TRUST AND ECONOMIC SATISFACTION AS ANTECEDENTS, AND LOYALTY AS OUTCOME, OF SMALL BUSINESS CUSTOMERS' COOPERATION AND COORDINATION IN BANKING RELATIONSHIPS

Russell KAMPANI
Department of Marketing Management, University of Pretoria, Pretoria, South Africa
ORCID: https://orcid.org/0009-0007-5606-6040
Email: ra.kampani@gmail.com
Pierre MOSTERT*
Department of Marketing Management, University of Pretoria, Pretoria, South Africa
ORCID: https://orcid.org/0000-0002-4046-3312
Email: pierre.mostert@up.ac.za
Michelle Caroline VAN DER MERWE
Department of Marketing Management, University of Pretoria, Pretoria, South Africa
ORCID: https://orcid.org/0000-0001-6121-3390
Email: michelle.vandermerwe@up.ac.za

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Abstract:
Business success is determined by the ability to establish stable relationships that result in the retention of loyal customers. Extant literature on business-to-business relationships highlights trust, satisfaction, cooperation, and coordination, regarded as important constructs comprising relationship quality (RQ), as key drivers for ensuring loyalty. However, the interaction between these RQ constructs remain unclear. This study accordingly investigates a framework where trust and economic satisfaction are antecedents of cooperation and coordination, which ultimately influence small business customers' loyalty towards their banks. The sample comprised 269 small businesses operating in South Africa. The empirical findings of this study show that trust and economic satisfaction within banking relationships are significant predictors of cooperation and coordination, which in turn positively influences small business customers' loyalty towards their banks. This study contributes to existing literature by incorporating a small business banking perspective investigating the interrelatedness of selected constructs on establishing stable relationship and customer loyalty.

Keywords: relationship quality (RQ), business-to-business (B2B) relationships, trust, economic satisfaction, cooperation, coordination, customer loyalty.

* Corresponding author

1. Introduction

Cultivating long-lasting quality relationships with business customers is integral in retaining a loyal customer base, because close business relationships result in increased predictability of future business success (Lee, Svensson and Mysen, 2010). It is therefore not surprising that practitioners and academics alike have been exploring strategies to improve business-to-business (B2B) customer loyalty in an effort to retain these customers (Almomani, 2019). That said, building and maintaining relationships with small business customers within a competitive environment such as banking has proven challenging. Research has shown that banks in particular experience difficulty retaining small business customers, since these customers are often left disgruntled due to banks prioritizing (and giving more attention to maintaining stable relationships with) larger businesses (Perry and Coetzer, 2009; Zietsman, Mostert and Svensson, 2020), resulting in switching behavior (Singh and Kaur, 2015).

Banks could consider fostering long-term relationships with small business customers by focusing on the relationship quality (RQ) with these customers, since it has been postulated that it is the RQ between B2B (as well as business-to-consumer – B2C) partners that not only denotes the strength of the relationship, but also the long-term success thereof (Athanasopoulou, 2009; Høgevold, Svensson, Mostert and Zietsman, 2021; Qian, Seuring and Wagner, 2021a; 2021b). While previous studies identified dimensions comprising RQ (Athanasopoulou, 2009; Qian et al., 2021a; 2021b), some researchers argue that RQ comprises 10 dimensions, measured with the so-called META-RELQUAL (e.g., Høgevold et al., 2021; Mostert, Zietsman & Svensson, 2019; Mpinganjira, Svensson & Mysen, 2015). This study considers how the interaction between four of the 10 META-RELQUAL constructs, namely economic satisfaction, trust, cooperation and coordination, predict customer loyalty. These constructs were specifically selected since no studies could be found that considered the interaction of the combination of these four antecedents, nor how a selection of the antecedents ultimately predict customer loyalty. The decision to focus on these constructs is further highlighted by Qian et al. (2021a) who note that cooperation and coordination (as RQ dimensions), in particular, need greater attention from practitioners and scholars alike. This gap in literature is further underscored by Qian et al. (2021b, p. 641) who recently established that “as far as the present state of RQ studies is concerned, research that untangles the relationships between different dimensions of RQ is lacking”. Accordingly, the purpose of this paper is to address this gap by considering trust and economic satisfaction as antecedents, and loyalty as the outcome, of small business customers’ cooperation and coordination in banking relationships.

