously pressing "Ctrl" and "Print screen".) • Photographic images should be submitted electronically and of high quality. They should be saved as .tif or .jpeg files at a resolution of at least 300dpi and at least 10cm wide. Digital camera settings should be set at the highest resolution/quality possible.
Tables	Tables should be typed and included in a separate file to the main body

	of the article. The position of each table should be clearly labelled in the body text of article with corresponding labels being clearly shown in the separate file. Ensure that any superscripts or asterisks are shown next to the relevant items and have corresponding explanations displayed as footnotes to the table, figure or plate.
References	References to other publications must be in **Harvard** style and carefully checked for completeness, accuracy and consistency. This is very important in an electronic environment because it enables your readers to exploit the Reference Linking facility on the database and link back to the works you have cited through CrossRef. You should cite publications in the text: (Adams, 2006) using the first named author's name or (Adams and Brown, 2006) citing both names of two, or (Adams *et al.*, 2006), when there are three or more authors. At the end of the paper a reference list in alphabetical order should be supplied:
For books	Surname, Initials (year), *Title of Book*, Publisher, Place of publication. e.g. Harrow, R. (2005), *No Place to Hide*, Simon & Schuster, New York, NY.
For book chapters	Surname, Initials (year), "Chapter title", Editor's Surname, Initials, *Title of Book*, Publisher, Place of publication, pages. e.g. Calabrese, F.A. (2005), "The early pathways: theory to practice – a continuum", in Stankosky, M. (Ed.), *Creating the Discipline of Knowledge Management*, Elsevier, New York, NY, pp. 15-20.
For journals	Surname, Initials (year), "Title of article", *Journal Name*, volume issue, pages. e.g. Capizzi, M.T. and Ferguson, R. (2005), "Loyalty trends for the twenty-first century", *Journal of Consumer Marketing*, Vol. 22 No. 2, pp. 72-80.

For published conference proceedings	Surname, Initials (year of publication), "Title of paper", in Surname, Initials (Ed.), *Title of published proceeding which may include place and date(s) held*, Publisher, Place of publication, Page numbers. e.g. Jakkilinki, R., Georgievski, M. and Sharda, N. (2007), "Connecting destinations with an ontology-based e-tourism planner", in *Information and communication technologies in tourism 2007 proceedings of the international conference in Ljubljana, Slovenia, 2007*, Springer-Verlag, Vienna, pp. 12-32.
For unpublished conference proceedings	Surname, Initials (year), "Title of paper", paper presented at Name of Conference, date of conference, place of conference, available at: URL if freely available on the internet (accessed date). e.g. Aumueller, D. (2005), "Semantic authoring and retrieval within a wiki", paper presented at the European Semantic Web Conference (ESWC), 29 May-1 June, Heraklion, Crete, available at: http://dbs.uni-leipzig.de/file/aumueller05wiksar.pdf (accessed 20 February 2007).
For working papers	Surname, Initials (year), "Title of article", working paper [number if available], Institution or organization, Place of organization, date. e.g. Moizer, P. (2003), "How published academic research can inform policy decisions: the case of mandatory rotation of audit appointments", working paper, Leeds University Business School, University of Leeds, Leeds, 28 March.
For encyclopedia entries (with no author or editor)	*Title of Encyclopedia* (year) "Title of entry", volume, edition, Title of Encyclopedia, Publisher, Place of publication, pages. e.g. *Encyclopaedia Britannica* (1926) "Psychology of culture contact", Vol. 1, 13th ed., Encyclopaedia Britannica, London and New York, NY, pp. 765-71. (For authored entries please refer to book chapter guidelines above)
For newspaper articles (authored)	Surname, Initials (year), "Article title", *Newspaper*, date, pages. e.g. Smith, A. (2008), "Money for old rope", *Daily News*, 21 January, pp.

	1, 3-4.
For newspaper articles (non-authored)	*Newspaper* (year), "Article title", date, pages. e.g. *Daily News* (2008), "Small change", 2 February, p. 7.
For archival or other unpublished sources	Surname, Initials, (year), "Title of document", Unpublished Manuscript, collection name, inventory record, name of archive, location of archive. e.g. Litman, S. (1902), "Mechanism & Technique of Commerce", Unpublished Manuscript, Simon Litman Papers, Record series 9/5/29 Box 3, University of Illinois Archives, Urbana-Champaign, IL.
For electronic sources	If available online, the full URL should be supplied at the end of the reference, as well as a date that the resource was accessed. e.g. Castle, B. (2005), "Introduction to web services for remote portlets", available at: http://www-128.ibm.com/developerworks/library/ws-wsrp/ (accessed 12 November 2007). Standalone URLs, i.e. without an author or date, should be included either within parentheses within the main text, or preferably set as a note (roman numeral within square brackets within text followed by the full URL address at the end of the paper).
For data	Surname, Initials (year), *Title of Data Set*, Name of data repository, available at: Persistent URL e.g. Campbell, A. and Kahn, R.L. (1999), *American National Election Study, 1948*, ICPSR07218-v3, Inter-university Consortium for Political and Social Research (distributor), Ann Arbor, MI, available at: http://doi.org/10.3886/ICPSR07218.v3

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APPENDIX C

EDITORIAL GUIDELINES FOR AUTHORS OF THE JOURNAL OF RELATIONSHIP MARKETING

APPENDIX C: EDITORIAL GUIDELINES FOR JRM

Submission of Manuscripts:

This journal uses Routledge's Submission Portal to manage the submission process. You will need an ORCiD ID to log in to the submission portal. If you don't already have an ORCiD account, creating one takes 30 seconds and will allow you to login to a variety of other publishers' systems as well as uniquely identifying your contribution to the scholarly record.

