



Revisiting the Mediating Effect of Normative Commitment Relationships in Nigeria

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Revisiting the Mediating Effect of Normative Commitment in B2B Bank Relationships in Nigeria

Abstract

Purpose: This study examines the mediating effect of normative commitment, that is, a customer's feeling of moral obligation to stay in a relationship based on the psychological feeling that it is the right thing to do. Previous studies have neglected normative commitment due to its complexity and poor fit with predominantly western individualistic cultures.

Methodology: an empirical study was conducted in the collectivist culture of Nigeria, West Africa. The unit of analysis was the business-to-business (B2B) relationship between small to medium sized enterprises (SMEs) and their bank.

Findings: This study arrived at two key findings. First, normative commitment is insignificant in acting as the mediator of a relationship in both overall satisfaction and social bonding on advocacy. Second, overall satisfaction and social bonding are positively significant in predicting normative commitment and advocacy.

Research Limitations: this study focused solely on an SME's perception of their relationship with their bank and does not consider the dyadic nature of such relationships, i.e. the bank's perception of this relationship.

Practical implications: This research demonstrates that the SME/bank relationship can be developed based on satisfaction and social bonding as background variables. Caution should be exercised for relationships developed on the basis of a moral obligatory commitment.

Originality: Regardless of a collectivist cultural setting, normative commitment was found to be ineffective in enhancing relationships in a business-oriented setting in Nigeria, contrary to emerging propositions within the literature.

Keywords: Normative commitment, social bonding, satisfaction, advocacy, Nigeria, collectivist culture, West Africa.

Introduction

Commitment is well established in building closeness and longevity in business-to-business (B2B) relationships (Morgan and Hunt, 1994; Barnes, Naude and Michell, 2008; Alteren and Tudoran, 2016; Hessling, Asberg and Roxenhall, 2018). Its importance has been established in the industrial (Morgan and Hunt, 1994), services (Bansal et al., 2004; Fullerton, 2011, 2014), and of particular relevance to this study, the financial services literature (Ndubisi and Wah, 2005; Aurier and N'Goala, 2010; Ojeme, et al., 2016; 2018). Meyer and Allen's (1991)

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3 seminal work on employee commitment identified three types of commitment, namely,
4 affective commitment (a desired relationship), continuance commitment (a need to stay in the
5 relationship), and normative commitment (should stay in the relationship) (Bansal, et al.,
6 2004; Kim, Kim and Lee, 2018). Affective commitment is driven by a customer's emotional
7 attachment to the organisation (Bansal et al, 2004; Fullerton, 2011, 2014; Ojeme et al., 2016,
8 2018); continuance commitment is underpinned by the customer's calculation of the benefits
9 gained and the cost of leaving the organisation; and finally, normative commitment is driven
10 by the customer's feeling of moral obligation to stay based on the psychological feeling that
11 it is the right thing to do (Bansal et al., 2004; Fullerton, 2011, 2014; Ojeme et al., 2016,
12 2018).

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27 Of the three types of commitment, normative commitment has emerged as the most
28 problematic, often ignored, and least understood construct (Bansal et al., 2004; Bloemer and
29 Odekerken-Schroder, 2007; Beatty et al., 2012; Cater and Cater, 2009; Fullerton, 2011; 2014;
30 Ojeme et al, 2016). Fullerton (2014: 660) attributes this to the complexity of the construct
31 and calls for scholars not to ignore the normative commitment construct. However, Cater and
32 Zabkar (2009: 793) point to "the fact that multidimensional commitment has mostly been
33 studied in countries that are known to be very individualistic... in these cultures; the
34 normative component is present to a lesser extent and does not significantly influence the
35 continuation of marketing relationships." This view resonates with Meyer and Parfyonova
36 (2010) in their re-conceptualisation of normative commitment in the workplace. They noted
37 that non-western societies, predominantly collectivist in nature, can potentially have a greater
38 obligatory commitment relationship than western countries where the culture is more
39 individualistic in nature. Individuals in a collectivist culture are more likely to internalise in-
40 group values and experience normative commitment as a moral duty to continue a
41 relationship (Meyer and Parfyonova, 2010). This echoes the call from Handelman and
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3 Arnold (1999) for marketers to appeal more to the institutional environment in marketing
4 activities; consideration should therefore be given to the social norms defining such an
5 environment.
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10 The purpose of this study is to revisit the mediating effect of normative commitment in B2B
11 relationships and to examine this effect within the context of a collectivist culture, namely
12 Nigeria. Accordingly, it responds to the call from Handel and Arnold (1999) and Fullerton
13 (2014), and furthers the work of Meyer and Parfyonova (2010). In addition, previous research
14 in the area of commitment cause-and-effect relationships (Fullerton, 2011, 2014; Bansal,
15 Irving and Taylor, 2004) and institutional environment (Handelman and Arnold, 1999) give
16 value to the investigation of the normative commitment model in a Nigerian collectivist
17 business setting. Moreover, using the institutional theory put forward by Handelman and
18 Arnold (1999), the study argues that moral obligatory feelings are most likely to be enhanced
19 and sustained by internalising values of group influence which are prevalent in a collectivist
20 setting (Meyer and Parfyonova, 2010; Hofstede, 1983).
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36 The unit of analysis for this study is the relationship between small and medium-sized
37 enterprises (SMEs) and their bank in Nigeria. Two major studies have classified Nigeria's
38 national culture, namely Hofstede (2003) and the GLOBE study conducted by House et al.,
39 (2004). Although studies on national cultures have been criticised (see for example, Venaik
40 and Brewer, 2013), they continue to be the most frequently accepted and cited models by
41 researchers. The characteristics of these studies can vary, but all identify that people
42 belonging to one culture have shared values, beliefs, and behaviours that separate them from
43 other people in other countries (Triandis, 1994). These shared traits are revealed in their
44 decisions and behaviour (de Mooij, 2017). Nigeria is positioned in both the aforementioned
45 studies as a collectivist culture underpinned by a strong belief in loyalty, the fostering of
46 long-term commitment, and relationships with other members of a group such as family, the
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3 extended family and neighbours (Hofstede, 2003; Haffar et al., 2016; Mordi, 2017). This
4 long-term commitment is, for example, illustrated by the attitude to divorce and separation
5 which has been traditionally frowned upon as the needs of individuals are compromised for
6 the benefit of the entire family (Nwadiora, 1996). SMEs have long been recognised as
7 important to economic growth worldwide (Day, 2000) and in developing countries such as
8 Nigeria (Eniola and Ektebang, 2014). In addition, the relationship between SMEs and their
9 bank is of interest to both academics and practitioners, not least because most SMEs rely on
10 their banks for financing (Vegholm, 2011).
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25 **Literature Review**