The paper makes a number of contributions. First, despite the extensive research on RQ, very few researchers have considered the interrelationships between the RQ sub-dimensions, and fewer still explored loyalty as the outcome, following the interaction between these variables. In particular, this study considered not only how two relationship-related constructs, namely coordination and cooperation, predict loyalty, but also how these constructs (as precursors of loyalty) are first influenced through trust and economic satisfaction in relationship formation. The paper thus heeds the call by Qian et al. (2021b, p. 641) who recently stated that “.., the relationships between the individual RQ dimensions remain unclear” and by Guan, Lee, Otero-Neira, Svensson and Høgevold (2022) and Qian et al. (2021a) who expressed the need to particularly consider cooperation and coordination as RQ dimensions. Secondly, by focusing on small business customers – and especially so in a developing country context – our findings offer theoretical insights that could direct future research on small businesses and particularly so in developing countries. Finally, our paper also contributes by showing bank managers how to improve their small business customers' loyalty – and thus retain them – by building trust and ensuring that these customers' financial goals are addressed (i.e., economic satisfaction), thereby creating the platform to coordinate business processes and cooperate with them.

The remainder of this paper is arranged as follows: first, a theoretical overview is provided, followed by the research framework and hypotheses development. The research methodology follows next, which outlines the target population, sampling method and data collection, and the reporting of the research results. The paper concludes with theoretical and managerial implications, limitations, and recommendations for future studies.

2. Theoretical overview

2.1 Social exchange theory

Social exchange theory's primary premise is that parties engage in a series of interactions in the hope of achieving mutually beneficial outcomes through relational exchanges (Emerson, 1976; Lambe, Wittmann and Spekman, 2001). Notably, social exchange theory posits that relationships persist over time because parties can achieve reciprocal value (e.g. economic value, shared values, rewards) by entering and staying in exchange relationships (Finch, O'Reilly, Hillenbrand and Abeza, 2015; Lambe et al., 2001). Thus, the interdependent actions of relational parties are important to ensure favorable exchange relationships (Cropanzano and Mitchell, 2005) which are primarily established through a cost-benefit analysis of economic and social outcomes (Lambe et al., 2001; Molm, 2003). As a result, positive exchange interactions strengthen trust and commitment over time, which promotes the development of norms that govern relationship interaction (Lambe et al., 2001). Overall, social exchange theory presents a framework that illustrates how organizations are able to enter and maintain exchange relationships (Lambe et al., 2001) which mature into trusting, loyal, and mutual commitments over time (Cropanzano & Mitchell, 2005).

2.2 Trust

Trust, which is often conveyed as the glue that keeps interorganizational relationships together (Mellewigt, Madhok and Weibel, 2007), refers to the expectation that one organization can count on another organization to fulfil its obligations, as well as act fairly in the relationship (Zaheer, McEvily and Perrone, 1998). Additionally, Morgan and Hunt (1994) acknowledge that trust is based on the willingness to rely on a business partner in whom one has complete confidence. Thus, trust can be viewed as a business' complete belief in "an exchange partner's reliability and integrity" (Morgan and Hunt, 1994, p. 23) with regard to positive relationship outcomes (Choi and Cho, 2019). From a B2B perspective, the ability of businesses to foster trust between themselves reduces the level of perceived vulnerability to risk and creates an atmosphere where businesses willingly want to cooperate and invest in building lasting business relationships (Blois, 1999). Therefore, long-term business relationships rely heavily on trust because it can strengthen a business partner's commitment (Mellewigt et al., 2007; Padín, Ferro and Svensson, 2017). Hence, this study positions trust to be a crucial antecedent of the relationship-oriented constructs which result in lasting business relationships.