If you have any other requests or questions, please contact Kip Becker, Chairman, Administrative Services Department, Boston University, 808 Commonwealth Avenue, Boston, MA 02215. E-mail: kbecker@bu.edu

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All manuscripts must be typed, double-spaced with a one-inch margin on all sides, and follow the current American Psychological Association style. Each manuscript should be accompanied by a title page including complete author name(s), affiliations, mailing address, phone, fax and e-mail information (for multiple author papers, provide complete information for each author and indicate the corresponding author). Manuscripts should be 10-30 pages in length. (Lengthier manuscripts may be considered, but only at the discretion of the editor.) The use of footnotes within the text is discouraged. Set all notes as endnotes (following the text and preceding the references). Manuscripts should include an abstract of approximately 100 words on a separate sheet of paper. Below the abstract, provide 3-10 key words for indexing purposes.

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Please use this reference guide when preparing your paper.

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Tables and figures should not be embedded in the text but should be included on separate sheets or files. A short descriptive title should appear above each table with a clear legend and any footnotes suitably identified below. All units must be included. Figures should be completely labeled, taking into account necessary size reduction. Figure legends should be typed, double-spaced, on a separate sheet.

Illustrations submitted (line drawings, halftones, photos, etc.) should be clean originals or digital files. Digital files are recommended for highest quality reproduction and should follow these guidelines:

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-Sized to fit on journal page

-EPS, TIFF, or PSD format only

-Submitted as separate files, not embedded in text files

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APPENDIX D

CONFIRMATION OF LANGUAGE EDITING

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Make no mistake

Cell: +27 83 664 3982
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web site: www.writeright.co.za

25 July 2018

<u>To whom it may concern</u>

I certify that WriteRight Editing was contracted by **Ms Mariëtte Louise Zietsman** to assist with the language editing of her PhD thesis, *Antecedents and outcomes of a value creation strategy in business banking*, for submission to the Faculty of Economic and Management Sciences at the University of Pretoria.

We edited the thesis using the 'Track changes' feature of Microsoft Word®. We focused on correcting typing errors, and ensuring that the syntax and spelling were correct, that the register of the language was idiomatically acceptable and appropriate to an academic document, and that it was as free from ambiguity as possible. We also checked the reference lists for any obvious typing errors or missing information. However, we did not check whether each item was correctly cited nor the completeness of the list against the in-text references.

Where necessary, terms or passages that were unclear to us, such that we were not confident about editing them, were brought to the attention of the author.

In the process we neither made nor suggested any changes to the substance of the thesis.

The final decision about accepting or rejecting the changes remained with the author.

Mike McCoy

Michael McCoy
Editor

APPENDIX E

DECLARATION REGARDING PLAGIARISM

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
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FACULTY OF ECONOMIC AND MANAGEMENT SCIENCES

Declaration Regarding Plagiarism

The Faculty of Economic and Management Sciences emphasises integrity and ethical behaviour with regard to the preparation of all written assignments.

Although the lecturer will provide you with information regarding reference techniques, as well as ways to avoid plagiarism, you also have a responsibility to fulfil in this regard. Should you at any time feel unsure about the requirements, you must consult the lecturer concerned before submitting an assignment.

You are guilty of plagiarism whenever you extract information from a book, article, web page or any other information source without acknowledging the source and pretend that it is your own work. This does not only apply to cases where you quote the source directly, but also when you present someone else's work in a somewhat amended (paraphrased) format or when you use someone else's arguments or ideas without the necessary acknowledgement. You are also guilty of plagiarism if you copy and paste information directly from an electronic source (e.g., a web site, e-mail message, electronic journal article, or CD-ROM) without paraphrasing it or placing it in quotation marks, even if you acknowledge the source.

You are not allowed to submit another student's previous work as your own. You are furthermore not allowed to let anyone copy or use your work with the intention of presenting it as his/her own.

Students who are guilty of plagiarism will forfeit all credits for the work concerned. In addition, the matter will be referred to the Committee for Discipline (Students) for a ruling. Plagiarism is considered a serious violation of the University's regulations and may lead to your suspension from the University. The University's policy regarding plagiarism is available on the Internet at http://www.library.up.ac.za/plagiarism/index.htm.

For the period that you are a student in the Faculty, the following declaration must accompany all written work that is submitted for evaluation. No written work will be accepted unless the declaration has been completed and is included in the particular assignment.

I/we declare the following:

1. I understand what plagiarism entails and am aware of the University's policy in this regard.

2. I declare that this assignment is my own, original work. Where someone else's work was used (whether from a printed source, the Internet or any other source) due acknowledgement was given and reference was made according to departmental requirements.

3. I did not copy and paste any information directly from an electronic source (e.g., a web page, electronic journal article or CD-ROM) into this document.

4. I did not make use of another student's previous work and submitted it as my own.

5. I did not allow and will not allow anyone to copy my work with the intention of presenting it as his/her own work.

Surname and initials	**Student number**	**Signature**
Zietsman, M.L.	15311938	