26 *Normative Commitment*

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30 Normative commitment has been defined as "...the force that binds a consumer to the service
31 provider out of perceived obligation" (Bansal et al., 2004:239); the "...degree to which a
32 customer is psychologically bonded to the organisation on the basis of his or her sense of
33 obligation to the organisation" (Jones et al., 2010:18); and in a business context, as "the
34 degree to which the membership is psychologically bonded to the organisation on the basis of
35 the perceived moral obligation to maintain the relationship with the organisation" (Gruen et
36 al., 2000:37). Together, these definitions suggest that a customer with normative commitment
37 is driven by the mind-set of moral obligation to continue with the service provider, such that
38 the customer internalises relationship continuity as the right thing to do.
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51 Due to this obligatory relationship, it is expected that normative commitment will thrive most
52 when the underpinning relationship exists within a collectivist culture (Hofstede 1983; Meyer
53 and Parfyonova, 2010; Meyer et al., 2012). A collectivist culture considers the values and
54 importance of the group and the interconnectedness between its members to be critical and
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3 more binding than individual personal values. Given that a normative commitment
4 relationship has a strong sense of the other person as a driver of the relationship, this paper
5 argues that in such cultures normative commitment will better explain the closeness and
6 longevity of business relationships, and perhaps also elucidate why most western studies on
7 multi-dimensional commitment to a relationship have been unsuccessful with moral
8 obligatory. In the following section we detail the antecedents and consequences of normative
9 commitment that inform the development of the research model adopted for this study.

10 11 12 *Antecedents and Consequences of Normative Commitment*

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14 This study is underpinned by institutional theory that places social dimensions (incorporating
15 social and cultural norms) at the heart of the organisation's interaction with the environment
16 (Drumwright, 1996; Handelman and Arnold, 1999). From a marketing perspective, in this
17 relationship normative commitment is considered as the key factor that supports the
18 development and sustainment of a long-term relationship (Fullerton, 2014). The model
19 developed for this study (see Figure 1) is based on traditional relationship marketing theory
20 that underpins normative commitment as a Key Mediating Variable (KMV) (Bansal et al,
21 2004; Fullerton, 2011; 2014), whilst social bonding and overall satisfaction are the
22 antecedents of normative commitment linking to the outcome, or consequence, of advocacy.
23 The remainder of this section will detail the constituent parts, the antecedents, and
24 consequences of the model, starting with overall satisfaction.

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26
27 {Figure 1}

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30 Figure 1: Antecedents and Consequences of Normative Commitment Relationship

31 32 33 *Overall satisfaction*

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35 Overall satisfaction is based on the summative customer experience with the service provider.
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37 Lam et al. (2004, p.295) observed that "overall satisfaction is a fundamental indicator of the

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3 firm's past, current, and future performance." Most companies rely on cumulative satisfaction
4 because it provides a better reflection of the true psychological state of the customer to a
5 service provider and is relatively stable over time (Anderson et al., 1994; Lam et al., 2004;
6 Veloutsou et al., 2005). That is, the customer's state of mind about a product builds over time
7 because of the various encounters with the services (Oliva, Oliver and MacMillan, 1992;
8 Veloutsou et al., 2005).

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18 The majority of satisfaction studies within B2B tends to focus on overall (cumulative)
19 satisfaction in their conceptualisation of satisfaction (Cater and Zabkar, 2009; Garbarino and
20 Johnson, 1999; Geyskens, Steenkamp, and Kumar, 1999; Hellier et al., 2003; Homburg and
21 Giering, 2001; Roman, 2003). Oliver (1997; 13) defined customer satisfaction as the
22 "consumer's fulfilment response. It is a judgement that a product or service feature, or the
23 product or service itself, provided (or is providing) a pleasurable level of consumption-related
24 fulfilment, including levels of under or over fulfilment." In this definition, two important
25 notions are evident. First, satisfaction is pleasurable, which implies that satisfaction gives
26 pleasure and reduces discomfort when a problem is solved by the consumption of a product
27 or the utility of a service. The second point to note is that of fulfilment. Oliver (1997) states
28 that fulfilment requires a goal that needs to be accomplished.