2.3 Satisfaction and economic satisfaction

Satisfaction within a B2B context refers to the "positive affective state resulting from the appraisal of all the aspects of a firm's working relationship with another firm" (Geyskens, Steenkamp and Kumar, 1999:224). Many studies regard satisfaction as essential for businesses' operational and strategic performance (Jiang, Shiu, Henneberg and Naude, 2016) since it forms the building block for establishing business relationships that result in repurchase intention, positive word-of-mouth and customer loyalty (Lee et al., 2010; Mbango, Mmatli and Buchenrieder, 2019). In addition, drawing from the seminal work of Geyskens et al. (1999), satisfaction should be viewed as a multidimensional construct comprising economic and non-economic satisfaction. Given that a business' primary objective is rooted in profitability and growth (del Bosque Rodríguez, Agudo and Gutiérrez, 2006; Geyskens and Steenkamp, 2000), and since businesses may become disinterested in a B2B relationship if it fails to contribute meaningfully to their economic performance (Varela, Svensson and Mpinganjira, 2019), this paper solely focuses on the economic perspective, positioned as a positive antecedent of other relationship-oriented constructs within a B2B relationship. Accordingly, economic satisfaction is defined as the positive assessment of the economic benefits derived from a business relationship, which include benefits such as increased profits, sales revenue, margins and market growth (Geyskens and Steenkamp, 2000; Geyskens et al., 1999). Thus, a business will assess its economic satisfaction based on financial outcomes, success of goal achievement and the efficiency and effectiveness of a relational partner (Mpinganjira et al., 2015).

2.4 Cooperation

Cooperation within a B2B context refers to the willingness of two businesses working together toward achieving a common goal (McNeilly and Russ, 1992; Payan, 2007). Many businesses cooperate through sharing problem solving strategies and information (Morgan and Hunt, 1994) to build a long-term and efficient relationships as a means to succeed in the marketplace (Anderson & Narus, 1990) and to gain a competitive advantage (Galdeano-Gómez, Pérez-Mesa and Aznar-Sánchez, 2016). Furthermore, Rindfleisch and Moorman (2003) highlight that a major advantage of developing cooperative B2B relationships is that they result in reduced risk and lower costs if business partners do not act opportunistically. Thus, it is important that businesses nurture cooperative relationships that are grounded in mutual trust as this results in securing the future success of the relationship (Hagen and Choe, 1998; Morgan and Hunt, 1994).

2.5 Coordination

Malone and Crowston (1994, p. 90) define coordination as "the managing of interdependencies" that occur between relational parties when completing a task. From a B2B perspective, coordination is the collective participation of business partners in preforming joint activities (Lee et al., 2010; Payan and Svensson, 2007) with the aim of achieving mutual objectives (Malone and Crowston, 1994). Coordination is thus a concept that reflects the duties, shared tasks and procedures that occur within B2B relationships with the intention of achieving mutual goals (Ju and Ha, 2019; Kang, Asare, Brashear-Alejandro, Granot and Li, 2018). For many businesses, coordination is a necessity to ensure stable business relationships

(McNeilly and Russ, 1992), because coordination maximizes the profitability for the businesses involved (Pei, Yan and Ghose, 2020). The purpose of establishing coordination between business partners is, therefore, to ensure that high-performance outcomes are achieved and that B2B relationships remain efficient in achieving mutually beneficial objectives (Claggett and Karahanna, 2018).

2.6 Customer loyalty

Customer loyalty refers to the commitment of one business partner to repurchase from a preferred business partner consistently and well into the future, despite the occurrence of external influences that could cause switching behavior (Oliver, 1999). It is important to note that loyalty does not only imply retaining customers over time, but also speaks to nurturing business relationships that encourage repurchase and advocacy (Rauyruen and Miller, 2007). As such, loyal customers should be regarded as irreplaceable assets, because it is more costly to get new customers than it is to retain existing customers (Zeithaml, Berry and Parasuraman, 1996). It therefore stands to reason that one of the most important strategic goals of any business is to maintain a loyal customer base (Almomani, 2019; Ou, Shih, Chen and Wang, 2011) because loyal customers generate favorable and profitable results (Lam and Burton, 2006), especially within a B2B context (Rauyruen and Miller, 2007).

3. Conceptual framework and hypotheses

The proposed conceptual model for this study, illustrated in Figure 1, proposes that trust and economic satisfaction are crucial antecedents in fostering cooperation and coordination within B2B banking relationships, ultimately resulting in small business customer loyalty.