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44 Overall satisfaction, as an emotional construct, is expected to positively relate to normative
45 commitment given that the interactions between SME account holders and their bank can
46 trigger the feeling that it is right to continue a relationship with their existing bank. As noted
47 earlier, collectivistic oriented societies are more likely to feel obliged to respond to
48 relationships in such a manner. This paper proposes that business owners with cumulated
49 satisfaction with their banking service provider are most likely to develop the business mind-
50 set that it is the right thing to do to continue with that banking relationship. Cater and Zabkar
51 (2009) state that the reason behind this proposition is that satisfied business clients feel a
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3 higher moral obligation to continue this relationship with the provider. This is amplified in a
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5 collectivist setting when satisfied business owners feel that they ought to stay with their
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7 provider as it is the right thing to do. This discussion of overall satisfaction and normative
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9 commitment leads to the first hypothesis:

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13 H_1 – Business owners' overall satisfaction with their bank will lead to a positive normative
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15 commitment to stay with their bank.

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18 Fullerton (2011) proposes that overall satisfaction will also have a direct predictive effect on
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20 long-term relationship advocacy intentions in a banking service setting. He argued that
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22 positive service evaluation will engender the attitude of giving positive word of mouth. This
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24 antecedent has gained empirical support in marketing studies (Popp and Woratschek, 2017;
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26 Anderson, 1998). Indeed, previous studies of B2C banking relationships in Nigeria have
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28 already reinforced the link between satisfaction and customer loyalty with several items
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30 within the loyalty measure closely aligning with typical advocacy measures (Osayawe
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32 Ehigie, 2006). Within the banking sector, the link between overall satisfaction and advocacy
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34 is underpinned by the premise that an overall positive banking encounter (e.g. via interaction
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36 with employees or use of the banking products) will result in customer satisfaction (Fullerton,
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38 2011; Hennig-Thurau). In this linkage, cumulative satisfaction is the background and first
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40 level experience as a result of several positive banking experiences by the business owners
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42 which tend to serve as a propeller to advocacy and recommendation to family, friends, and
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44 other business partners. Following this view and empirical evidence leads us to the second
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46 hypothesis:

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53 H_2 – Business owners' overall satisfaction with their bank will lead to a positive
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55 recommendation outcome.

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59 *Social Bonding*
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3 The second antecedent of normative commitment in the model is social bonding. Wilson
4 (1995: 339) defines social bonding as the “degree of mutual personal friendship and liking
5 shared by the buyer and seller.” This definition has two important points. First, social
6 bonding in a B2B relationship is between the employee representatives of both firms, and is
7 not at the business level (Williams, Han and Qualls, 1998). Second, the development of social
8 bonding between the employee representatives is motivated by communal personnel
9 friendship and liking for each other. People have a longing for social relationships
10 (Baumeister & Leary, 1995) and relational communication helps to fulfil that need (Hennig-
11 Thureau et al., 2004). Relational communication can act as a social adhesive bringing people
12 together and strengthening social bonding (Berger, 2014). Social bonding is an emotional
13 relational concept (Mavondo and Rodrigo, 2001; Rodriguez and Wilson, 2002). Rodriguez
14 and Wilson (2002: 55) state that social bonding involves “similarity, friendship and
15 confidence built through interpersonal exchange.” These elements are important in the
16 building of social ties and strength in the exchange between business representatives
17 (Rodriguez and Wilson, 2002). Furthermore, there is evidence of similarity in the concepts
18 of social bonding and rapport in a banking relationship setting. Gremler and Gwinner (2000)
19 state that rapport is a customer’s perception of having an enjoyable interaction with a service
20 provider’s employees, characterised by a personal connection between the two companies’
21 representatives. In their definition, two characteristics are important: personal connection and
22 an enjoyable interaction. The link between social bonding and an obligatory relationship is
23 based on the notion that both constructs are emotionally driven and strongly identify
24 interaction between the two parties. Furthermore, the recognition that a collectivist culture
25 emphasises group interaction and values in a positive way is reiterative and supportive of the
26 notion and linkage with social bonding that will lead to normative commitment.
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28 Illustratively, a business owner with a strong positive bond established over time with a bank
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3 employee would consider that staying in such a relationship is the right thing to do and
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5 discontinuing that relationship would be considered as unfair and a betrayal of business
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7 friendship. Social bonding has been identified to be positive and statistically significant in
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9 parallel studies examining the affective commitment in the relationship of B2B customers
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11 and their banks in Nigeria (Ojeme et al., 2018). However, in our study the focus is on
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13 normative commitment and it will be interesting to identify how the impact of social bonding
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15 might differ accordingly. This leads to the development of our third hypothesis:
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20 H₃– Business owners' social bonding with their bank account officers will lead to a positive
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22 normative commitment to stay with their bank.
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25 The literature contains little evidence linking social bonding to advocacy. This is primarily
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27 due to the recognition that social bonding is depicted as a background relational variable.
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29 That is, an experience or relationship that occurs at an early stage of the service encounter,
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31 whilst a long-term sustained relationship requires commitment. Nonetheless, there are
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33 reasons to suggest that social bonding may be linked to recommendation behaviour. Berger
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35 (2014) commented that social bonding should drive people to share things that are of
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37 common interest and more emotional in nature. For example, people may often talk about the
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39 weather or what they are doing at the weekend, because these are areas of common ground
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41 (Berger, 2014; Grice, 1989). Similarly, it would seem logical to conclude that discussing
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43 business matters, especially when related to successful bank finance or tailored professional
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45 support services, would be of common interest to business partners and friends. The positive
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47 link can be deduced on the recognition that social bonding is theoretically developed to
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49 represent “mutual personal friendship and liking” between two parties (Wilson, 1995: 339).
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51 Therefore, when there is a positive social and business interaction between B2B personnel
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53 representatives, there is the likelihood of a positive referral or recommendations to other
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60 business associates. Following this logic leads to the fourth hypothesis:

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3 H₄– Business owners’ social bonding with their bank account officers will lead to positive
4 word of mouth.
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7 8 *Advocacy* 9

10 Advocacy is one of the desired outcomes of a business loyalty programme (Fullerton, 2005,
11 2011). It is considered as the ultimate test of customer loyalty in business relationship
12 marketing (Bendapudi and Berry, 1997; Reichheld, 2006). Extant literature recognises
13 advocacy as important in attitudinal loyalty with the potential to generate further business and
14 profit through the recommendation and endorsement to family, friends, and other businesses
15 (Reichheld, 2003; Rauyrueen and Miller, 2007; Zeithaml et al., 1996). Past studies suggest that
16 advocacy is a key consequence of business and customer commitment to organisations and
17 service providers (Fullerton, 2011; Rauyrueen and Miller, 2007). White and Schneider (2000)
18 used a laddering of commitment levels to explain the movement of customers from the
19 bottom to the top to become an advocate for the business. They stated that the way for an
20 organisation to build a long-term relationship and move their customers up the ladder was to
21 attract and retain customers by exceeding their expectations of service quality. In their study,
22 which focused on the financial and automotive customer service relationships, four categories
23 were identified: prospects; clients; supporters; and advocates. Advocates are customers who
24 have gone through the three previous steps and recommend the organisations to friends and
25 family (White and Schneider, 2000).
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48 ***Mediating Role of Normative Commitment*** 49

50 Empirical evidence in the literature gives value and recognition to normative commitment as
51 a mediator construct in cause-and-effect relational models (see Fullerton, 2011, 2014; Bansal
52 et al, 2004). Fundamentally, the theory of social exchange posits that in any given interaction
53 between two parties, the benefits in that relationship perceived by one party will most likely
54 support the tendency to reciprocate such a relationship to the other party (Blau, 1964; Ruyter
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and Wetzels, 2000). For example, if we consider two business associates A and B, where party A provides multiple services to party B, the business relationship can be evaluated and may evolve into a higher form of moral obligatory relationship. As argued by Fullerton (2014), marketing activities can create feelings of obligation on the part of the customer and evolve into a psychological state of normative commitment. Furthermore, Mayer and Parfyonova's (2010) theoretical proposition of commitment states that normative commitment will be greater and more effective on behaviour within a collectivist culture. The rationale is that values tend to be more internalised as the right thing to do in group relationships, which are prevalent in collectivist cultures due to the assumed interdependency (Hofstede et al., 2010). That is, both parties demonstrate mutual need and respect for each other and a feeling that they ought to continue the relationship (Fullerton, 2011; Bansal et al. 2004). In a banking context, relationships can be established through on-going business interactions between business owners and key bank account officers. This relationship is further strengthened when business owners feel indebted to their bank service provider, feeling enthusiastic, and recommending it to others (Fullerton, 2011). Indebtedness can arise as a result of on-going bank support services, e.g. the provision of an agreed overdraft or loan, provided to the business owners. A satisfied business owner may then have an obligatory feeling that they ought to continue or stay with their bank provider. A positive outcome of such a relationship engenders the advocacy behaviour on the part of the business owners. Therefore, based on previous commitment studies (Fullerton, 2011, 2014) and considering the Nigerian collectivist cultural setting (Ogba, 2008); the final hypothesis emerges as:

H₅ - Normative commitment will have a positive and full mediation effect on advocacy.

Methodology

Measurement Items

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3 Data was collected by survey. All measurement items were adopted from the literature. Four
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5 items were used for moral obligation drawn from the work of Meyer and Allen (1997) and
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7 Wallace et al (2013); the latter being conducted in a banking context. Five items were
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9 identified for social bonding, drawn from Cater and Zabker (2009) and Mavondo and
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11 Rodrigo (2001). These items have been empirically tested in a B2B settings. Overall
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13 satisfaction was measured by four items covering happiness, perception of relationship,
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15 treatment, and expectations. These were adapted from Lam et al. (2004) and have been used
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17 extensively in a B2B relationship context (Cater and Zabkar, 2009; Garbarino and Johnson,
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19 1999). For advocacy, four items were used to measure positive recommendations to others.
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21 Items 1, 2, and 3 originate from the advocacy scale development by Zeithaml et al. (1996).
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23 Item 4 originates from Gremler and Gwinner (2000). All items have been applied previously
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25 in bank services research (Bloemer et al., 2007; Fullerton, 2005, 2011). All items were
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27 measured with a seven-point Likert scale ranging from very strongly agree (7) to very
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29 strongly disagree (1), with a mid-point (4) for neither agree nor disagree.
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35 36 ***Population and Sampling*** 37

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39 Data was collected in Nigerian, West Africa. The total research population consisted of
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41 almost 23 million SMEs (Small and Medium Enterprises Development Agency of Nigeria:
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43 SMEDAN). The sampling frame comprised three geographical regions in Nigeria (South-
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45 East, South-South, and South- West). Guided by Anderson and Gerbing (1988) and Hair et al.
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47 (2010), the minimum sample size was set at 150 respondents which is sufficient for structural
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49 equation modelling (SEM) when three or more indicators are used to measure a construct. A
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51 multi-stage clustering approach was adopted, which is appropriate for two reasons. First, the
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53 method is suitable when the research population is widely distributed in different
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55 geographical locations and it is impractical to sample all locations (Easterby-Smith et al.,
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2012). Second, clustering of the population into different subgroups increases representation of the population in the sample.

Three hundred ten questionnaires were distributed by hand to SMEs. This enabled an initial screening to ensure that the businesses were SMEs and that the questionnaires were completed by the person within the business responsible for banking operations. A cover letter was included with the questionnaire providing further details about the nature and purpose of the research that respondents could read and retain. A face-to-face approach was selected in preference to other delivery techniques as Nigeria's internet and postal services can be unreliable in the geographical regions in which the survey was conducted (Ezeoha, 2005; Oyelaran-Oyeyinka and Nyaki Adeya, 2004). An incentive was not offered to SMEs to encourage participation in this research as in Nigerian culture there is a willingness to support and participate in research studies resulting in good levels of survey engagement (Ogba, 2008). This was evidenced in the response rates achieved for this research. In total, 221 questionnaires were returned, representing a response rate of 71%. However, only 199 questionnaires were usable, therefore reducing this to a 64% usable response rate.

The data sample profile indicated that the majority of respondents had a relationship with their bank of up to 10 years (see Table 1). Approximately 35% of SMEs had banking relationships of less than 5 years and similarly, another 35% had banking relationships of between 5 and 10 years. Other banking relationships were of 11 to 15 years (18% of sample size), whilst those banking for 16 to 20 years and 21 years and above together represented a sample size of 6%, respectively. In terms of business working capital, 72% of respondents had capital less than 50,0000 naira (approximately £109,000), as can be seen in Table 1 below.

{Table 1: Respondent Profile}

Data Analysis

Following the recommendations of Anderson and Gerbing (1988), data analysis was two staged. Stage one assessed construct reliability and validity of items in the measurement model alongside measurement model goodness of fit. This was to ensure acceptable specification of the research model prior to structural equation modelling. Specifically, stage one analyses used Cronbach's alpha assessment of reliability with an acceptable minimum threshold of 0.70 (Hair et al., 2010). Furthermore, convergent validity was assessed using factor loading and AVE whilst discriminant validity was assessed using the rule of thumb of AVE greater than the Square Inter-Correlation (SIC) (Farrell, 2010; Hair et al., 2010). Confirmatory factor analysis (CFA) was deployed to ascertain the measurement model goodness of fit (Anderson and Gerbing, 1998).

Stage two involved testing the structural path analysis on the mediation effect. The study deployed the test prescribed by Baron and Kenny's (1986) and utilized by Preacher and Hayes (2008) for various mediators' effects. Using this approach, we examined the direct relationship between overall satisfaction and social bonding direct effects on advocacy. Additionally, we examined the indirect effects by integrating normative commitment as the key mediator of the relationship between the antecedents and outcome variable. The results will determine if there is a full, partial, or no mediation effects. The study followed the guidelines of Preacher and Hays (2008), i.e., full mediation occurs when the effect of the independent variable on the dependent variable reduces to zero, and is significant with the introduction of a mediating variable. In the same situation, partial mediation occurs when the effect is not zero and is significant (Preacher and Hays, 2008). Finally, there is the absence of the mediation effect when the co-efficient is minimal and insignificant. Prior to the mediation test, the study will fulfil the prerequisite of a structural model goodness of fit evaluation (Hair

et al. 2010). For CFA/SEM analysis AMOS 25 software was employed using maximum likelihood method for its analysis.

To reduce the effect of common method bias, whereby respondents completing the questionnaire in a particular manner (consistent) make assumptions about the questions asked because of a previous question within the same instrument and providing responses for social approval, a pilot survey was conducted. The pilot was conducted with three SME respondents to ensure clarity and understanding of the questions asked in the survey. Additionally, the measurement items for each construct were not arranged in the same order for the antecedents, normative commitment, and loyalty; instead, they were arranged in a different order so respondents could not easily predict the pattern and flow of the survey. Furthermore, questionnaires were distributed to businesses unknown to the researchers; therefore, the issue of social approval was minimised.

Research Findings

Tests of Convergence and Discriminant Validity

Results for convergent and discriminant validity assessments are presented in Tables 2 and 3. These demonstrate sufficient levels of construct convergence as well as discriminant validity across normative commitment, satisfaction, social bonding and advocacy. Cronbach alpha assessment of internal reliability for the variables were above the threshold point of 0.70 recommended by Hair *et al.*, (2010). The reliability assessment results for all latent variables ranged from 0.87 to 0.92. Similarly, convergence validity analysis for the standardised factor loadings of the measurement items of the latent variables ranged from the lowest factor loading of 0.52 to a maximum loading of 0.90. These estimates were above the threshold point of 0.50 suggested by Bagozzi and Yi, (1988). Equally, the AVE extractions were all larger than the 0.50 threshold recommended by Hair *et al.*, (2010).

The assessment of discriminant validity of the latent variables was evaluated using the criteria that AVE should be larger than the Square Inter-Correlation (SIC) (Farrel, 2010; Hair et al., 2010). Table 3 captures the comparisons of both AVE and SIC. The AVE and SIC comparison evidences sufficient discriminant validity for all the latent variables, thereby, satisfying the prerequisite of measurement model assessment of goodness of fit assessment.

{Insert Table 2}

{Insert Table 3}

Tests of Measurement Model

As presented in Table 4, the result from the GOF suggested that the study model has a satisfactory GOF indices ranging from 0.94 to 0.99 respectively. Likewise, the Adjusted Chi-Square and RMSEA indices remained within acceptable thresholds of 1.1 and 0.028, respectively.