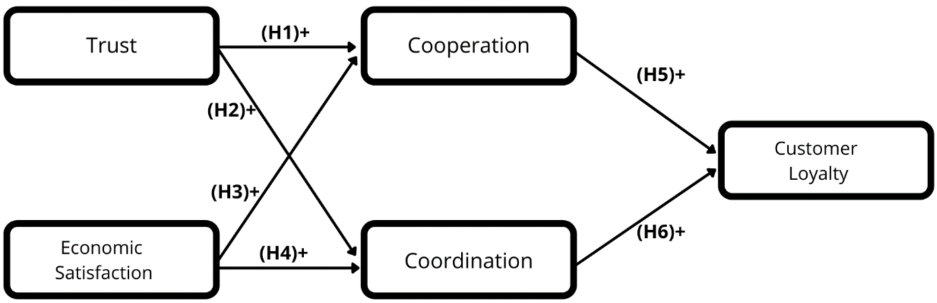

Figure 1. Conceptual model

3.1 Trust and cooperation

The willingness of two businesses to cooperate is highly dependent on the level of trust that exists between them (Das and Teng, 1998; Duarte and Davies, 2004; Morgan and Hunt, 1994), because trust reduces the level of uncertainty and complexity within business relationships, thereby increasing the likelihood of achieving favorable business objectives (Andaleeb, 1995). Thus, similar to studies establishing that trust fosters cooperative behavior among businesses, it can be postulated that trust is an important precursor of B2B cooperation (Duarte and

Davies, 2004; Morgan and Hunt, 1994; Payan and Svensson, 2007). Therefore, it is hypothesized that:

H_1: Trust positively relates to cooperation.

3.2 Trust and coordination

Interorganizational trust promotes information sharing and enhances communication, which creates a conducive environment for coordination in B2B relationships (Mohammadfam, Bastani, Golmohamadi, Saei and Es-haghi, 2015). This view is supported by literature suggesting that coordination is a derivative of a trusting environment between businesses partners (Duarte and Davies, 2004; Morgan and Hunt, 1994; Stephenson, 2005), which is meant to provide maximum value for the businesses involved in the relationship (Wiertz, de Ruyter, Keen and Streukens, 2004). In fact, trust results in coordinated efforts that produce business outcomes that are far greater than if a business acted merely out of its own interests (Anderson and Narus, 1990; Wiertz et al., 2004). Based on research establishing trust as a preparatory factor before businesses engage in any coordinated activities (Lee et al., 2010; Mellewigt et al., 2007; Payan, 2006), it is hypothesized that:

H_2: Trust relates positively to coordination.

3.3 Economic satisfaction and cooperation

Businesses tend to invest and cooperate more in relationships if they perceive that the relationship's economic benefits will outweigh the costs (Baker, Gibbons and Murphy, 2002; Das and Teng, 1998). Thus, cooperation tends to increase as more economic benefits are derived from a business relationship (del Bosque Rodríguez et al., 2006; Payan, Padín, Ferro and Svensson, 2019), which by extension results in longer lasting business relationships. Hence, similar to previous studies (Guan et al., 2022; Høgevold, Svensson, Mostert and Zietsman, 2020; Høgevold, Svensson and Otero-Neira, 2019; Payan et al., 2019), that found a positive relationship between economic satisfaction and cooperation, it is hypothesized that:

H_3: Economic satisfaction relates positively to cooperation.

3.4 Economic satisfaction and coordination

The inclination to coordinate business operations stems from the ability to maximize economic performance (McNeilly and Russ, 1992; Varela et al., 2019) in areas such as costs, timely supply, response time, and customer service (Sarmah, Acharya and Goyal, 2006). In fact, poor business results such as low sales and a decline in profits, growth and market share, can be attributed to a lack of coordination between business parties (Høgevold et al., 2020). Thus, similar to previous studies that found a positive relationship between economic satisfaction and coordination in business relationships (Guan et al., 2022; Høgevold et al., 2020; Høgevold et al., 2019; Payan et al., 2019), it is hypothesized that:

H_4: Economic satisfaction relates positively to coordination.

3.5 Cooperation and loyalty

Continued cooperation typically results in reduced risk and lower costs for parties involved (Rindfleisch and Moorman, 2003), which creates an environment that results in efficiency and competitiveness for future success in the marketplace (Galdeano-Gómez et al., 2016; Morgan and Hunt, 1994). As a result, committed business partners will be willing to cooperate with each other in the long term to ensure that such a business relationship does not fail (Morgan and Hunt, 1994). Accordingly, studies show that cooperative relationships typically result in behavioral intentions such as repeat engagement (Wiertz et al., 2004). Thus, based on earlier studies that indicated a favorable relationship between cooperation and customer loyalty, this study explores the perspective that cooperation in a B2B relationship is necessary to develop customer loyalty (Aldaihani and Ali, 2019; Lam and Wong, 2020). It is thus hypothesized that:

H_5: Cooperation relates positively to loyalty.