{Insert Table 4}

Tests of Structural Model

The study assessed the structural model goodness of fit prior to estimating the structural path analysis using Maximum Likelihood. The structural fitting tests, as recorded in Table 3, showed acceptable fit indices ranging from 0.90 to 0.95 for both absolute and relative model fit indices. These are all larger than the 0.90 threshold point prescribed by Bagozzi and Yi, (1988). Similarly, the Adjusted Chi-Square and RMSEA indices remained within acceptable thresholds of 1.8 and 0.075, respectively.

Tests of Mediation Effects

Mediation tests can lead to one of the three possible outcomes: full, partial, or no mediation effect. The study SEM estimation results are represented in Figure 2 below. Firstly, the direct

paths of overall satisfaction and social bonding effects on advocacy (H_2 and H_4) were supported and significant with estimated co-efficients of 0.32 and 0.42 respectively. As indicated in Figure 2, the introduction of the mediation effect (normative commitment) pathway led to a notable lower prediction on advocacy (H_5) with predictive co-efficient of 0.07, and was insignificant at a p value of 0.42 (greater than 0.05 significant level).

Furthermore, the statistical power test was assessed using power analysis ($1-\beta$) to validate the empirical finding of our SEM analysis. The authors applied the G*Power 3.1.4 (Faul et al. 2009) to conduct the power test analysis. The outcome has an observed statistical power of 0.95, above the minimum conventional threshold level of 0.8 in behavioural research (Cohen, 1992). The power test result suggests a 95% confidence level that the NC insignificant mediation on advocacy is not due to sample size effect. Although, the pathway estimates of overall satisfaction (H_1) and social bonding (H_3) were both positively predictive on normative commitment and significant with represented coefficients of 0.34 and 0.23, respectively. Table 6 below provides a result summary of the SEM tested path hypotheses.

{Insert Figure 2}

Discussion

The analysis identified the positive and significant effects of overall satisfaction and social bonding on both normative commitment and advocacy. Overall satisfaction relates to the SME's confirmation of a positive experience with their bank. Such notions included confirmation of frontline service expectations and overall good feelings about the banking relationship. This positive confirmation and feelings are an enhancer of a business mind-set of moral duty to stay in the banking relationship. Most studies tend to link satisfaction with the positive affirmative construct, such as affective commitment (Fullerton, 2011; Bansal et al., 2004). The findings from this study suggest that overall positive confirmation of service is an enhancer of a business moral duty to continue in such a relationship. Interestingly,

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3 satisfaction predicts advocacy intention and is in line with Fullerton, (2011) and Bansal et al.,
4 (2004) commitment research. Our study suggests that SMEs are engaging in word of mouth
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6 behaviour with business partners as long as their overall experience with their customers
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8 remains positive. Examining the two pathways of satisfaction in the model suggests that
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10 SME's overall satisfaction can both enhance a moral duty mind-set and also predict advocacy
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12 behaviour.
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17 Equally, the social bonding pathway is suggestive of a predictive impact on normative
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19 commitment and advocacy behaviours. The concept of social bonding examines meaningful
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21 associations between the SME and bank account officer. Social bonding engenders a moral
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23 obligation when the SME representative feels that strong liking and interpersonal relationship
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25 with their bank positively affects moral duty to continue in such relationship. Particularly,
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27 this finding is of significance given the high nature of national collectivism in Nigerian. That
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29 is, the in-group relationship is of high importance and most likely to be internalised as the
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31 right thing to do as opposed to out-group or an individualistic relationship which is mostly
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33 likely to be self-seeking attitude (Meyer and Parfyonova, 2010).
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39 An assessment of the social bonding pathway to advocacy behaviour indicated a positive
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41 relationship. This finding implies that social bonding between the SME and bank can
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43 engender a positive feeling on the part of the SMEs to say positive things about their banks to
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45 other business partners, family, and friends. In so doing, this study supports the work of
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47 Wilson (1995) and Rodriguez and Wilson (2002), who stated that the building and
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49 strengthening of social ties are important in sustaining long-term business relationships.
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54 In terms of normative commitment as a key mediator of advocacy, the study found moral
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56 duty to advocate their banks as redundant. This finding contradicts suggestions that
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58 normative commitment is a predictive nature of relationship (Fullerton, 2014; Meyer and
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3 Parfyonova, 2010). These scholars argued that the moral obligatory aspect to a relationship is
4 significant in engendering long term positive relational outcomes. Meyer and Parfyonova
5 (2010), contended that collectivist cultures will enhance normative commitment based on the
6 mind-set of sensitivity of group values and experience and normative commitment as a moral
7 duty to comply with the relationship. In this study, SMEs ought to have a sense of duty to
8 continue the relationship with their banks and take steps to advocate positive comments to
9 others. Contrarily, normative commitment turned out to be a weaker construct in mediating
10 the relationship SMEs had with their banks. There are a number of reasons that could explain
11 the outcome of this study. The context of this research appears to have influenced the lack of
12 validity of moral obligation for relationship maintenance. SMEs are recognised to have
13 insufficient funds for business sustainability and tend to require financial support from their
14 banks (Bass and Schrooten, 2006; Berger and Udell, 2006), therefore, a relationship based on
15 benefit assessment can be argued to be more relevant than a relationship underpinned by
16 feelings of moral obligation to act on. That is, as SMEs secure financial support towards their
17 operational cost, there is a stronger tendency to advocate (tell) others about such experiences
18 and financial support in business conferences, to business partners, family, and friends.
19 Furthermore, the study's findings of redundancy of normative commitment highlights the
20 problem previously identified in the literature. For example, Cater and Zabkar's (2009) study
21 found normative commitment to be insignificant in predicting client's loyalty to a market
22 research service provider in Eastern Europe. Cater and Zabkar (2009) argued that affective
23 commitment that is underpinned by a strong sense of attachment to an organisation (usually
24 referred to as a global commitment construct) is more prevalent in the literature as a key
25 predictor of loyalty behaviour. Others have argued that normative commitment is relevant
26 when associated with affective commitment (positive desire-based relationship) and/or
27 calculative commitment (cost/benefit-based relationship) (Meyer and Parfyonova, 2010).
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3 Illustratively, a moral duty mind-set may correlate a positive desired based attachment to
4 relationship continuity (Bansal, et al. 2004). Alternatively, an association of normative
5 commitment/calculative commitment is referred to as moral cause of action based on the
6 indebted benefits of the relationship (Meyer and Parfyonova, 2010). This study's assessment
7 of commitment uniquely from a moral obligation duty orientation perhaps explains why it
8 was ineffective in explaining relationship continuity, particularly when businesses tend to be
9 more rational in decision making. In other words, when a business just feels that "I ought" to
10 stay in a relationship with my bank is necessary, but does not have a sufficient condition to
11 enhance advocating behaviour in terms of telling business partners about such a relationship.
12 It is therefore suggesting that feelings of moral duty remain an internalised business mind-set
13 as opposed to telling other professionals about their banks.
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29 **Conclusion**