3.6 Coordination and loyalty

Coordination in a B2B context is essential to ensure the establishment and maintenance of long-term business relationships, as continued participation of business partners in joint activities is valuable in achieving common objectives (Payan et al., 2019; Payan and Svensson, 2007). Thus, a well-coordinated business relationship results in positive outcomes (Field and Meile, 2008), whereas a lack of coordination may be detrimental to the commitment of continued engagement (Wilson and Nielson, 2001). Thus, similar to studies that established coordination as a necessary component in the establishment of a loyal customer base (Frasquet and Miquel, 2017; Pentina and Hasty, 2009), it is hypothesized that:

H_6: Coordination relates positively to loyalty

4. Research methodology

A quantitative research design was used to investigate the interaction of trust and economic satisfaction as antecedents of cooperation and coordination which, in turn, predict customer loyalty. The target population for this study was the often neglected small businesses banking customers (Perry and Coetzer, 2009; Zietsman et al., 2020) operating in multiple-industries within South Africa. Since authors often disagree regarding the classification of small businesses, this study followed the guidance offered by Abor and Quartey (2010), namely that small businesses are classified as enterprises employing fewer than 50 full-time employees, and generates less than R25 million (US$1.36 million) in annual turnover.

Despite one of South Africa’s biggest banks providing a list of some of their business customers, it was not possible to perform probability sampling, since the bank could not distinguish between business sizes on their customer lists. We therefore followed non-probability convenience sampling, whereby the target population was contacted via email and invited to participate in the study. Potential respondents first completed a number of screening questions to ensure that only small businesses participated in the study. Data were collected through a voluntary, self-administered online questionnaire, wherein respondents were not required to disclose any identifiable information, thus ensuring their anonymity.

The scale items used to measure the constructs in this study were sourced from the following studies: trust, cooperation and coordination were adapted from Mysen and Svensson (2010), economic satisfaction from Ferro, Padín, Svensson and Payan (2016) and Geyskens and Steenkamp (2000), and customer loyalty from Mandhachitara and Poolthong (2011). Items were adapted to fit the study context (small business banking relationships) and were administered using a five-point Likert-type scale (where 1 = strongly disagree and 5 = strongly agree). Data were collected after making minor linguistic changes following the pretesting of the questionnaire among the study population.

5. Results

5.1 Sample profile

A total of 269 fully completed questionnaires were obtained. The sample profile (see Table 1) indicates that most respondents were the business owners (61.7%). The majority of the businesses operated in the professional, scientific and technical sectors (12.6%), wholesale and retail trade (11.5%), accommodation and food service sectors (10.4%), manufacturing (10%) and construction (10%) industries. Most businesses had annual turnovers of between R1.0 million and R3.99 million (55%) (US$55K–218K) and had been banking with their banks between 1 and 10 years (40.9%).

Table 1. Sample profile

Variable	Response category	Frequency	%
Position	Owner	166	61.7
	CEO/MD	21	7.8
	Director	39	14.5
	Manager	30	11.2
	Other	13	4.8
Industry	Agriculture, hunting, forestry and fishing	14	5.2
	Manufacturing	27	10.0
	Construction	27	10.0
	Wholesale and retail trade	31	11.5
	Accommodation and food service activities	28	10.4
	Financial and insurance activities	14	5.2
	Professional, scientific and technical activities	34	12.6
	Administrative and support service activities	14	5.2
	Education	14	5.2
	Other	66	24.5
Annual turnover	R1.0 – R3.99 million (US$ 55K – 218K)	148	55.0
	R4.0 – R6.99 million (US$ 219K – 381K)	99	36.8
	R7.0 + Million (US$ 382K)	22	8.2
Length of banking relationship	1 – 10 years	110	40.9
	11 – 20 years	99	36.8
	21 – 30 years	41	15.2
	31+ years	19	7.1

5.2 Reliability and validity

An exploratory factor analysis (EFA) was performed (using SPSS version 27) with principal axis factoring extraction and varimax rotation. The EFA was performed with the purpose of reducing the data and to evaluate the construct validity of the 19 scale items (see Table 2). The EFA revealed five factors with Kaiser-Meyer-Olkin (KMO) values exceeding the required 0.6 value, as well as a significant Bartlett's test of sphericity value ($p = 0.000$) (Pallant, 2010).