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32 This paper proposed a theoretical model that validates how the relationship between SMEs
33 and their bank can be sustained within a collectivist culture, namely Nigeria. The theoretical
34 contribution is that NC appears to be ineffective in B2B relationships in a Nigeria collectivist
35 setting, contrary to the expectation from the literature that NC should be active in an in-group
36 culture and business setting. The proposed model highlights pathways that enhance a positive
37 relationship. In this study, overall satisfaction with the banking relationship served as an
38 enhancer of SME advocacy attitude and behaviour. Equally, overall positive confirmation of
39 the banking relationship supported the SME's feeling of "I ought to" continue in the banking
40 relationship. The study also identified that social bonding predicates moral duty and the
41 recommended attitudes and behaviours of the businesses. However, a moral obligatory mind-
42 set hypothesised to support positive recommendation was not supported. Such findings
43 indicate that the notion of moral obligation is not robust enough to underpin the relationship.
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Managerial Implications

Understanding how successful relationships work is pivotal to SMEs and Nigerian banks.

From the findings of this study, Nigerian bank managers are advised that the most dominant pathway to building successful long-term relationships is via overall satisfaction and social bonding. That is, bank managers should continuously develop practices that will enhance overall positive satisfaction, for example through the provision of banking solutions that are tailored specifically towards the needs of SME customers; and such relationships need to be personalised through the allocation of a dedicated account officer for each business owner.

Adopting such actions will lead to an enhanced business relationship which in turn will result in SMEs recommending their bank to other professionals and when doing so, citing the high level of service quality they have received. In addition, banks can introduce additional financial and technical support services to SMEs, and with this introduction, normative commitment may become intertwined with benefit-based reasons to stay in such relationships.

Limitations and Future Research

This study focused on a heterogeneous sample of SMEs as the survey was administered to different SME trades without reference to any specific business sector. SMEs in different sectors may respond differently. The reason for using this approach was to provide a data set of sufficient size based on the demand for adequate data for CFA and SEM, and the complexity of the research as depicted in the number of constructs presented in the model (Hair et al., 2010). Whilst the study can argue that SMEs seem to have generic attitudes and problems, especially concerning issues around a lack of technical knowledge and financial shortfall, nonetheless, future studies should examine this research model using a homogenous

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3 business sector (such as the telecommunication sector) to identify the extent to which the
4 findings cited in this research are generalisable.
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8 This study was conducted in Nigeria, which was selected as the context for this study due to
9 its collectivist culture. Other countries are however also classified as collectivist on the
10 Hofstede and GLOBE scales (Hofstede, 2003; House et al, 2004). For example, Ghana and
11 Sierra Leone are collectivist cultures within Africa, and further afield in other continents, the
12 Philippines, Mexico, and Bulgaria are just three examples of countries that also score low on
13 individualism (Hofstede, 2019). Intuitively, it may be expected that the results of this study
14 can be generalised to these countries; however culture is complex and we would recommend
15 similar research be conducted in such countries to establish if this generalisation does indeed
16 hold or if other cultural factors also have an impact on normative commitment. Such studies
17 may also want to include cultural measures as part of the data collection process. National
18 culture as a broad classification by country has been criticised (Venaik and Brewer, 2013)
19 and may well be a blunt tool that fails to take account of culture at a sub-group or individual
20 level. Such measures would identify differences in cultural at an individual respondent level
21 rather than assuming a national culture applies to all.
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41 This research was one sided, focusing solely on SMEs' perception of their relationship with
42 banks without considering the reverse, i.e. the bank's perception of their business customers.
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45 This study's perspective is in line with most commitment studies in the area of relationship
46 marketing (Fullerton, 2011, 2014; Cater and Zabkar, 2009). In addition, SMEs as a unit of
47 customer analysis seemed to be underrepresented in the extant literature; therefore,
48 researchers considered the urgent need to examine this sector of business customers.
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55 Moreover, given the data size requirement, it will be statistically impossible to have a
56 sufficient data size to undertake a matched two-sided relationship as indicated. Nonetheless,
57 future studies could consider a qualitative approach to capture the banks' perspective of their
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3 commitment relationship to their business customers. This perhaps can provide a comparative
4 analysis of normative commitment in a relationship dyad.
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8 Finally, although this study found normative commitment to be reductant, future studies may
9 want to investigate the integration of normative commitment into other forms of commitment
10 such as affective commitment and calculative commitment to see if this would support the
11 relevance of normative commitment, such commitment associations are finding strong
12 grounds and empirical support in organisational studies.
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Table 1: Respondent Profile