Table 2 presents the factors (with respective items) derived from the factor analysis. The items included in the measure loaded highly onto one of the five factors (i.e., convergent validity) without any cross-loadings onto other factors (i.e., discriminant validity). Additionally, the average variances extracted (AVE) for each factor was calculated, with all AVE values exceeding the recommended 0.5 threshold (Fornell and Larcker, 1981).

Next, we considered construct reliability using Cronbach's alpha and composite reliability (CR) coefficients. As seen in Table 2, the Cronbach's alpha values exceeded the recommended 0.7 threshold for acceptable internal consistency as suggested by Pallant (2010), ranging between 0.914 and 0.955. Additionally, all the constructs also exhibited high CR levels (ranging between 0.85 and 0.95), thereby meeting the recommended 0.7 threshold (Nunnally, 1978).

Table 2. Constructs, items, factor loadings, validity and reliability

Constructs and measurement item	**Factor loading**	**AVE**	**Cronbach Alpha's**	**CR**
Trust		0.64	0.94	0.88
This bank is trustworthy	0.89			
This bank can be counted on to do what is right	0.87			
We can rely on this bank to keep the promises it makes to us	0.72			
This bank is fair in its negotiations with us	0.70			
Economic Satisfaction		0.69	0.96	0.90
This bank generates economic growth for us	0.88			
Our relationship with this bank has provided us with a profitable market position	0.84			
This bank gives us attractive discounts	0.81			
This bank contributes to our financial performance	0.80			
Cooperation		0.66	0.91	0.85
We prefer to cooperate with this bank	0.88			
Our cooperation with this bank is a priority	0.79			
We prefer to get along with this bank	0.75			
Coordination		0.72	0.95	0.89
Our implementation plans are formed jointly with this bank	0.92			
Our financial activities are coordinated with the activities of this bank	0.87			
We work jointly with this bank on issues that affect both businesses	0.75			
Loyalty		0.79	0.95	0.95
We say positive things about this bank	0.92			
We are proud to tell other that we bank with this bank	0.91			
We will definitely keep using this bank	0.90			
We will encourage other businesses to do business with this bank	0.89			
We will do the majority of our banking with this bank	0.81			

From the results in Table 2, it can be concluded that the measure used in the study had acceptable validity and reliability.

5.3 Hypotheses testing

This study used multiple regression to determine the relationships between the various constructs because of this statistical technique's ability to simultaneously investigate how a set of variables predict a specific outcome (Pallant, 2010). In this study three multiple regression models were used to establish how: 1) trust and economic satisfaction predict cooperation; 2) trust and economic satisfaction predict coordination; and 3) cooperation and coordination predict loyalty (see Figure 2).

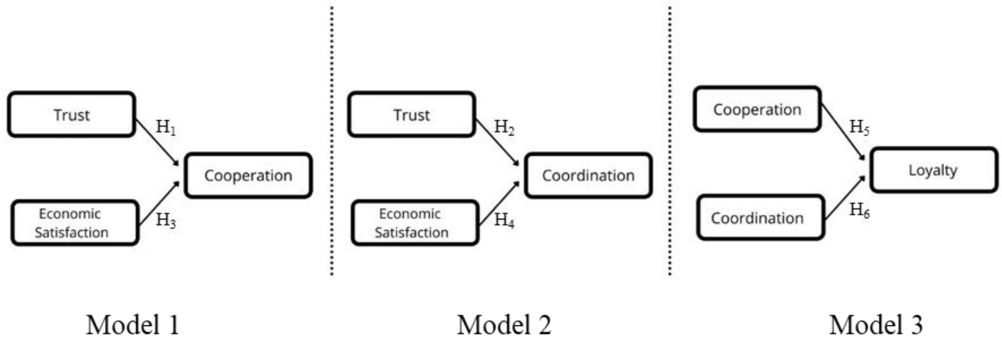

Figure 2. Regression models

Prior to conducting the multiple regression analyses, a preliminary analysis was done to ensure that the data met the required assumptions (Pallant, 2010; Tabachnick and Fidell, 2014), namely: the study's 269 respondents exceeded the minimum sample size of 66; since the variance inflation factor (VIF) values were larger than 0.1, and the tolerance values were below 10, it could be concluded that multicollinearity was not present in the data; finally, the few outliers identified by the Mahalanobis distance value were retained as suggested by Pallant (2010). With the assumptions met, three multiple regression analyses were performed.

As seen in Table 3, the correlation coefficient (R Square values) for model 1 was 0.681, and 0.604 for model 2, indicating that trust and economic satisfaction explain 68.1% of the variability in cooperation and 60.4% of variability in coordination. The correlation coefficient for model 3 was 0.657, indicating that cooperation and coordination explain 65.7% of variability in loyalty.

Table 3. Model Summary

Model[a]	R	R Square	Adjusted R Square	Std. Error of the estimate
1	0.825	0.681	0.679	0.598
2	0.777	0.604	0.601	0.721
3	0.811	0.657	0.654	0.619

a = Dependent variables: model 1 = cooperation; model 2 = coordination; model 3 = loyalty

The ANOVA test results confirmed that all three models were statistically significant (p-value < 0.05). Table 4 offers an overview of the coefficients resulting from the regression analyses.

Table 4. Coefficients

Model[a]		Standardized coefficients	t	p-value
		Beta		
1	Constant		6.764	0.000
	Trust	0.483	8.846	0.000*
	Economic satisfaction	0.393	7.210	0.000*
2	Constant		2.407	0.017
	Trust	0.195	3.287	0.001*
	Economic satisfaction	0.618	10.407	0.000*
3	Constant		5.221	0.000
	Cooperation	0.661	13.142	0.000*
	Coordination	0.196	3.890	0.000*

a = Dependent variables: model 1 = cooperation; model 2 = coordination; model 3 = loyalty; *statistically significant ($p \leq 0.05$)

From Table 4 it can be seen that, for model 1, trust ($p < 0.05$; β-value = 0.483) and economic satisfaction ($p < 0.05$; β-value = 0.393) were statistically significant predictors of cooperation, with trust being the greater predictor of cooperation (β-value = 0.483), thereby supporting hypotheses 1 and 3. Model 2 shows trust ($p < 0.05$; β-value = 0.195) and economic satisfaction ($p < 0.05$; β-value = 0.618) as statistically significant predictors of coordination, with economic satisfaction being a greater predictor of coordination (β-value = 0.618), thereby supporting hypotheses 2 and 4. Finally, model 3 showed that both cooperation ($p < 0.05$; β-value = 0.661) and coordination ($p < 0.05$; β-value = 0.196) are statistically significant predictors of loyalty, with cooperation being the greater predictor of loyalty (beta = 0.661), thereby supporting hypotheses 5 and 6.

6. Theoretical implications

The research results show, similar to previous studies (Morgan and Hunt, 1994; Duarte and Davies, 2004), a positive relationship between trust and cooperation. This finding thus supports the notion by Duarte and Davies (2004) that cooperative behaviors within B2B relationship is as a result of the trustworthiness that exists between business partners. Results furthermore established a positive relationship between trust and coordination, thereby supporting Payan (2006) who found that trust facilitates the effective coordination of business activities within B2B relationships.

A positive relationship was also found between economic satisfaction and cooperation, thereby supporting the results by Guan et al. (2022), Høgevold et al. (2020) and Payan et al. (2019), who found that cooperation increases as more economic benefits are derived from a business relationship. Results furthermore established a positive relationship between economic satisfaction and coordination, similar to Guan et al. (2022) and Høgevold et al. (2020), who observed that coordinated efforts result in better economic performance of business parties. These findings thus support our conceptual model (see figure 1) hypothesizing that trust and economic satisfaction are antecedents of cooperation and coordination. It should, however, be noted that while trust was a greater predictor of cooperation than economic satisfaction, the reverse was noted for coordination, with economic satisfaction being a greater predictor than trust.

Concerning loyalty as the outcome, results were similar to previous studies, showing positive relationships between cooperation and customer loyalty (McDonnell, Beatson and Huang, 2011) and between coordination and customer loyalty (Pentina and Hasty, 2009). The results thus concur that cooperative relationships between business partners typically result in behaviors associated with loyalty, such as repeat transactions and positive word-of-mouth, and that coordination is necessary for successful customer loyalty strategies. Considering the study context, it is somewhat unsurprising that cooperation was a bigger predictor of small business customers' loyalty than coordination, since it is easier for small business customers to cooperate with a bank, than to coordinate their processes with those of banks.