Years with bank	%	Business Working capital*	%
Less than 5 years	35	Less than 50 million	72
5 to 10 years	35	50-100 million	13
11 to 15 years	18	101 – 150 million	4
16 to 20 year	6	151 – 250 million	5
21 years and above	6	251 – 300 million	6

*Currency in Nigerian Naira (Millions).

Table 2: Convergent Validity Assessment

Constructs	Indicators	SFL	AVE	CA
Normative Commitment	1. My company would not leave my retail bank right now.	0.85	0.57	0.87
	2. My company owes a great deal to my retail bank.	0.85		
	3. My company will feel guilty to leave my retail bank.	0.75		
	4. Even if it were to my advantage, my company does not feel it would be the right thing to leave my retail bank now.	0.52		
Social Bonding	1. I would consider whether my contact person's feelings would be hurt before I change retail bank.	0.79	0.62	0.90
	2. If I were to change my bank, I will lose a good friend in my current bank.	0.89		
	3. I often interact with the bank contact person on a social basis outside of work.	0.81		
	4. I consider my bank contact person to be almost as close to me as family.	0.73		
	5. My bank contact person and I are able to talk openly as friends.	0.71		
Advocacy	1. My company say positive things to other people about my retail bank.	0.79	0.72	0.92
	2. My company recommends my retail bank to other companies that seek advice.	0.90		
	3. My company encourages business partners to do business with my retail bank.	0.89		
	4. When the topic of my retail banks comes up in conversation, my company goes out of its way to recommend this bank.	0.80		
Overall Satisfaction	1. In general, my company is very satisfied with my current retail bank.	0.87	0.69	0.91
	2. Overall, it's been good to bank with my current retail bank.	0.88		
	3. Overall, the service of my bank comes up to my expectations.	0.84		
	4. Overall, the retail bank treats my company very fairly.	0.73		

Note: SFL = Standardise Factor Loading, AVE = Average Variance Extracted, CA = Cronbach's Alpha

Table 3: Discriminant Validity Assessment

	Normative Commitment	Advocacy	Social Bonding	Satisfaction
Normative Commitment	0.57	0.31	0.33	0.37
Advocacy		0.72	0.49	0.42
Social Bonding			0.62	0.26
Overall Satisfaction				0.69

Note: the diagonal values represent the Average Variance Extracted (AVE) estimates, while the values above the AVE represent the Squared Inter-Correlations (SIC).

Table 4: Measurement Model Goodness-of-Fit Assessment

	χ^2/df	GFI	CFI	IFI	RMSEA	TLI
Score of GOF	1.1	0.94	0.99	0.99	0.028	0.99

Table 5: Structural Model Goodness-of-Fit of Assessment

	χ^2/df	GFI	CFI	IFI	RMSEA	TLI
Score of GOF	1.8	0.90	0.96	0.96	0.075	0.95

Table 6: Representation of Hypotheses Results

Hypothesis	Path Coefficient	P - Value	Supports Model?
H ₁ Satisfaction → Normative Commitment	+0.34	0.00	Yes
H ₂ Satisfaction → Advocacy	+0.32	0.00	Yes
H ₃ Social Bonding → Normative Commitment	+0.23	0.00	Yes
H ₄ Social Bonding → Advocacy	+0.42	0.00	Yes
H ₅ Normative Commitment → Advocacy	+0.07	0.42	No

Figure 1: Antecedents and Consequences of Normative Commitment Relationship

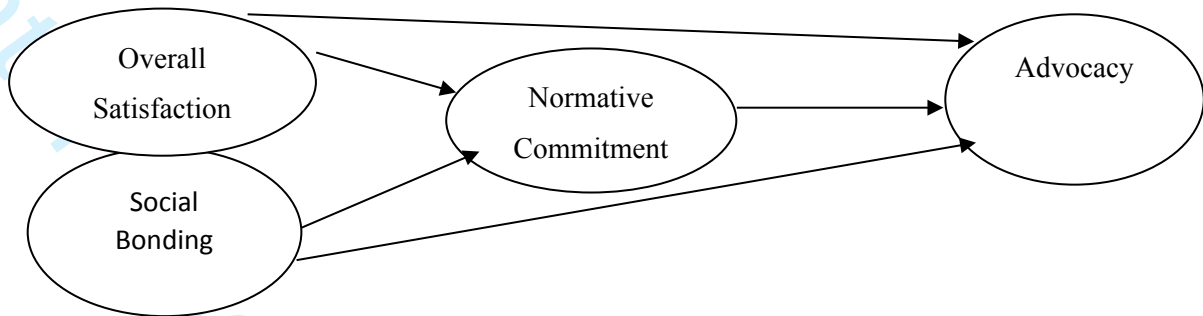


Figure 2: Estimated Model of Normative Commitment Relationship