Finally, the results show the interrelationship between four of the META-RELQUAL dimensions and how these constructs result in achieving customer loyalty. In particular, the study further explored the relationships between two of the current under-researched RQ dimensions, namely cooperation and coordination (Guan et al., 2022; Qian et al., 2021a), and not only show how these dimensions are influenced by trust and economic satisfaction (two other META-RELQUAL dimensions), but also how these constructs result in customer loyalty.

7. Managerial implications

Results from the study offer several managerial implications that could assist banks to cultivate small business customer loyalty. First, it is essential that bank managers establish trust and economic satisfaction with small business customers early in the relationship, to ensure effective cooperation and coordination between the bank and these customers. Trust within a business relationship involves reliance, willingness to do business, non-opportunistic behavior, and keeping promises (Padín et al., 2017). Thus, when establishing a trusting environment, banks must be honest, fair, reliable and eager in their interactions, and have the best interests of their small business customers in mind. This may involve taking the time to understand their small business customers' objectives and taking the initiative to help offer an honest assessment of how objectives and strategies should be approached – in the most cost-effective manner. Doing so would directly contribute to the small business customers' economic satisfaction which, as shown in the research results, also predict cooperation and coordination. Trust can also be increased by making it easier for small business customers to access information that they may need, thereby ensuring openness, transparency and ease of transaction.

Regarding economic satisfaction, bank managers must define the tangible benefits that their small business customers seek early in the relationship, must be frank on how these customers may save on banking-related costs, and must explain how that will contribute to their bottom line. Banks managers should also endeavor to increase their small business customers' economic satisfaction by offering them the best possible interest rate on loans, and to reduce the interest rates they charge their customers as they become more successful or pose a lower risk of defaulting on their loans. Bank managers should also consider offering longer repayment period to those small business customers who do not qualify for lower interest rates. Regardless of which approach is followed by the bank, small business customers will benefit economically – and thus enjoy greater economic satisfaction – from these initiatives.

Concerning the direct antecedents of loyalty, bank managers must pay particular attention to create opportunities to enhance cooperation and coordination with their small business customers, since doing so will result in reduced risk, lower costs, greater efficiencies, and successful long-term relationships (Galdeano-Gómez et al., 2016; Rindfleisch and Moorman, 2003). Bank managers should accordingly identify ways whereby their small business customers can coordinate their processes with the bank (for example, financial planning) or provide small businesses with the same financial software packages used by the bank. Banks can also provide a list of “bank-approved” supporting service providers that small business customers can use – possibly at preferential rates – which could also result in greater cooperation between banks, supporting service providers and small business customers. By creating these opportunities to improve cooperation and coordination, small business customers will not only increasingly trust their bank, they will also experience greater economic satisfaction, ultimately resulting in loyal customers.

Finally, results from this study should be encouraging to bank managers aiming to retain loyal customers, by illustrating how strong relationships can be formed by focusing relational efforts on the four RQ dimensions examined in this study. Bank managers can thus rest assured that by building small business customers’ trust, ensuring their economic satisfaction, cooperating with them, and coordinating their business processes, they will not only succeed in strengthening their relationships with these customers, but will also retain these loyal customers.

8. Limitations and future research

The first limitation of this study was that, instead of using dual constructs to measure customer loyalty (i.e., attitudinal and behavioral) as done in some previous studies (e.g., Zietsman et al., 2020), we considered loyalty as a unidimensional construct. Future studies could therefore explore whether the inclusion of dual loyalty constructs offers additional insights into building loyalty with small business banking customers. Secondly, the application of the findings shouldn’t be considered as the standard for all B2B relationships across industries because this study looked through a small business and banking relationship lens, thereby limiting the scope and applicability of the findings of the study. Thus, future studies should consider examining the proposed framework from the perspective of different relationship settings, such as manufacturer-to-supplier (Ferro et al., 2016) or business-to-sales representative (Høgevold et al., 2020). Future studies could also consider replicating our study among either smaller or larger business banking customers, or testing the model in more developing countries to establish the relationships between the study constructs in different cultural and economic settings. Future research could also, as suggested by Qian et al. (2021a), consider the moderating effect of cooperation and coordination between trust and economic satisfaction, and customer loyalty as the outcome. A final limitation was that the study only investigated the interaction of four constructs in relation to customer loyalty. Future studies could explore the inclusion of other constructs that could potentially relate positively to customer loyalty, such as specific assets, formalization, dependence, continuity and opportunism (Ferro et al., 2016; Høgevold et al., 2020) and customer perceived value received (Zietsman et al., 2020).

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